



February 10, 2026

To whom it may concern

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Director, President and CEO
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Market)
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Notice of Extraordinary General Meeting of Shareholders Concerning Share Consolidation, Abolition of Provisions on Number of Shares per Unit, and Partial Amendments to the Articles of Incorporation

CANON ELECTRONICS INC. (the “**Company**”) hereby announces that, at a meeting of its board of directors held today, the Company resolved to convene an extraordinary general meeting of shareholders (the “**Extraordinary Shareholders’ Meeting**”) scheduled to be held on March 19, 2026, and to submit to the Extraordinary Shareholders’ Meeting proposals regarding share consolidation, the abolition of provisions on number of shares per unit, and partial amendments to the Articles of Incorporation, as described below.

The Company’s common shares (the “**Company Shares**”) will, in the course of the above procedures, fall under the delisting criteria of the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”). As a result, the Company Shares are scheduled to be designated as securities to be delisted from March 19, 2026 to April 20, 2026, and subsequently delisted on April 21, 2026. Please note that, after delisting, the Company Shares cannot be traded on the Prime Market of the Tokyo Stock Exchange.

I. Holding of the Extraordinary Shareholders’ Meeting

1. **Date and Time** 9:00 AM on March 19, 2026 (Thursday) (Japan time)
2. **Venue** Meeting Room at Misato Plant of the Company
1611 Oaza-Amagasu, Misato-machi, Kodama-gun, Saitama
3. **Agenda Items**
(Matters for Resolution)
Proposal No.1: Share Consolidation
Proposal No.2: Partial Amendments to the Articles of Incorporation

II. Share Consolidation

1. Purpose and Reasons for the Share Consolidation

As stated in the “Notice Concerning Expression of Opinion in Support and Recommendation to Tender Regarding the Tender Offer for Company Shares by Canon Inc., the Company’s Controlling Shareholder” (the “**Expression of Opinion Press Release**”) dated November 28, 2025, published by the Company, Canon Inc. (the “**Tender Offeror**”) implemented a tender offer for all of the Company Shares (including the Company’s restricted shares granted to

directors of the Company as restricted stock compensation excluding those for which transfer restrictions have been lifted (such shares with transfer restrictions still in place, the “**Restricted Shares**”); and excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company) (the “**Tender Offer**”), with the period of 30 business days from December 1, 2025 to January 19, 2026 as the period for purchase, etc. in the tender offer (the “**Tender Offer Period**”), as part of a series of transactions aimed at making the Company a wholly owned subsidiary of the Tender Offeror with the Tender Offeror as the Company’s sole shareholder (the “**Transactions**”).

As stated in the “Notice Concerning the Results of the Tender Offer for Company Shares by Canon Inc., the Company’s Controlling Shareholder” dated January 20, 2026, published by the Company, as a result of the Tender Offer, the Tender Offeror has come to own 35,971,419 Company Shares (Ownership Ratio 87.94 % (Note 1)) as of the 26th of the same month, the commencement date for settlement of the Tender Offer.

(Note 1) “**Ownership Ratio**” means the ratio of (a) the number of Company Shares owned by a shareholder to (b) the number of Company Shares calculated by subtracting (i) the number of treasury shares owned by the Company as of September 30, 2025 (1,303,761) from (ii) the total number of issued shares of the Company as of the same date (42,206,540), both as stated in “Consolidated Financial Results for the Nine Months Ended September 30, 2025 (Under Japanese GAAP) (Completion of review by certified public accountants or an audit firm)” published by the Company on October 29, 2025 (which results in 40,902,779 shares). (This ratio is expressed as a percentage rounded to two decimal places. The same applies with respect to the references to ‘Ownership Ratio’ below.)

The details of the purpose and background of the Transactions are stated in the Expression of Opinion Press Release, and an overview thereof is restated below. Please note that, in the following, statements regarding the Tender Offeror are based on explanations received from the Tender Offeror.

(a) Background to the Establishment of the Examination System

The Company received a non-binding initial letter of intent, on September 5, 2025, setting forth an overview of the Transactions and the initiatives the Tender Offeror envisions following the Transactions from the Tender Offeror. In response, the Company, when proceeding to consider the Transactions and conduct discussions and negotiations with the Tender Offeror regarding the Transactions, recognized that, in light of the fact that the Tender Offeror is the Company’s controlling shareholder (parent company), the Transactions constitute a material transaction, etc. with a controlling shareholder, and the Transactions are transactions in which structural conflict of interest issues and information asymmetry issues typically exist. Therefore, to address these issues and ensure the fairness of the Transactions, the Company appointed Nomura Securities Co., Ltd. (“**Nomura Securities**”) as its financial advisor and third-party valuation institution, and Shimada Hamba & Osajima as its legal advisor, in early September 2025. Subsequently, in order to ensure the fairness of the Transactions, based on legal advice from Shimada Hamba & Osajima regarding the process, methods, and other points to consider, relating to the Transactions, the Company established an internal system to examine, negotiate, and make decisions on the Transactions from a standpoint independent from both the Tender Offeror, the Company, and the success or failure of the Transactions, with a view to enhancing the Company’s corporate value and protecting the interests of the Company’s general shareholders. (Note, the details of the internal system for examining the Transactions are described below in “(v) Establishment of an Independent Examination System at the Company” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” in “3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders through the Treatment of Fractional Shares Related to the Share Consolidation”.)

Specifically, as stated below in “(3) Establishment of an Independent Special Committee at the Company and Obtaining a Report from the Special Committee” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” in “3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders through the Treatment of Fractional Shares Related to the Share Consolidation”, the Company established a special committee (the “**Special Committee**”) consisting of three members: Mr. Toshikazu Togari (Independent Outside Director of the Company, Chairman and Representative Director of Zaikei Jutaku Kinyu Co., Ltd., Chairman

of Nihon-Kango-Kasei-Shokai-Jigyo Association, and External Auditor of LDH Japan, Inc.), Mr. Atsushi Maekawa (Independent Outside Director of the Company, President of MAEK Lab Limited Liability Company, Guest Professor of Osaka University, and Visiting Professor of Center of Advanced Technology, Shizuoka Institute of Science and Technology), and Ms. Keiko Yamagami (Independent Outside Director of the Company, Member (attorney-at-law) of Tokyo Seiwa Law Office, Outside Director of Denyo Co., Ltd (Audit and Supervisory Committee member), and Outside Director of GEOLIVE Group Corporation), by resolution at a meeting of its board of directors held on September 17, 2025. For details of the Special Committee's composition, the authority granted to it, and its examination process and judgement, etc. please refer to “③ Establishment of an Independent Special Committee at the Company and Obtaining a Report from the Special Committee” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” in “3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders through the Treatment of Fractional Shares Related to the Share Consolidation” below.

In addition, Company has obtained approval of the Special Committee as to the appointment of Nomura Securities as the Company's financial advisor and third-party valuation institution, and Shimada Hamba & Osajima as the Company's legal advisor, after confirming that there are no issues with their independence or their expertise.

Furthermore, the Company established an internal system to examine, negotiate, and make decisions regarding the Transactions from a standpoint independent from the Tender Offeror (including the scope and work duties of the Company's officers and employees involved in examining, negotiating, and making decisions regarding the Transactions). The Company obtained the approval of the Special Committee confirming that there were no issues with the independence or fairness of this system. (For details on the examination system, please refer to “⑤ Establishment of an Independent Examination System at the Company” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” in “3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders through the Treatment of Fractional Shares Related to the Share Consolidation” below.)

(b) Background to the Examination and Negotiations

After establishing the examination system as described in “(a) Background to the Establishment of the Examination System” above, the Company received from Nomura Securities, a valuation report on the Company Shares, advice on negotiation policy with the Tender Offeror, and other advice from a financial standpoint, and from Shimada Hamba & Osajima, guidance on measures to ensure procedural fairness in the Transactions and other legal advice. Based on these, and giving maximum respect to the substance of the opinion of the Special Committee, the Company has carefully discussed and examined the appropriateness of the Transactions and the reasonableness of its transaction terms.

In addition, since establishing the Special Committee by resolution of the board of directors on September 17, 2025, the Company has continuously engaged in discussions and negotiations regarding the terms of the Transactions, including price of the purchase, etc. in the Tender Offer (the “**Tender Offer Price**”).

Specifically, on October 9, 2025, the Company and the Special Committee sent to the Tender Offeror a set of questions in writing regarding matters including the purposes and reasons for the implementing the Transactions, the expected advantages and disadvantages of the Transactions, management policy and governance after the Transactions, the structure and implementation schedule of the Transactions, and requested that the Tender Offeror provide responses and explanations at a meeting of the Special Committee. The Company and the Special Committee received written responses from the Tender Offeror on the 20th of the same month and, after confirming the responses from the Tender Offeror regarding these questions at the Special Committee meeting held on the 23rd of the same month, conducted a question-and-answer session with the Tender Offeror at the Special Committee meeting held on the 28th of the same month.

Furthermore, since November 4, 2025, the Company and the Special Committee engaged in multiple rounds of negotiations with the Tender Offeror with respect to the Tender Offer Price. Specifically, on November 4, 2025, the Company received a proposal from the Tender Offeror that set the Tender Offer Price at 2,930 yen (on the premise that the Company would not pay a year-end dividend), which was based on comprehensive consideration of various factors by the Tender Offeror, including the results of analysis the Company's business and financial condition based on financial information and other materials disclosed by the Company, the results of analysis of historical share price

trends of the Company Shares, and the prospects for tendering in response to the Tender Offer. In response to the proposal from the Tender Offeror, on the 7th of the same month, the Company and the Special Committee requested a substantial increase in the Tender Offer Price, on the grounds the proposed price fell significantly short of the premium levels in transactions similar to the Transactions and did not sufficiently reflect the Company's corporate value. Subsequently, on the 11th of the same month, the Company received from the Tender Offeror a renewed proposal that set the Tender Offer Price at 3,100 yen. In response to this renewed proposal from the Tender Offeror, the Company and the Special Committee, on the 12th of the same month, again requested a substantial increase in the Tender Offer Price, on the grounds that the proposed price still fell significantly short of the premium levels in transactions similar to the Transactions and did not sufficiently reflect the Company's corporate value. Subsequently, on the 14th of the same month, the Company received from the Tender Offeror a renewed proposal that set the Tender Offer Price at 3,250 yen. In response to this renewed proposal from the Tender Offeror, the Company and the Special Committee, on the 17th of the same month, again requested a substantial increase in the Tender Offer Price, on the grounds that the proposed price still fell significantly short of the premium levels in transactions similar to the Transactions and did not sufficiently reflect the Company's corporate value. Subsequently, on the 19th of the same month, the Company received a renewed proposal from the Tender Offeror to set the Tender Offer Price at 3,370 yen. In response to the proposal from the Tender Offeror, on the 20th of the same month, the Company and the Special Committee requested a substantial increase in the Tender Offer Price, because the said tender offer price still fell significantly short of the premium level for transactions similar to the Transactions and did not adequately reflect the Company's corporate value. Subsequently, on the 21st of the same month, the Company received from the Tender Offeror a renewed proposal setting the Tender Offer Price at 3,500 yen. In response to the proposal from the Tender Offeror, on the 25th of the same month, the Company and the Special Committee requested an increase in the Tender Offer Price, because the said tender offer price was still short of the premium level for transactions similar to the Transactions and did not adequately reflect the Company's corporate value. Subsequently, on the 25th of the same month, the Company received from the Tender Offeror the final proposal setting the Tender Offer Price at 3,650 yen. Then, on the 26th of the same month, the Company and the Special Committee responded to the Tender Offeror stating that, on the premise that the Company's final decision regarding the Transactions would be made by resolution by a meeting of the board of directors to be held on 28 November, 2025, they would accept the Tender Offeror's proposal, and an agreement was reached to set the Tender Offer Price at 3,650 yen.

(c) Substance of the Judgement

Given the developments described above, the Company conducted careful discussion and examination, at a meeting of the Company's board of directors held on November 28, 2025, as to whether the Transactions including the Tender Offer would contribute to enhancing the Company's corporate value and whether the terms of the Transactions including the Tender Offer Price are reasonable, taking into account the legal advice received from Shimada Hamba & Osajima, the advice received from a financial perspective received from Nomura Securities, and the content of the share valuation report regarding the Company Shares submitted by Nomura Securities dated November 27, 2025 (the **"Share Valuation Report (Nomura Securities)"**), and giving maximum respect to the judgement of the Special Committee as set forth in the report (the **"Special Committee Report"**) submitted by the Special Committee dated November 28, 2025.

The Company believes that, amid the changing business environment surrounding its corporate group (consisting of the Company, eight consolidated subsidiary companies and one equity-method affiliated company; referred to herein as the **"Company Group"**), in order to contribute to resolving social issues, including carbon neutrality, while responding to various business challenges in a timely manner, it has become necessary for the Company and the Tender Offeror to collaborate with a greater sense of unity and speed, and to achieve even stronger mutual collaboration in business operations beyond the initiatives implemented to date.

On the other hand, because the Company is an independent listed company, it has been necessary for the Company to complete its own appropriate decision-making and organizational resolution approval processes, while also taking into account the interests of general shareholders other than the Tender Offeror; and there have been certain constraints

and limitations on the mutual utilization of management resources between the Tender Offeror and the Company, from the perspective of structural conflicts of interest between the Tender Offeror and the general shareholders of the Company, as well as ensuring the independence of the Company. The Company believes that, following the Transactions, however, by eliminating such constraints and deepening mutual collaboration, this will lead to the realization of synergies as described below.

I. Expansion of Business in the Space-Related Domain

Since the Tender Offeror and the Company are both listed companies, collaboration in satellite development has been limited from the viewpoint of management independence and the interests of general shareholders. However, by deepening collaboration with the Tender Offeror Group (meaning the Tender Offeror and its subsidiary companies and affiliated companies; the same applies below) following the Transactions, the Company believes that by utilizing the optical technologies of the Tender Offeror Group, such as sensors and cameras, as well as its research and development capabilities. Furthermore, if the Company can leverage the financial power of the Tender Offeror Group in the space-related domain, where industry-wide growth is expected, strategic and agile investment that does not miss market growth opportunities will become possible, and product quality improvement and research and development can be accelerated. Furthermore, regarding the manufacture of artificial satellites, the Company believes that, by utilizing the Tender Offer Group's production facilities and mass-production technologies in order to gain large orders from companies that build satellite constellations (Note 2), it will become possible to manufacture artificial satellites with high price competitiveness, and this will contribute to the Company's acquisition of business opportunities and expanding operations in the space-related business.

In addition, as the Company aims to expand its business in the space-related domain in the future, the Company believes that the probability of capturing business opportunities in the space-related domain will increase by utilizing the Tender Offeror Group's global customer network and network with government agencies. Since businesses in the space-related domain requires public-private integrated promotion, the Company believes that, in order to grow business in the space-related domain going forward, it will be necessary to strengthen collaboration with government agencies more than ever; and the Company believes that it will be able to utilize the relationships and know-how with government agencies that the Tender Offeror Group has cultivated to date through its activities in executive positions at business associations. Furthermore, in considering future business expansion in the space-related domain overseas, the Company believes that utilizing the Tender Offeror Group's global sales network and customer network will increase the possibility of timely capturing market needs in this growth industry, and that this will contribute to the Company's business expansion.

(Note 2) “**satellite constellation**” is the technological concept of deploying a large number of artificial satellites in the same orbit and operating them in an integrated manner.

II. Strengthening Collaboration in the Component Business and the Electronic & Information Equipment Business

With regard to transactions in the Component Business and the Electronic & Information Equipment Business, in which the Company Group has to date been entrusted with manufacturing by the Tender Offeror Group (excluding the Company Group), the Company believes that, after the Transactions, even stronger collaboration with the Tender Offeror Group will become possible, and by establishing a structure in which more information is shared with the Company Group, through receiving the sharing of feedback, etc. from the Tender Offeror Group's customers, this can be utilized for the Company's product development, etc. Furthermore, regarding transactions in which the Company Group has been entrusted with only manufacturing by the Tender Offeror Group (excluding the Company Group), as collaboration with the Tender Offeror Group deepens, changes in transaction structures after the Transactions can also be expected, such as the Company Group serving as the lead in development and customer negotiations etc., and the Company believes this will lead to the expansion of the Company Group's business domain.

Furthermore, even in independent transactions with customers who are not part of the Company Group or the Tender Offeror Group, the Company believes that the benefits obtained through strengthening collaboration with the Tender

Offeror Group can be leveraged in areas such as product quality improvement and product development, etc., and will contribute to the expansion of the Company Group's business and revenue.

III. Improvement of Production Efficiency and Cost Reduction by Strengthening Collaboration between Production Facilities and Utilization of Management Resources

The Company believes that, through the Transactions, efficiency and optimization of the production system can be expected by mutual utilization of the management resources of the Tender Offeror Group and the Company Group to a greater extent, without being constrained by concerns about conflicts of interest between the Tender Offeror and general shareholders or ensuring the Company's independence. By promoting the mutual utilization of domestic and overseas production facilities held by the Tender Offeror Group including the Company Group, and by further strengthening the production co-operation structure, the Company believes that it will become possible to further improve the production efficiency of the Tender Offeror Group including the Company Group, as well as improve the operation rates of the Company Group's production facilities; and, through these advances, strengthening of cost competitiveness will become possible. In addition, with regard to the procurement of production materials, auxiliary materials, and tooling, the Company believes that cost reduction effects can be obtained through supply chain efficiency by utilizing the Tender Offeror Group's purchasing power and distribution network, through mutual utilization of production facilities, joint purchasing and logistics operations.

IV. Strengthening the Company Group's Organizational Capability through Expansion of Personnel Exchanges

Up to now, personnel exchanges between the Tender Offeror Group (excluding the Company Group) and the Company Group have been conducted in a limited manner, given that both the Tender Offeror and the Company are listed companies and the need to give consideration to ensuring the independence of the Company's management and avoiding conflicts of interest with general shareholders; however, the Company believes that further personnel exchanges will become possible by the Company becoming a wholly owned subsidiary of the Tender Offeror after the Transactions. For example, with regard to business development overseas, the Company believes there is a possibility that through personnel exchanges between the Tender Offeror Group (excluding the Company Group) and the Company Group, and the recruitment and development of human resources in an integrated manner between the Tender Offeror Group (excluding the Company Group) and the Company Group, there is a possibility that this could lead to capturing further business opportunities.

On the other hand, general disadvantages associated with delisting may be envisaged, including loss of ability to raise funds from capital markets and the potential impact on the name recognition, credibility, and ability to secure human resources, which are advantages enjoyed as a listed company. However, considering the Company's current financial condition, etc., there is currently no anticipated need for financing through the use of equity financing for the time being, and the Company believes that it has been able to build relationships of trust with numerous stakeholders, including employees and business partners, through its long history of business and social activities to date. Furthermore, in light of the high social-credibility and recognition possessed by the Tender Offeror, the Company believes that the disadvantages of going private through the Transactions are limited, as it is unlikely that becoming a wholly owned subsidiary of the Tender Offeror would adversely affect the Company's social-credibility or recruitment activities compared to its current status as a listed company. It should be noted that, if the Transactions are implemented, the capital relationships with existing shareholders other than the Tender Offeror will be dissolved. However, considering that even in the current situation, where transactions with such existing shareholders exist, the transactions are conducted on an arm's length basis, the Company believes that concerns such as a decrease in transactions with existing shareholders are limited.

In addition, for the reasons set forth in “② Method of treatment in cases where fractions less than one share arise and amount of cash expected to be delivered to shareholders through that treatment, and the reasonableness of said amount” under “(1) Grounds and Reason for the Amount of Cash Expected to be Delivered to Shareholders through

the Treatment of Fractional Shares” in “3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders through the Treatment of Fractional Shares Related to the Share Consolidation”, the Company has determined that the Tender Offer Price and other terms pertaining to the Tender Offer are appropriate, and that the Tender Offer will provide the Company’s shareholders with an opportunity to sell the Company Shares at a price with a reasonable premium and on reasonable terms.

Based on the above, the Company has determined that the Transactions would contribute to the enhancement of the Company’s corporate value and that the transaction terms of the Transactions, including the Tender Offer Price, are appropriate, and, at a meeting of the board of directors of the Company held on November 28, 2025, resolved to express its opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender in the Tender Offer.

For details of the decision-making process of the board of directors, please refer to “⑥ Approval by All Non-interested Directors and Opinion of No Objection by All Non-interested Audit & Supervisory Board Members of the Company” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” in “3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders through the Treatment of Fractional Shares Related to the Share Consolidation” below.

Subsequently, as set forth above, the Tender Offer was completed. However, the Tender Offeror was unable to acquire all of the Company Shares (including the Restricted Shares; and excluding the Company Shares owned by the Tender Offeror and the treasury shares owned by the Company). And, thus, as described in the Expression of Opinion Press Release, the Company, based on the Tender Offeror’s request, passed a resolution, at a meeting of its board of directors held today, to submit a proposal at the Extraordinary Shareholders’ Meeting to carry out a share consolidation, in which, subject to the approval of the shareholders at the Extraordinary General Shareholders’ Meeting, 6,235,122 Company Shares are consolidated into one share (the “**Share Consolidation**”), in order to make the Tender Offeror the sole shareholder of the Company, as described in “② Share Consolidation Ratio” under “(2) Details of the Share Consolidation” in “2. Summary of the Share Consolidation” below.

As a result of the Share Consolidation, the number of Company Shares owned by shareholders other than the Tender Offeror is expected to become a fraction of less than one share.

2. Summary of the Share Consolidation

(1) Schedule of the Share Consolidation

Date of public notice of record date for the Extraordinary General Meeting of Shareholders	January 9, 2026 (Friday)
Record date for the Extraordinary General Meeting of Shareholders	January 27, 2026 (Tuesday)
Date of resolution of the board of directions	February 10, 2026 (Tuesday)
Date of the Extraordinary General Meeting of Shareholders	March 19, 2026 (Thursday) (scheduled)
Date of designation of securities under supervision	March 19, 2026 (Thursday) (scheduled)
Last day the Company Shares can be traded	April 20, 2026 (Monday) (scheduled)
Delisting date of the Company Shares	April 21, 2026 (Tuesday) (scheduled)
Effective date of the Share Consolidation	April 23, 2026 (Thursday) (scheduled)

(2) Details of the Share Consolidation

① Type of shares to be consolidated

Common shares

② Consolidation ratio

6,235,122 Company Shares will be consolidated into one share.

③ Total number of issued shares to be reduced

40,901,805 shares

④ Total number of issued shares before the Share Consolidation takes effect

40,901,811 shares (Note 3)

(Note 3) As announced in the Company's press release "Notice Concerning Cancellation of Treasury Shares" dated February 10, 2026, the Company resolved at a meeting of its board of directors held today to cancel all treasury shares owned by the Company as of that date, effective as of April 22, 2026. Accordingly, the "total number of issued shares before the Share Consolidation takes effect" reflects the total number of issued shares after deducting all treasury shares (1,304,729 shares) owned by the Company as of January 27, 2026 on the assumption of cancellation.

⑤ Total number of issued shares after the Share Consolidation takes effect

6 shares

⑥ Total number of shares authorized to be issued as of the Share Consolidation effective date

24 shares

⑦ Method of treatment of fractions less than one share, and the amount of cash expected to be delivered to shareholders as a result of that treatment

(i) Whether the treatment is planned to be that pursuant to the provisions of Article 235, paragraph (1) of the Companies Act or Article 234, paragraph (2) thereof as applied mutatis mutandis under Article 235, paragraph (2) of that Act, and the reasons for such treatment

As stated in "1. Purpose and Reasons for the Share Consolidation" above, as a result of the Share Consolidation, the number of Company Shares owned by shareholders other than the Tender Offeror is expected to become a fraction of less than one share.

Regarding fractions less than one share that arise as a result of the Share Consolidation, shares in a number corresponding to the total sum of the fractions (pursuant to the provisions of Article 235, paragraph (1) of the Companies Act of Japan (Act No. 86 of 2005; including subsequent amendments; the same applies below), in cases where the total sum includes a fraction less than one share, that fraction shall be rounded off) will be sold in accordance with the provisions of Article 235 and other relevant laws and regulations, and the proceeds from the sale will be delivered to the shareholders for whom such fractions have arisen. Regarding this sale, in light of the fact that the Share Consolidation is to be conducted as a part of the Transactions aimed at making the Tender Offeror the sole shareholder of the Company and that the Company Shares are scheduled to be delisted on April 21, 2026, becoming shares without a market price and, for which, it is unlikely that a purchaser will emerge through auction, the Company plans to sell the number of Company Shares corresponding to the total sum of the fractions arising as a result of the Share Consolidation to the Tender Offeror after obtaining permission of court pursuant to the provisions of Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis under Article 235, paragraph (2) of that Act.

In this case, if the necessary permission of court is obtained as planned, it is planned that the selling price will be set at a price that allows for delivery of the amount of cash equivalent to the number of the Company Shares owned by the shareholders recorded in the final shareholder register of the Company as of April 22, 2026 (i.e., the day immediately preceding the effective date of this Share Consolidation) multiplied by 3,650 yen, which is the same amount as the Tender Offer Price. However, in cases such as where the permission of court cannot be obtained or where fraction adjustments for the calculation are necessary, the cash amount actually delivered may differ from the above amount.

(ii) Name of the party expected to become the purchaser of the shares the subject of the sale

Canon Inc. (the Tender Offeror)

(iii) Method by which the party expected to become the purchaser of the shares the subject of the sale will secure funds for payment of the price to be paid in the sale, and the appropriateness of such method

The Tender Offeror is planning to fund the acquisition of the Company Shares corresponding to the total sum of the fractions arising as a result of the Share Consolidation by way of borrowing from Mizuho Bank, Ltd. (“**Mizuho Bank**”); and the Company, by confirming the loan certificate dated November 28, 2025 regarding borrowing from Mizuho Bank, has confirmed the method by which the Tender Offeror will secure the funds. Further, according to the Tender Offeror, no event has occurred that would hinder the payment of the proceeds of sale of the Company Shares corresponding to the total sum of the fractions arising as a result of the Share Consolidation nor is it aware of any likelihood of such event occurring in the future.

Based on the above, the Company has determined that the method of securing funds for payment of the price to be paid in the sale of the Company Shares corresponding to the total sum of the fractions of less than one share by the Tender Offeror is appropriate.

(iv) Expected timing of the sale and timing of delivery of the proceeds from the sale to the shareholders

The Company is planning to file a petition with court around mid May 2026, seeking permission to sell the Company Shares corresponding to the total sum of the fractions less than one share arising as a result of the Share Consolidation and for said Company Shares to be purchased by the Tender Offeror, pursuant to the provisions of Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis under Article 235, paragraph (2) of the Act. Although the timing for obtaining said permission may vary depending on the circumstances of the court, etc., the Company expects, after obtaining the permission of court, to sell said shares by method of purchase by the Tender Offeror around mid June of the same year and, following this, after making the necessary preparations for delivery of the proceeds from the sale to the shareholders, to deliver the proceeds from the sale to the shareholders, from around late July 2026 to around late August of the same year.

The Company has determined that, considering the period required for the series of procedures pertaining to the sale from the effective date of the Share Consolidation, the sale of the Company Shares corresponding to the total sum of the fractions less than one share arising as a result of the Share Consolidation and the delivery of the proceeds from the sale to the shareholders will be conducted at the respective times as stated above.

3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders as a Result of Treatment of Fractions relating to the Share Consolidation

(1) Grounds and Reasons for the Amount of Cash Expected to be Delivered to Shareholders as a Result of Treatment of Fractions

① Matters to be given consideration in cases where there is a parent company, etc., so as to avoid harming the interests of shareholders other than the parent company

The Share Consolidation is to be conducted as part of a series of procedures to make the Tender Offeror the sole shareholder of the Company after successful completion of the Tender Offer (the “**Squeeze-Out Procedures**”) and, in light of the fact that the Tender Offeror is the Company’s controlling shareholder (parent company) and the Transactions, including the Tender Offer, constitute a material transaction, etc. with a controlling shareholder, and the Transactions are transactions in which structural conflict of interest issues and information asymmetry issues typically exist, the Tender Offeror and the Company took the measures described in “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below in order to address these issues and ensure the fairness of the Tender Offer.

② Method of treatment in cases where fractions less than one share arise, and the amount of cash expected to be delivered to shareholders as a result of that treatment, and reasonableness of such amount

It is planned that the amount of cash to be delivered to shareholders as a result of the treatment of fractions will be the amount obtained by multiplying the number of Company Shares owned by the shareholders by 3,650 yen, which

is the same amount as the Tender Offer Price, as stated in “⑦ Method of treatment of fractions of less than one share that arise, and the amount of cash expected to be delivered to shareholders as a result of that treatment” under “(2) Details of the Share Consolidation” in “2. Summary of the Share Consolidation” above.

Based on the following points, etc., the Company has comprehensively determined that the Tender Offer Price is a reasonable price that secures the benefits to be enjoyed by the general shareholders of the Company, and that the Tender Offer provides the general shareholders of the Company with a reasonable opportunity to sell the Company Shares at a price with an appropriate premium.

- (i) The price has been agreed upon as a result of earnest negotiations with the Tender Offeror over multiple rounds, with the substantial involvement of the Special Committee, after measures have been fully implemented to ensure the fairness of transaction terms, including the Tender Offer Price as described in “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below.
- (ii) Among the results of the valuation of the Company Shares by Nomura Securities described in “② Obtaining a Share Valuation Report from an Independent Third-Party Valuation Institution Engaged by the Company” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below, the price exceeds the upper limit of the calculation result by the average market price method and is within the calculation result range based on the discounted cash flow method (the “**DCF Method**”).
- (iii) In the Special Committee Report obtained from the Special Committee as well, it is judged that the appropriateness of the transaction terms of the Transactions, including the Tender Offer Price, is ensured, as described in “③ Establishment of an Independent Special Committee at the Company and Obtaining a Report from the Special Committee” in “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest”.
- (iv) The Tender Offer Price of 3,650 yen is the price obtained by adding a premium of 33.41% to the closing price of 2,736 of the Company Shares on the Prime Market of the Tokyo Stock Exchange on November 27, 2025, which is the business day immediately prior to the announcement of the implementation of the Tender Offer (November 28, 2025), 37.01% to the simple average closing price of 2,664 yen for the most recent one-month period, 34.64% to the simple average closing price of 2,711 yen for the most recent three-month period, and 38.36% to the simple average closing price of 2,638 yen for the most recent six-month period.

From the perspective of referring to recent trends in premium levels, when compared to the premium levels in 44 cases of tender offers (the “Reference Cases”) that were given public notice on or after January 1, 2022 and completed the settlement of tender offers by November 27, 2025, for the purpose of allowing the parent company to acquire full ownership of a listed subsidiary—namely, the average premiums (38.65%, 41.06%, 40.30%, and 39.07%, respectively) and the medians (38.78%, 40.90%, 41.23%, and 36.70%, respectively) over (i) the closing price on the business day immediately preceding the date of public notice, and (ii) the simple average of the closing prices for the most recent one-month, three-month, and six-month periods prior to the public notice—the premium attached to the Tender Offer Price (33.41%, 37.01%, 34.64%, and 38.36% over the closing price on the business day immediately preceding the date of public notice, and over the simple average of the closing prices for the most recent one-month, three-month, and six-month periods, respectively) is not inferior to those in the Reference Cases, since there are 16, 16, 15, and 24 cases, respectively, in which the premium levels were lower than those of the Tender Offer Price.

In addition, the Company confirms that, during the period from the resolution of the board of directors on November 28, 2025 (to express its opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender in the Tender Offer) through to the time of the meeting of the board of directors which resolved to convene the Extraordinary General Meeting of Shareholders, no material changes have occurred in the various conditions forming the basis of the calculation of the Tender Offer Price.

Based on the above, the Company has determined that the amount of cash expected to be delivered to shareholders as a result of the treatment of fractions is reasonable.

③ Disposal of material assets, assumption of major liabilities, or other events materially affecting the status of corporate assets, which have occurred after the last day of the final fiscal year of the Company

(i) Tender Offer

As stated in “1. Purpose and Reasons for the Share Consolidation” above, Tender Offeror conducted the Tender Offer during the Tender Offer Period from December 1, 2025 to January 19, 2026, and as a result, Tender Offeror has come to own 35,971,419 Company Shares (Ownership Ratio: 87.94%) as of the 26th of the same month, the commencement date for settlement of the Tender Offer.

(ii) No Distribution of Dividends of Surplus

As announced in the press release “Notice Concerning Dividend of Surplus (No Dividend)” dated November 28, 2025, the Company, at a meeting of its board of directors held on the same date, resolved not to distribute dividends from surplus with December 31, 2025 as the record date (year-end dividends), on the condition that the Tender Offer is successfully completed. For details, please refer to the press release.

(iii) Cancellation of Treasury Shares

The Company, at a meeting of the Company’s Board of Directors held today, resolved to cancel all treasury shares owned by the Company as of April 22, 2026. Note, the cancellation of treasury shares is subject to the condition that, at the Extraordinary General Meeting of Shareholders, the proposal regarding the Share Consolidation is approved and adopted as originally proposed.

(iv) Recording of Extraordinary Loss in Non-Consolidated Financial Statements

Due to the deteriorating performance of an equity-method affiliate, the Company recorded an impairment loss on stocks of affiliates of 6,753 million yen in its non-consolidated financial statements in order to properly value the stocks of such affiliate held by the Company. Note that this extraordinary loss is recorded only in the Company’s non-consolidated financial statements and is eliminated in the consolidated financial statements, and thus has no impact on consolidated results.

(2) Expected Delisting

① Delisting

As stated in “1. Purpose and Reasons for the Share Consolidation” above, it is planned that the Company will implement the Share Consolidation subject to the approval of the shareholders at the Extraordinary General Shareholders’ Meeting, in order to make Tender Offeror the sole shareholder of the Company. As a result, the Company Shares are scheduled to be delisted through the prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange.

In terms of timeframe, the Company Shares are scheduled to be designated as securities to be delisted from March 19, 2026 to April 20, 2026, and subsequently delisted on April 21, 2026. After delisting, the Company Shares cannot be traded on the Prime Market of the Tokyo Stock Exchange.

② Purpose and Reason for Delisting

As stated in “1. Purpose and Reasons for the Share Consolidation” above, the Company has determined that making the Company a wholly owned subsidiary through the Transactions, including the Tender Offer, by the Tender Offeror would contribute to enhancing the Company’s corporate value.

③ Impact on Minority Shareholders and View with Respect Thereto

As stated in “③ Establishment of an Independent Special Committee at the Company and Obtaining a Report from the Special Committee” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” below, the Company received the Special Committee Report dated November 28, 2025 from

the Special Committee stating in substance that the Transactions can be considered fair to the Company's general shareholders.

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

The Share Consolidation is to be conducted as part of the Squeeze-Out Procedures, after the successful completion of the Tender Offer; and, in light of the fact that the Tender Offeror is the Company's controlling shareholder (parent company) and the Transactions, including the Tender Offer, constitute a material transaction, etc. with a controlling shareholder, and the Transactions are transactions in which structural conflict of interest issues and information asymmetry issues typically exist, the Tender Offeror and the Company took the following measures order to address these issues and ensure the fairness of the Tender Offer.

Note that, as stated in "(i) Overview of the Tender Offer" under "(2) Grounds and Reasons for the Opinion" in "3. Substance, Grounds, and Reasons for the Opinion on the Tender Offer" of the Expression of Opinion Press Release, as of November 28, 2025, the Tender Offeror then owned 22,500,600 Company Shares (Ownership Ratio: 55.01%) and considered, therefore, that setting a so-called "Majority of Minority" minimum number of shares to be purchased in the Tender Offer could destabilize the completion of the Tender Offer unstable and, conversely, might not serve the interests of the Company's general shareholders who wish to tender in the Tender Offer. Therefore, the Tender Offeror has not set a so-called "Majority of Minority" minimum number of shares to be purchased in the Tender Offer. However, as the following measures have been taken by the Tender Offeror and the Company to ensure the fairness of the Tender Offer, the Tender Offeror and the Company believe that sufficient regard has been given to the interests of the Company's general shareholders. Furthermore, in the Special Committee Report, the Special Committee's assessment is that, while a majority of minority condition is not set, other substantial fairness ensuring measures have been taken and sufficient regard has been given to the interests of the Company's shareholders through fair procedures.

The descriptions below regarding the measures implemented by the Tender Offeror are based on explanations received from the Tender Offeror.

① Obtaining a Share Valuation Report from an Independent Third-Party Valuation Institution Engaged by the Tender Offeror

(i) Name of Valuation Institution and Relationship with the Company and the Tender Offeror

In determining the Tender Offer Price, the Tender Offeror requested Mizuho Securities, the Tender Offeror's financial advisor and third-party valuation institution, to conduct a valuation of the shares of the Company as a third-party valuation institution independent from both the Tender Offeror and the Company, and obtained a share valuation report regarding the share value of the Company Shares dated November 27, 2025 from Mizuho Securities (the "**Share Valuation Report (Mizuho Securities)**"). Mizuho Securities is not a related party of either the Tender Offeror or the Company and does not have a material interest in the Transactions, including the Tender Offer. Mizuho Bank, a group company of Mizuho Securities, holds a position as a shareholder of both the Tender Offeror and the Company and, in addition to this, conducts lending transactions, etc., with both the Tender Offeror and the Company, as part of its ordinary banking business, and is planning to lend the Tender Offeror funds required for settlement of the Tender Offer. Also, Mizuho Trust & Banking Co., Ltd. ("**Mizuho Trust & Banking**"), a group company of Mizuho Securities, holds a position as a shareholder of both the Tender Offeror and the Company and, in addition to this, conducts lending transactions, etc., with both the Tender Offeror and the Company, as part of its ordinary banking business. However, according to Mizuho Securities, Mizuho Securities has established and implements appropriate conflict of interest management systems, including information barriers, etc. between Mizuho Securities and Mizuho Bank, as well as between Mizuho Securities and Mizuho Trust & Banking, in accordance with Article 36 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; including subsequent amendments) and Article 70-4 of the Cabinet Office Ordinance on the Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007; including subsequent amendments), and Mizuho Securities conducts valuation from a position independent from Mizuho Bank's status as a shareholder and lender, and Mizuho Trust & Banking's status as a shareholder and lender. The Tender Offeror appointed Mizuho Securities as an independent third-party valuation institution based on the following considerations:

appropriate preventive measures against harm, including information barrier measures, have been implemented between Mizuho Securities and Mizuho Bank as well as Mizuho Trust & Banking; the Tender Offeror conducts transactions with Mizuho Securities under the same transaction terms as with general business partners, thus ensuring Mizuho Securities' independence as a third-party valuation institution; and Mizuho Securities has a track record as a third-party valuation institution in similar cases in the past.

Also, the Tender Offeror has not obtained an opinion (fairness opinion) from Mizuho Securities regarding the appropriateness of the Tender Offer Price, as the Tender Offeror believes that sufficient consideration has been given to the interests of the general shareholders of the Company after comprehensively considering the various factors described in this “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest”.

(ii) Calculation Overview

After considering the financial condition of the Company and the trends in the market price of Company Shares, etc., Mizuho Securities determined that it would be appropriate to conduct a valuation from multiple perspectives. As a result of considering the valuation methods to be adopted from among several share valuation methods, Mizuho Securities carried out the valuation on the Company Shares using the market price method, comparable company method and DCF method; and the Tender Offeror obtained the Share Valuation Report (Mizuho Securities) dated November 27, 2025.

The ranges of share values per Company Share calculated based on each of the above methods are as follows:

Market price method	JPY2,638 to JPY2,736
Comparable company method	JPY2,774 to JPY3,265
DCF method	JPY2,717 to JPY4,044

Under the market price method, the valuation base date was November 27, 2025, the value per Company Share was calculated to be in the range of 2,638 yen to 2,736 yen, based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the base date (2,736 yen), the simple average of the closing prices for one-month period up to that date (2,664 yen), the simple average of the closing prices for three-month period up to that date (2,711 yen), and the simple average of the closing prices for six-month period up to that date (2,638 yen).

Under the comparable company method, the stock value of the Company was calculated through a comparison with financial indicators showing the market stock prices and profitability of listed companies operating businesses relatively similar to the Company, and the value per Company Share was calculated to be in the range of 2,774 yen to 3,265 yen.

Under the DCF Method, based on the business plan provided by the Company (from the fiscal year ending December 2025 to the fiscal year ending December 2028), and taking into account various factors such as the trend of business results up to the most recent period, the results of the due diligence that the Tender Offeror conducted on the Company from late September 2025 to late October of the same year, and publicly disclosed information, the corporate value and share value of the Company were calculated by discounting the free cash flow that the Company is expected to generate from the fourth quarter of the fiscal year ending December 2025 onward to present value at a certain discount rate, and the range of share value per Company Share was calculated to be from 2,717 yen to 4,044 yen. The Company's business plan, which forms the basis for the calculation under the DCF Method mentioned above, does not include any fiscal year in which a significant increase/decrease in profit is expected but does include fiscal years in which a significant increase/decrease in free cash flow is expected. Specifically, in each fiscal year from the that ending December 2025 to December 2028, a significant increase/decrease in free cash flow compared with the previous year is expected mainly due to fluctuations in capital expenditures aimed at expanding production areas and establishing new bases, etc. Additionally, synergistic effects expected to be realized through the implementation of the Transactions have not been factored into the above calculation, as it was difficult to estimate them concretely at the time of calculation.

In addition to the valuation results in the Share Valuation Report (Mizuho Securities) obtained from Mizuho Securities, the Tender Offeror comprehensively considered the results of the due diligence conducted on the Company from late September to late October of the same year, the trends in the market stock price of the Company Shares, whether the Company's board of directors would approve the Tender Offer, and the prospects for participation in the Tender Offer, and based on the results of discussions and negotiations with the Company, ultimately decided at a meeting of its board of directors held on November 28, 2025 to set the Tender Offer Price at 3,650 yen.

The Tender Offer Price of 3,650 yen represents a premium of 33.41% over the closing price of 2,736 yen for the Company Shares on the Tokyo Stock Exchange Prime Market on November 27, 2025, the business day preceding the announcement date of the Tender Offer, 37.01% over the simple average of closing prices of 2,664 yen for the one-month period up to that date, 34.64% over the simple average of closing prices of 2,711 yen for the three-month period up to that date, and 38.36% over the simple average of closing prices of 2,638 yen for the six-month period up to that date, respectively.

In calculating the share value of the Company, Mizuho Securities, in principle, adopted the information provided by the Company and publicly available information as is, and relied on the assumptions that all such materials and information are accurate and complete, and that there are no facts undisclosed to Mizuho Securities that could have a material impact on the analysis and calculation of the Tender Offer Price, without independently verifying their accuracy. In addition, with respect to information concerning the Company's financial projections, Mizuho Securities assumed that such information was reasonably prepared based on the best forecasts and judgements available to the Company's management at the time of calculation, and that the Tender Offeror's management reviewed the content and approved its use in Mizuho Securities' valuation. Furthermore, Mizuho Securities did not conduct its own evaluation or assessment of the assets and liabilities (including off-balance sheet assets and liabilities and other contingent liabilities) of the Company and its related companies, nor did it request any appraisal or assessment from a third-party institution. Mizuho Securities' valuation reflects the above information as of November 27, 2025.

② Obtaining a Share Valuation Report from an Independent Third-Party Valuation Institution Engaged by the Company

(i) Name of Valuation Institution and Relationship with the Company and the Tender Offeror

In expressing its opinion regarding the Tender Offer, the Company, in order to ensure the fairness of the decision-making by the board of directors of the Company regarding the Tender Offer Price, requested Nomura Securities, which is a financial advisor and third-party valuation institution independent from the Company and the Tender Offeror, to conduct a valuation of the Company Shares, and obtained the Share Valuation Report (Nomura Securities) dated November 27, 2025. (Note 4)

Nomura Securities is not a related party of either the Company or the Tender Offeror and does not have any material interest in the Transactions, including the Tender Offer. Furthermore, the Special Committee, at its first meeting, after confirming that there were no issues with the independence and expertise of Nomura Securities, approved the appointment of Nomura Securities as the Company's financial advisor and third-party valuation institution. The Company has not obtained a fairness opinion from Nomura Securities regarding the fairness of the Tender Offer Price because, as described in this "(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest", the Company and the Tender Offeror have implemented measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest.

The remuneration to Nomura Securities pertaining to the Transactions includes a contingency fee to be paid based on factors such as the completion of the Transactions. The Company, taking into account general practices in the same type of transactions and other factors, judged that the fact that the remuneration includes a contingency fee to be paid based on factors such as the completion of the Transactions does not negate the independence of Nomura Securities, and appointed Nomura Securities as the Company's financial advisor and third-party valuation institution under the above-described remuneration system.

(ii) Calculation Overview

After considering valuation methods for the Tender Offer, Nomura Securities determined that it would be appropriate to evaluate the value of the Company Shares from multiple perspectives based on the premise that the Company is a going concern, and proceeded to carry out the valuation of the Company Shares using the market price method because the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange, and the DCF Method to reflect the status of future business activities in the calculation.

According to Nomura Securities, in calculating the value of the Company Shares, the valuation methods adopted and the ranges of share values per Company Share calculated based on those methods are as set forth below:

Market price method	JPY2,638 to JPY2,736
DCF Method	JPY2,572 to JPY4,345

Under the market price method, the valuation base date was November 27, 2025, the value per Company Share was calculated to be in the range of 2,638 yen to 2,736 yen, based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the base date (2,736 yen), the simple average of the closing prices for the five business days up to that date (2,680 yen), the simple average of the closing prices for one-month period up to that date (2,664 yen), the simple average of the closing prices for three-month period up to that date (2,711 yen), and the simple average of the closing prices for six-month period up to that date (2,638 yen).

Under the DCF Method, the financial projections that Nomura Securities used as the basis for its valuation were prepared by the Company for the purpose of considering the Transactions, taking into account the business results for the most recent period and the various initiatives for future growth in the Component Business and the Electronic & Information Business etc., and the forecast period is from the fiscal year ending December 2025 to the fiscal year ending December 2028 as the period during which future forecasts can be reasonably made. Nomura Securities calculated the range of share value per share of the Company Shares to be in the range of 2,572 yen to 4,345 yen, on the basis of business plan prepared by the Company for the period from the fiscal year ending December 2025 to the fiscal year ending December 2028 (the “**Business Plan**”), as well as the investment plan and publicly available information, etc., analyzing the share value by calculating the corporate value derived by discounting, at a certain discount rate, the free cash flows that the Company is expected to generate from the fourth quarter of the fiscal year ending December 2025 onward to their present value, and then making certain financial adjustments, such as adding the value of cash and deposits held by the Company to that corporate value. The discount rate applied is the weighted average cost of capital (WACC), for which a range of 7.25% to 8.25% has been adopted. In calculating the terminal value, a range of 37,095 million yen to 117,287 million yen has been derived based on both the perpetual-growth method and the multiple method. Under the perpetual-growth method, a perpetual growth rate of - 0.25% to 0.25% has been applied, taking into consideration the long-term economic outlook surrounding the Company. Under the multiple method, the EBITDA multiple (earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) (the “**EBITDA Multiple**”)), which is commonly used in valuation practice for M&A, has been adopted, and, taking into account the Company’s most recent and historical EBITDA multiple levels, a range of 2.5 times to 4.5 times has been applied.

The Business Plan was prepared by eight officers/employees (specifically, two directors (President Takeshi Hashimoto and Director Hiroyuki Ohkita) and six employees) who are independent from the Tender Offeror, and the Tender Offeror was not involved in the preparation process. In the preparation of the Business Plan, the Special Committee received an explanation on the content and important assumptions, etc. of the draft business plan, and confirmed the reasonableness of the final content, important assumptions, and preparation history of the Business Plan, and approved it.

The specific figures of the Company’s financial projections that Nomura Securities used as the basis for its valuation under the DCF Method are as follows, which include fiscal years in which significant increases or decreases in profit are expected. Specifically, in the fiscal year ending December 2026, free cash flow is expected to decrease significantly due to an increase in capital expenditures, and in the fiscal year ending December 2028, free cash flow is expected to

increase significantly due to a decrease in capital expenditures. Also, the synergy effects expected to be realized from the execution of the Transactions are not taken into account in the following financial projections because it is difficult to estimate them specifically at the time of valuation.

(Unit: million yen)

	Fiscal year ending December 2025 (three months)	Fiscal year ending December 2026	Fiscal year ending December 2027	Fiscal year ending December 2028
Net sales	27,801	106,603	114,439	120,063
Operating income	3,893	10,660	11,413	12,006
EBITDA	4,234	13,102	14,494	15,083
Free cash flow	4,511	2,633	3,309	6,396

(Note 4) In calculating the share value of the Company Shares, Nomura Securities has assumed that the publicly disclosed information and all information provided from the Company is accurate and complete, and has not independently verified the accuracy and completeness of such information. Nomura Securities has not conducted an independent evaluation, appraisal or assessment of the assets or liabilities (including derivative financial instruments, off-the-book assets and liabilities, and other contingent liabilities) of the Company and its affiliated companies, nor has it requested any third-party institution to conduct such an appraisal or assessment. Nomura Securities has assumed that the Company's financial projections (including profit plans and other information) were reasonably considered or prepared by the Company's management (excluding Mr. Akira Katsuyama) based on the best and good faith projections and judgements available at the time of calculation. The calculation by Nomura Securities reflects the information and economic conditions available to Nomura Securities up to November 27, 2025. The sole purpose of the calculation by Nomura Securities is to contribute as a reference for the board of directors of the Company in considering the share value of the Company.

③ Establishment of an Independent Special Committee at the Company and Obtaining a Report from the Special Committee

(i) Background to Establishment, etc.

As stated in "1. Purpose and Reasons for the Share Consolidation" above, the Company, at a meeting of its board of directors held on September 17, 2025, after confirming that the candidates for members of the Special Committee who are outside directors have no relationship of interest with the Tender Offeror or the Company, do not have any material interest different from general shareholders regarding the success or failure of the Transactions, and possess the qualifications to serve as committee members, established the Special Committee consisting of three members: Mr. Toshikazu Togari (Independent Outside Director of the Company, Chairman and Representative Director of Zaikai Jutaku Kinyu Co., Ltd., Chairman of Nihon-Kango-Kasei-Shokai-Jigyo Association, and External Auditor of LDH Japan, Inc.), Mr. Atsushi Maekawa (Independent Outside Director of the Company, President of MAEK Lab Limited Liability Company, Guest Professor of Osaka University, and Visiting Professor of Center of Advanced Technology, Shizuoka Institute of Science and Technology), and Ms. Keiko Yamagami (Independent Outside Director of the Company, Member (attorney-at-law) of Tokyo Seiwa Law Office, Outside Director of Denyo Co., Ltd (Audit and Supervisory Committee member), and Outside Director of GEOLIVE Group Corporation). The Company has five independent outside directors, but not all became members of Special Committee. Rather, the Company has selected three independent outside directors (Mr. Toshikazu Togari, Mr. Atsushi Maekawa, and Ms. Keiko Yamagami) to be members of the Special Committee because it considered that such three independent outside directors would be able to flexibly and efficiently conduct examinations and negotiations, etc. related to the Transactions, and that the three members of the Special Committee (Mr. Toshikazu Togari, Mr. Atsushi Maekawa, and Ms. Keiko Yamagami) would be able to secure necessary and sufficient experience and knowledge related to examinations and negotiations, etc. related to the Transactions from the viewpoints of corporate management, finance and finance, legal and risk management, and global experience, etc. The membership of the Special Committee has remained unchanged since

its establishment, and Mr. Toshikazu Togari has been selected as chairperson of the Special Committee by mutual vote of the members of the Special Committee. The remuneration of the members of the Special Committee consists only of fixed amount compensation payable regardless of the success or failure of the Transactions, and does not include any success fee contingent on the public announcement or completion, etc. of the Transactions.

The Company's board of directors, at a meeting of the board of directors held on September 17, 2025, referred the following matters for consultation to the Special Committee (collectively, the "**Matters for Consultation**"): (i) the legitimacy and rationality of the purpose of the Transactions (including whether the Transactions contribute to enhancing the Company's corporate value); (ii) the fairness and appropriateness of the terms of the Transactions (including the Tender Offer Price in the Transactions); (iii) the fairness of the procedures for the Transactions; (iv) based on items (i) through (iii) above and other matters, whether the Transactions can be considered fair to the Company's general shareholders; (v) based on items (i) through (iv) above, whether the board of directors should express its opinion in support of the Tender Offer and to recommend that the Company's shareholders tender in the Tender Offer.

Also, the Company's board of directors resolved (1) to make its decision regarding the Transactions in a manner that respects the judgement of the Special Committee to the maximum extent, and (2) not to support the Transactions on the terms proposed if the Special Committee determines that the terms of the Transactions are not appropriate; and, with this, to grant to the Special Committee: (a) the authority to appoint its own financial advisors / third-party valuation institutions and legal advisors or to nominate or approve (including ex post-facto approval) advisors, etc. of the Company, (collectively, "**Advisors, etc.**") (b) the authority to be substantially involved in the negotiation process with respect to the terms of the Transactions, etc. by confirming the Company's negotiation strategy in advance, obtaining timely reports on the negotiation status and at important junctures rendering opinions, instructions, or requests; (3) the authority to approve the Company's internal examination system (including ex post-facto approval); (4) the authority to require the attendance at the Committee of officers or employees of the Company related to the Transactions or the Company's Advisors, etc. relating to the Transactions, and to request explanations on necessary matters; (5) the authority to decide on the fairness ensuring measures to be taken.

(ii) Process of Examination

The Special Committee was convened a total of 11 times from September 25, 2025 until November 27 of the same year, for a total of approximately 20 hours. The Special Committee carefully discussed and examined the Matters for Consultation by making reports, sharing information, conducting deliberations, and making decisions, etc. through email or telephone communications as necessary.

Specifically, first, the Special Committee confirmed on September 25, 2025, that there were no issues with the independence or expertise of Nomura Securities as a financial advisor and third-party valuation institution for the Company, and Shimada Hamba & Osajima as a legal advisor of the Company, and approved the appointment of those advisors, and further confirmed that it had no objection to receiving professional advice from these advisors as necessary.

Furthermore, the Special Committee, after confirming that there were no issues from the perspective of independence and fairness with the system that the Company established internally for conducting examination, negotiation, and decision-making regarding the Transactions from a position independent from the Tender Offeror (including the scope of the Company's officers and employees involved in the examination, negotiation and decision-making regarding the Transactions, and their duties), and approved the system.

The Special Committee then, based on the opinion received from Shimada Hamba & Osajima, examined the measures that should be taken to ensure procedural fairness in the Transactions.

The Special Committee sent to the Tender Offeror a written document containing questions regarding matters including the purposes and reasons for the implementing the Transactions, the expected advantages and disadvantages of the Transactions, management policy and governance after the Transactions, the structure and implementation schedule of the Transactions, and received written responses from the Tender Offeror, and conducted question-and-

answer sessions and discussion on these matters. Also, the Special Committee requested Mr. Takeshi Hashimoto (Representative Director and President of the Company) and Mr. Hiroyuki Ohkita (Director of the Company) to attend meeting of the Special Committee, and heard from them, as members of the Company's management, their views and related information regarding matters including the significance of the Transactions, the timing and method of its implementation, the Company's management policy and governance, etc. after the Transactions, the Company's approach to the calculation of its share value, and other matters, etc., and conducted question-and-answer sessions on these matters.

In addition, the Special Committee confirmed the reasonableness of the content of the Business Plan, its important assumptions, and the process by which it was prepared, etc., and approved the Business Plan. Based on this, as stated in “② Obtaining a Share Valuation Report from an Independent Third-party Valuation Institution Engaged by the Company” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” above, Nomura Securities conducted a valuation of the Company Shares based on the Business Plan. The Special Committee received explanations from Nomura Securities regarding the valuation methodologies employed in the share valuation, the reasons for adopting those methodologies, the details of valuations under each methodology, and the important assumptions. After conducting question-and-answer sessions, as well as deliberation and examination, the Special Committee confirmed the reasonableness of these matters.

Further, the Special Committee conducted deliberation on and examination of the policy on negotiations with the Tender Offeror, taking into account the opinions received from Nomura Securities and Shimada Hamba & Osajima, and decided on the negotiation policy. Also, from the time the Special Committee received the initial price proposal from the Tender Offeror on November 4, 2025, which included a proposed Tender Offer Price of 2,930 yen per share, each time the Company received a price proposal from the Tender Offeror, the Special Committee was promptly informed regarding its content, and the Special Committee conducted deliberation and examination, taking into account the opinions received from Nomura Securities and Shimada Hamba & Osajima; and then, expressed its view that the Tender Offeror should be requested to increase the proposed Tender Offer Price, and was substantively involved in the discussions and negotiations between the Company and the Tender Offeror regarding the Tender Offer Price. As a result, on November 25 of the same year, the Company received from the Tender Offeror a proposal including a revised Tender Offer Price of 3,650 yen per share, and ultimately, through a total of 5 rounds of proposals, the Tender Offer Price was increased 24.57 % (rounded to the second decimal place) from the initial price proposal.

Furthermore, the Special Committee received explanations on multiple occasions from Nomura Securities and Shimada Hamba & Osajima regarding the content of drafts of press releases and other documents relating to the Tender Offer that the Company plans to disclose or submit, engaged in question-and-answer sessions, and has confirmed that enhanced information disclosure is planned to be made.

(iii) Substance of the Judgement

Based on the foregoing process, the Special Committee carefully deliberated and examined the Matters for Consultation on multiple occasions, taking into account the legal advice received from Shimada Hamba & Osajima, the advice from a financial standpoint received from Nomura Securities, and the content of the Share Valuation Report (Nomura Securities) dated November 27, 2025; and, as a result, submitted the Special Committee Report dated November 28, 2025 to the Company's board of directors with the approval of all members of the Special Committee, stating that the appropriateness of the transaction terms of the Transactions, including the Tender Offer Price, is ensured, and the Transactions can be considered fair to the Company's general shareholders, etc.

④ Obtaining Advice from an Independent Law Firm Engaged by the Company

As stated in “③ Establishment of an Independent Special Committee at the Company and the Obtaining of a Report from the Special Committee”, the Company appointed Shimada Hamba & Osajima as its legal advisor, independent from the Tender Offeror and the Company Group, and has received legal advice on matters including the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the

methods and processes of the Company's decision-making with respect to the Transactions.

Shimada Hamba & Osajima is not a related party of the Tender Offeror or the Company and does not have any material interest in connection with the Transactions. The remuneration to Shimada Hamba & Osajima does not include a contingency fee to be paid based on factors such as the completion of the Transactions.

⑤ Establishment of an Independent Examination System at the Company

As stated in “1. Purpose and Reasons for the Share Consolidation”, the Company established an internal system for examining, negotiating, and making decisions regarding the Transactions from a position independent from the Tender Offeror. Specifically, from the time the Company received a written proposal regarding the implementation of the Transactions from the Tender Offeror on September 5, 2025, the Company established an internal system to examine the Transactions (including the preparation of a business plan serving as the basis for the valuation of the Company's shares), as well as to conduct discussions and negotiations with the Tender Offeror. The members involved in the examination are (i) composed solely of officers and employees of the Company who are not currently affiliated with the Tender Offeror Group (excluding the Company) and (ii) composed solely of officers and employees of the Company who, with the exception of Mr. Takeshi Hashimoto, have never been affiliated with the Tender Offeror Group excluding the Company Group in the past (specifically, it is composed of a total of eight members: two directors of the Company (Mr. Takeshi Hashimoto and Mr. Hiroyuki Ohkita) and six employees), and the Company has continued this approach. While Mr. Takeshi Hashimoto previously held a position as an officer / employee of the Tender Offeror, more than 10 years have passed since his transfer to the Company, and he has not been involved in any way on the Tender Offeror's side with respect to the Transactions, nor is he in a position to do so. Accordingly, the Company has determined that there is no risk of conflict of interest with respect to the Company's decision-making in the Transactions, and Mr. Takeshi Hashimoto has participated in the deliberations and resolutions of the Company's board of directors regarding the Transactions and has also participated as a director of the Company in discussions and negotiations with the Tender Offeror. In addition, with respect to the independence and fairness of the Company's consideration structure (including the scope and duties of the Company's officers and employees involved in the consideration, negotiation, and decision-making regarding the Transactions), the Company has obtained the approval of the Special Committee that there are no issues from such perspectives.

⑥ Approval by All Non-interested Directors and Opinion of No Objection by All Non-interested Audit & Supervisory Board Members of the Company

The Company's board of directors carefully deliberated and examined whether the series of procedures for the Transactions, including the Tender Offer, and the transaction terms of the Transactions are appropriate, taking into account the legal advice obtained from Shimada Hamba & Osajima regarding the decision-making process and method for the Transactions and other points requiring attention, the advice from a financial standpoint received from Nomura Securities, and the content of the Share Valuation Report (Nomura Securities), and giving maximum respect to the content of the Special Committee Report submitted by the Specified Committee. As a result, as stated in “1. Purpose and Reasons for the Share Consolidation” above, having reached the judgement that the Transactions can be expected to realize synergies and contribute to enhancement of the Company's corporate value, and further, the terms of the Transactions, including the Tender Offer Price, are appropriate to secure the benefits that should be enjoyed by the Company's general shareholders, and the Tender Offer provides the Company's general shareholders with an opportunity to sell their shares in the Company at a price with a reasonable premium, at the Company's board of directors meeting held on November 28, 2025, resolved to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender in the Tender Offer, as set forth below.

At the above-mentioned board of directors meeting of the Company, 10 directors of the 11 directors of the Company (excluding Mr. Akira Katsuyama) deliberated and unanimously resolved as stated above. In addition, all three of the Company's three audit & supervisory board members attended the board of directors meeting mentioned above, and all of the members stated that they had no objection to the above resolution. In light of the fact that less than three

years have elapsed since Mr. Akira Katsuyama, one of the Company's directors, transferred from the Tender Offeror to the Company, he has not participated in the deliberations and resolutions of the Company's board of directors regarding the Transactions (including the Company's board of directors meeting held today mentioned above) and has not participated in discussions and negotiations regarding the Transactions on behalf of the Company, from the perspective of eliminating to the extent possible the impact of conflicts of interest with the Company's general shareholders, and ensuring fairness, transparency, and objectivity in decision-making regarding the Transactions. On the other hand, although Mr. Takeshi Hashimoto, one of the Company's directors, previously held a position as an officer / employee of the Tender Offeror, more than 10 years have elapsed since he transferred to the Company, and he has not been involved in any way on the Tender Offer side regarding the Transactions and is not in a position to do so; accordingly, the Company determined that there is no risk of conflict of interest regarding the Company's decision-making in the Transactions, and he has participated in the deliberations and relations of the Company's board of directors regarding the Transactions (including the Company's board of directors meeting held today mentioned above) and has participated in discussions and negotiations with the Tender Offeror as a director of the Company.

⑦ No Deal Protection Clause

The Company and the Tender Offeror have not entered into any agreements with content that would restrict the Company from engaging with tender offer proposers other than the Tender Offeror ("**Competing Offeror**"), such as agreements including deal protection provisions that would prohibit the Company from contacting a Competing Offeror and, by not impeding opportunities for competing tender offers, etc., have taken care to ensure the fairness of the Tender Offer.

⑧ Measures to Ensure Opportunity for the Company's Shareholders to Make Appropriate Decision as to Whether to Tender in the Tender Offer

As stated in "(5) Policies on Organizational Restructuring, etc. after the Tender Offer (Matters Relating to so-called 'Two-Step Acquisition')" under "3. Substance, Grounds, and Reasons for the Opinion on the Tender Offer" of the Expression of Opinion Press Release, the Tender Offeror: (i) plans to request that the Company, promptly after the completion of settlement of the Tender Offer, hold an Extraordinary General Meeting of Shareholders that includes as a proposed agenda item a partial amendment to the Articles of Incorporation to abolish provisions on number of shares per unit, on the condition that the Share Delivery Demand or the Share Consolidation take effect, according to the number of shares of the Company that the Tender Offeror acquires through the completion of the Tender Offer, and will not adopt any method that does not secure appraisal rights or price determination petition rights for the Company's shareholders (excluding, however, the Tender Offeror and the Company); and (ii) has clarified that when conducting the Share Delivery Demand or the Share Consolidation, the cash to be delivered as consideration to the Company's shareholders will be calculated so as to be identical to the price calculated by multiplying the Tender Offer Price by the number of shares of the Company owned by each such shareholder (excluding, however, the Tender Offeror and the Company), and therefore, due attention is being given to ensuring that the Company's shareholders (excluding, however, the Tender Offeror and the Company) have opportunity to make appropriate decision as to whether to tender in the Tender Offer, thereby ensuring that no coerciveness arises.

Also, while the minimum period for purchase, etc., in a tender offer as provided by laws and regulations is 20 business days, the Tender Offeror has set the period for purchase, etc., in the Tender Offer at 30 business days. By setting the Tender Offer Period as a relatively long period in this manner, due attention is being given to ensuring that the Company's shareholders have opportunity to make appropriate decision as to whether to tender in the Tender Offer.

4. Future Outlook

Following on from the implementation of Share Consolidation, the Company Shares are scheduled to be delisted, as stated above in "① Delisting" under "(2) Expected Delisting" in "Grounds, etc. for the Amount of Cash" under "3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders as a Result of Treatment of

Fractions relating to the Share Consolidation”.

5. Matters Relating to MBO, etc.

(1) Application of Compliance Matters Related to MBO, etc. and Status of Compliance with Policy on Protection of Minority Shareholders

The Tender Offeror is the Company’s controlling shareholder (parent company), and the “Compliance Matters related to MBO, etc.” as stipulated in Article 441 of the Security Listing Regulations promulgated by Tokyo Stock Exchange is applicable to the Share Consolidation conducted as part of the Transactions. The Company as its ‘Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder’ states the following in its Corporate Governance Report disclosed on July 30, 2025: *“With regard to transactions with a controlling shareholder, for transactions that the Company determines require deliberation and examination from the perspective of protecting the interests of minority shareholders, a ‘special committee’ composed of independent Outside Directors appointed by the board of directors will deliberate and submit a report to the board of directors. The determination, etc. of transaction terms is not conducted arbitrarily with controlling shareholder.”* With respect to the Transactions, including the Tender Offer, as stated above in “3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders through the Treatment of Fractional Shares Related to the Share Consolidation” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest”, the Company has established a special committee in accordance with the guidelines set forth in the Corporate Governance Report, and taken measures to address structural conflicts of interest issues and information asymmetry issues and to ensure the fairness of the Transactions including the Tender Offer Price, and the Company believes that these measures conform to the above policy.

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

As stated above in “(1) Qualification as Transaction, etc. with Controlling Shareholder and Compliance with Policy on Protection of General Shareholders”, as the Transactions including the Tender Offer would constitute transactions, etc. with the controlling shareholder of the Company, the Company determined that measures to ensure fairness and measures to avoid conflicts of interest are necessary and, by taking the measures stated above in “3. Grounds, etc. for the Amount of Cash Expected to be Delivered to Shareholders through the Treatment of Fractional Shares Related to the Share Consolidation” under “(3) Measures to Ensure the Fairness of the Transactions and Measures to Avoid Conflicts of Interest” above, the Company has made its determination after ensuring fairness and avoiding conflicts of interest.

(3) Opinion Received from the Special Committee that the Transactions are Fair to General Shareholders

On November 28, 2025, the Company received the Special Committee Report from the Special Committee, which states to the effect that it is considered fair to the Company’s general shareholders for the Company’s board of directors to adopt a resolution to express an opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender in the Tender Offer. Please refer to the attached for the details of the Special Committee Report. Note, the Special Committee Report also serves as an opinion that the Tender Offeror making the Company a wholly owned subsidiary after the Tender Offer is successfully completed (as described in “(5) Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Concerning So-called Two-Step Acquisition)” under “3. Substance, Grounds, and Reasons for the Opinion Regarding the Tender Offer” of the Expression of Opinion Press Release) would be fair to the Company’s general shareholders.

III. Abolition of Provisions on Number of Shares Per Unit

1. Reason for Abolition

If the Share Consolidation takes effect, the total number of issued shares of the Company will become 6 shares, and it will no longer be necessary to stipulate the number of shares constituting one unit.

2. Scheduled Date of Abolition

April 23, 2026 (Thursday) (scheduled)

3. Conditions for Abolition

The abolition is subject to the condition that, at the Extraordinary General Meeting of Shareholders, the proposal regarding the Share Consolidation and the proposal regarding the partial amendment to the Articles of Incorporation concerning the abolition of provisions on number of shares per unit (please refer to “IV. Partial Amendments to the Articles of Incorporation” below) are approved and adopted as originally proposed, and that the Share Consolidation takes effect.

IV. Partial Amendments to the Articles of Incorporation

1. Purpose of the Amendments to the Articles of Incorporation

- (1) If Proposal No. 1 “Share Consolidation” is approved and adopted as originally proposed and the Share Consolidation takes effect, the total number of authorized shares of Company Shares will be reduced to 24 shares in accordance with the provisions of Article 182, paragraph (2) of the Companies Act. In order to clarify this point, on the condition that the Share Consolidation takes effect, Article 6 (Total Number of Authorized Shares) of the current Articles of Incorporation shall be amended.
- (2) If Proposal No. 1 “Share Consolidation” is approved and adopted as originally proposed and the Share Consolidation takes effect, the total number of issued shares of the Company will become 6 shares, and it will no longer be necessary to stipulate the number of shares constituting one unit. Therefore, on the condition that the Share Consolidation takes effect, in order to abolish the provision on the number of shares constituting one unit of the Company Shares, which is currently set at one hundred (100) shares per unit, the entire text of Article 7 (Number of Shares Constituting One Unit) of the current Articles of Incorporation and Article 8 (Rights Pertaining to Shares Less than One Unit) of the current Articles of Incorporation shall be deleted, and the subsequent articles shall be renumbered accordingly.
- (3) If Proposal No. 1 “Share Consolidation” is approved and adopted as originally proposed and the Share Consolidation takes effect, given that the Company Shares are scheduled to be delisted and the Tender Offeror to become the only holder of one or more Company Shares, with the Tender Offeror to become the Company’s sole shareholder on completion of the treatment of fractions following the Share Consolidation, the provisions regarding the record date for the annual general meeting of shareholders and convening such meetings, and provisions regarding the electronic provision of materials for general meetings of shareholders will no longer be necessary. Therefore, (i) on the condition that the Share Consolidation takes effect, the entire text of Article 13 (Record Date for the Annual General Meeting of Shareholders) of the current Articles of Incorporation and Article 14 (Measures for Electronic Provision, etc.) of the current Articles of Incorporation shall be deleted, and (ii) Article 11 (Convocation) of the current Articles of Incorporation shall also be deleted; and the subsequent articles shall be renumbered accordingly.

2. Details of the Amendments to the Articles of Incorporation

The details of the amendments are as follows. The amendments to the Articles of Incorporation pertaining to this Proposal (except for the deletion of Article 11 (Convocation) of the current Articles of Incorporation) shall take effect on April 23, 2026, which is the effective date of the Share Consolidation, subject to the condition that Proposal No. 1 “Share Consolidation” is approved and adopted as originally proposed at the Extraordinary General Meeting of Shareholders, and that the Share Consolidation takes effect.

(Underlined portions indicate the parts to be amended. The article numbering in the Proposed Amendment reflects the article numbering after all amendments to the Articles of Incorporation take effect on April 23, 2026.)

Current Articles of Incorporation	Proposed Amendment

Article 1 to Article 5 (Omitted)	Article 1 to Article 5 (Unchanged)
Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>60 million</u> .	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>24</u> .
<u>Article 7 (Number of Shares Constituting One Unit)</u> 1. <u>The number of shares constituting one unit of shares of the Company shall be 100.</u> 2. <u>A shareholder holding shares less than one unit may demand the Company to sell to that shareholder the number of shares that would, together with the shares less than one unit held by the shareholder, constitute one unit of shares; provided, however, that this does not apply if the Company does not hold treasury shares in the number to be sold at the time of such demand.</u>	<Deleted>
<u>Article 8 (Rights in Relation to Shares Less than One Unit)</u> <u>A shareholder of the Company may not exercise any rights in relation to shares less than one unit held by the shareholder other than the following rights:</u> (1) <u>Rights listed in each item of Article 189, paragraph (2) of the Companies Act.</u> (2) <u>Right to demand the sale prescribed in paragraph (2) of the preceding Article.</u>	<Deleted>
<u>Article 11 (Convocation)</u> <u>Annual general meeting of shareholders shall be convened in March each year, and extraordinary general meetings of shareholders shall be convened whenever necessary.</u>	<Deleted>
Article <u>12</u> (Omitted)	Article <u>9</u> (Unchanged)
<u>Article 13 (Record Date for the Annual General Meeting of Shareholders)</u> <u>The Company shall deem shareholders having voting rights who are described or recorded in the final shareholder register as of the last day of each business year to be the shareholders entitled to exercise shareholder rights at the annual general meeting of shareholders for that business year.</u>	<Deleted>
<u>Article 14 (Measures for Electronic Provision, etc.)</u> 1. <u>When convening an annual general meeting of shareholders, the Company shall take electronic provision measures with respect to information that constitutes the content of reference documents for general meetings of shareholders, etc.</u> 2. <u>The Company may decide not to include all or part of the matters prescribed by Ministry of Justice</u>	<Deleted>

<u>Order among the matters subject to electronic provision measures in documents delivered to shareholders who have made a request for delivery of documents by the record date for voting rights.</u>	
Article <u>15</u> to Article <u>37</u> (Omitted)	Article <u>10</u> to Article <u>32</u> (Unchanged)

3. Schedule for the Amendments to the Articles of Incorporation

April 23, 2026 (Thursday) (scheduled) (However, the deletion of Article 11 (Convocation) of the current Articles of Incorporation shall take effect on March 19, 2026 (Thursday) (scheduled).)

4. Conditions for Amendment to the Articles of Incorporation

The amendments are subject to the condition that Proposal No. 1 “Share Consolidation” is approved and adopted as originally proposed at the Extraordinary General Meeting of Shareholders and that the Share Consolidation takes effect. (However, the deletion of Article 11 (Convocation) of the current Articles of Incorporation is not subject to this condition.)

(Reference)

The Special Committee Report

End of Document

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 28, 2025

To: The Board of Directors, CANON ELECTRONICS INC.

CANON ELECTRONICS INC., Special Committee
Toshikazu Togari, Committee Chairperson
Atsushi Maekawa, Committee Member
Keiko Yamagami, Committee Member

Special Committee Report

The Committee hereby unanimously provides this report as set forth in Part III below regarding each matter set forth in Part I below, having conducted the examination described in Part II below, with the reasons for its findings set forth in Part IV below; pursuant to the referral for consultation received by the Committee from the board of directors of CANON ELECTRONICS INC. (the “**Company**”) regarding the tender offer by Canon, Inc. (the “**Tender Offeror**”) for the issued common shares of the Company and the series of procedures to be conducted following completion of the Tender Offer in order to make the Tender Offeror the sole shareholder of the Company.

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Key Abbreviated Terms

Term	Meaning
Legal Entities, etc.	
Company	CANON ELECTRONICS INC.
Company Group	The corporate group that consists of the Company and its eight consolidated subsidiary companies and one equity-method affiliate company
Tender Offeror	Canon, Inc.
Tender Offeror Group	The corporate group that consists of Tender Offeror and its subsidiary companies and affiliate companies (however, excluding the Company Group)
Nomura Securities	Nomura Securities Co., Ltd., the Company's financial advisor and third party valuation institution
Shimada Hamba & Osajima	Shimada Hamba & Osajima, the Company's legal advisor
Shares, Transactions, etc.	
Company Shares	The issued common shares of the Company
Transactions	A series of transactions aimed at making the Tender Offeror the sole shareholder of the Company and taking the Company Shares private through the Tender Offer and the Squeeze-Out Procedures
Tender Offer	The tender offer for the Company Shares planned to be implemented by the Tender Offeror based on the Tender Offer Statement
Squeeze-Out Procedures	A series of procedures to be conducted in the event that this Tender Offer is completed in order to make the Tender Offeror the sole shareholder of the Company
Tender Offer Price	The purchase price per share of the Company Shares in the Tender Offer.
Tender Offer Period	The period for the purchase, etc. in the Tender Offer
Other	
M&A Guidelines	The Ministry of Economy, Trade and Industry's "Fair M&A Guidelines" dated June 28, 2019
Committee	The special committee established by resolution of the Company's board of directors dated September 17, 2025
Consultation Matters	The matters for consultation referred to the Committee by the Company's board of directors
Tender Offer Statement	The proposal document dated September 3, 2025 relating to the Transactions that the Company received from the Tender Offeror
Questions Letter	The questions letter dated October 9, 2025 that the Committee submitted to the Tender Offeror
Response Letter	The response letter dated October 20, 2025 that the Committee received from the Tender Offeror
Interviews, etc.	The interviews, etc. that Committee conducted in the course of the examination
Interview with the Tender Offeror	Among the Interviews, etc., the interview with Mr. Toshizo Tanaka, Representative Director, Executive Vice President & CFO of the Tender Offeror and with others at the sixth meeting of the Committee, held on October 28, 2025.

Examination Materials	The materials that the Committee used in the examination
Business Plan	The business plan prepared by the Company for term ending December 2025 to the term ending December 2028
Business Plan Premises Explanatory Document	The document titled “CANON ELECTRONICS 2026-28 Business Plan Approach” dated September 25, 2025 prepared by the Company
Business Plan Explanatory Document	The document titled “CANON ELECTRONICS Business Plan” dated October 2, 2025 prepared by the Company
Tender Offer Registration Statement	The draft, as of the date of preparation of the Special Committee Report, of the tender offer registration statement that the Tender Offeror plans to file with the Kanto Local Finance Bureau on December 1, 2025
Company’s Expression of Opinion Press Release	The draft, as of the date of preparation of the Special Committee Report, of the “Notice Concerning Expression of Opinion in Support and Recommendation to Tender for the Tender Offer for the Company’s Shares by Canon Inc., the Company’s Controlling Shareholder” that the Company plans to publish on November 28, 2025
Share Valuation Report	The share valuation report dated November 27, 2025 prepared by Nomura Securities
The Company’s Internal Examination Members	The directors, officers, and employees of the Company who were involved in examining the Transactions (including the preparation of the Business Plan) and who conducted discussions and negotiations with the Tender Offeror

I. Consultation Matters

- (i) The legitimacy and rationality of the purpose of the Transactions (including whether the Transactions would contribute to enhancement of the corporate value of the Company);
- (ii) The fairness and appropriateness of the terms of the Transactions (including the Tender Offer Price in the Transactions);
- (iii) The fairness of the procedures of the Transactions;
- (iv) Given (i) through (iii) above, and other matters, whether the Transactions would be fair for the general shareholders of the Company; and
- (v) Based on (i) through (iv) above, whether the board of directors is to express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender in the Tender Offer.

II. Process of Examination

1. Method of Deliberation

In order to examine the Consultation Matters, the Committee held a total of 11 meetings during the period from September 25, 2025 and November 27 of the same year, and conducted deliberations. The Committee also conducted information gathering and deliberations when and as needed between meetings via email, etc.

2. Investigation and Examination of the Examination Materials

In the course of its deliberations, the Committee conducted investigation and examination of the Tender Offer Statement, the Business Plan Premises Explanatory Document, the Business Plan Explanatory Document, the Response Document, the Share Valuation Report, the Tender Offer Registration Statement, the Company's Expression of Opinion Press Release, materials regarding the negotiations, etc. as to the Tender Offer Price between the Company and the Tender Offeror, and other materials, etc. distributed at the Committee meetings.

3. Investigation and Examination through the Interviews, etc.

In the course of its deliberations, the Committee conducted interviews with the Company's directors and the Tender Offeror, and received advice from Nomura Securities and Shimada Hamba & Osajima. The main content thereof follows below.

(1) Interviews with the Directors of the Company

a. Interviews regarding the Business Plan

At the first Committee meeting, held on September 25, 2025, the Committee received an explanation from Mr. Hiroyuki Ohkita ("**Mr. Ohkita**"), a director of the Company, regarding the concepts underlying the Business Plan, which used the Business Plan Premises Explanatory Document, and further conducted a question-and-answer session with Mr. Ohkita and Mr. Takeshi

Hashimoto (“**Mr. Hashimoto**”), Representative Director and President of the Company.

Following this, at the second Committee meeting, held on October 2 of the same year, the Committee received an explanation from Mr. Ohkita regarding the Business Plan, which used the Business Plan Explanatory Document, and further conducted a question-and-answer session with Mr. Hashimoto and Mr. Ohkita.

b. Interviews regarding the Assessment of the Impact of the Transactions on the Company’s Corporate Value

At the third Committee meeting, held on October 8, 2025, the Committee received an explanation from Mr. Ohkita regarding the status of the examination of the evaluation of the impact of the Transactions on the Company’s corporate value, the understanding of the business environment underlying such evaluation, etc., and further conducted a question-and-answer session with Mr. Hashimoto and Mr. Ohkita. In addition, at the fifth Committee meeting, held on the 23rd of the same month, in the course of examining the Response Letter from the Tender Offeror and examining matters for interview with the Tender Offeror, the Committee conducted a question-and-answer session with Mr. Hashimoto and Mr. Ohkita regarding the Company’s understanding and views concerning the Tender Offeror’s responses.

Following this, at the sixth Committee meeting, held on the 28th of the same month, Mr. Ohkita explained the Company’s view on the evaluation of the impact of the Transactions on the Company’s corporate value, and the Committee conducted a question-and-answer session with Mr. Hashimoto and Mr. Ohkita.

(2) Interview with the Tender Offeror

Following examination at the third Committee meeting, held on October 8, 2025, the Committee submitted the Question Document to the Tender Offeror, and asked questions regarding the purpose and reasons for implementing the Transactions, the management policy and governance after the Transactions, the procedures and terms, etc. of the Transactions, and, in response to this, received a response from the Tender Offeror by means of the Response Letter.

At the fifth Committee meeting, held on October 23, 2025, the Committee examined matters for interview with the Tender Offeror based on the content of the responses in the Response Letter, and submitted the interview items to the Tender Offeror in advance on the 24th of the same month. Following this, at the sixth Committee meeting, held on the 28th of the same month, the Committee conducted the Interview with the Tender Offeror, and received explanation regarding the synergies to be realized through the Transactions, the significance of the Transactions for the Tender Offeror, and the management policy after the Transactions, etc.

(3) Explanation by Advisors

At the first Committee meeting, held on September 25, 2025, the Committee confirmed that Nomura Securities, appointed by the Company as its financial advisor and third-party valuation institution, and the law firm Shimada Hamba & Osajima, appointed by the Company as its legal advisor, each have the requisite expertise and independence from the Company, the Tender

Offeror and the success or failure of the Transactions. Based on this confirmation, the Committee approved the Company's appointment of Nomura Securities and Shimada Hamba & Osajima, and further confirmed that the Committee would also utilize explanations and advice from Nomura Securities and Shimada Hamba & Osajima.

Following this, the Committee received, when and as needed, explanations and advice from Nomura Securities regarding the status of negotiations and discussions with the Tender Offeror regarding the Transactions, the content and method of valuation of the Company Shares, the evaluation and examination of the transaction terms proposed by the Tender Offer, etc. and from Shimada Hamba & Osajima regarding the measures to ensure the fairness of the procedures in the Transactions, the procedures relating to the Transactions, the negotiations regarding the transaction terms with the Tender Offeror, etc., and conducted question-and-answer sessions.

III. Substance of the Report

- (i) It is the Committee's finding that the Transactions would contribute to the enhancement of the Company's corporate value and that the purpose of the Transactions has legitimacy and rationality.
- (ii) It is the Committee's finding that the fairness and appropriateness of the terms of the Transactions (including the Tender Offer Price in the Tender Offer) are secured.
- (iii) It is the Committee's finding that the procedures relating to the Transactions are fair.
- (iv) It is the Committee's finding that the Transactions would be fair for the general shareholders of the Company.
- (v) It is appropriate for the Company's board of directors to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender in the Tender Offer.

IV. Reasons for the Report

1. Policy and Sequence of the Examination

(1) Policy of Examination Based on the Characteristics of the Transactions

The Transactions are being conducted by the Tender Offeror, the Company's parent company and controlling shareholder, for the purpose of making the Company its wholly owned subsidiary and, as a result, the Company Shares are expected to be delisted. That is to say, the Tender Offer, which is part of the Transactions, is a tender offer by a controlling shareholder, and the Squeeze-Out Procedures, which are part of the Transactions, constitute approval of a share consolidation or demand for share cash-out involving a controlling shareholder.

Given this, the Transactions can be considered a type of transaction that inherently involves structural conflicts of interest and information asymmetries; and so, from the perspective of eliminating the risk of arbitrariness and conflicts of interest in the decision-making process of the Company's board of directors and ensuring its fairness, and in order to enhance the Company's corporate value and secure the interests of the Company's general shareholders, the Committee

has decided to examine the Consultation Matters, with reference to the M&A Guidelines, from a standpoint independent from the Tender Offeror Group and other related parties, and the Transactions.

(2) Sequence of Examination Based on the Characteristics of the Transactions

The M&A Guidelines set forth the following two principles that should be respected when conducting M&A:

- **Principle 1:** Enhancement of Corporate Value (whether an M&A is desirable should be judged based on whether it enhances corporate value.)
- **Principle 2:** Securing General Shareholder Interests through Fair Procedures (M&A transactions should be conducted through fair procedures, thereby securing the interests that general shareholders should enjoy.)

These principles stand in the relationship that, on the premise that the M&A contributes to enhancement of corporate value satisfying Principle 1, when implementing such M&A, the interests of general shareholders should be secured through fair procedures conducted in accordance with Principle 2. Furthermore, while these principles apply to M&A in general, in an acquisition of a subsidiary by a controlling shareholder, Principle 2 becomes even more important than in general M&A (regarding the above, see M&A Guidelines 2.3).

The Consultation Matters consist of five items. Consultation Matter item (i) is understood to basically seek examination of whether the requirements for enhancement of corporate value, which is set forth as Principle 1 above, are satisfied. Consultation Matters item (ii) and item (iii) relate to Principle 2 above. Consultation Matter item (ii) is understood to seek examination, focusing on the content of the Transactions conditions, of whether fairness and appropriateness are recognized from the perspective of securing the interests of general shareholders. Consultation Matter item (iii) is understood to seek examination, focusing on the procedures of the Transactions including the process of forming the Transactions conditions, of whether fairness ensuring measures, which are specific practical responses constituting fair procedures according to the specific circumstances of the Transactions, have been appropriately taken.

Consultation Matter item (iv) asks, by integrating the examinations, etc. relating to Consultation Matters item (i) through item (iii), whether the Transactions can be recognized as fair to the Company's general shareholders. Then, if it can be recognized as fair to the Company's general shareholders, with respect to Consultation Matter item (v), it is considered that it would be appropriate both for the board of directors to both express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender in the Tender Offer.

Therefore, in the following, in Section 2. through Section 4. below, after examining Consultation Matters item (i) through item (iii) in order, in Section 5. below, by integrating the examinations up to that point and other matters, the Committee will examine Consultation Matters item (iv) and item (v).

2. Examination of the Legitimacy and Rationality of the Purpose of the Transactions (related to Consultation Matter item (i))

With respect to Consultation Matter item (i), the Committee will state its understanding of the business environment and management challenges surrounding the Company (Sub-Section (1) below), the synergies expected from the Transactions (Sub-Section (2) below), and the expected disadvantages (Sub-Section (3) below), and based on this, the Committee will examine whether the legitimacy and rationality of the purpose of the Transactions can be recognized (Sub-Section (4) below).

(1) Current Situation Recognition at the Company

Based on the Company's Expression of Opinion Press Release, other Examination Materials, and the Interviews, etc. the Committee recognizes the Company's outline and business description (Sub-Section (a) below) and the business environment and management challenges surrounding the Company (Sub-Section (b) below) as follows, respectively.

a. Outline and Business Details of the Company

The Company was founded in May 1954 as Chichibu Eikosha Co., Ltd (changing its corporate name to CANON ELECTRONICS INC. in January 1964) and, in order to change the par value of its shares from 500 yen to 50 yen, carried out an absorption-type merger with an effective date of January 1, 1980, with Sakura Shoukai Co., Ltd., which was established in May 1947 (whose corporate name was changed to CANON ELECTRONICS INC. in July 1979), as the formally surviving company, which continues to the present. Also, in August 1981, the Company listed its shares on the Second Section of the Tokyo Stock Exchange, and its classification was changed to the First Section of the Tokyo Stock Exchange in June 1998. As a result of an April 2022 revision to the market segments of the Tokyo Stock Exchange, its classification was changed to the Prime Market of the Tokyo Stock Exchange.

The Company Group engages in the development, production and sale of precision instruments, electronic and electrical instruments, optical instruments, information equipment, computer and communications equipment software, etc., and operates its business in the "Components", "Electronic & Information Equipment" and "Other" segments. Also, the Company Group is a member of the Tender Offeror Group, and primarily purchases parts from the Tender Offeror and its manufacturing subsidiaries, conducts manufacturing, and delivers products to the Tender Offeror and its subsidiaries.

b. Business Environment and Management Topics for the Company

The business environment surrounding the Company Group is changing significantly due to factors including heightened interest in social issues such as sustainability, adaptation to the new post-COVID-19 society, and the maturation in markets related to copies, printers, and document scanners, etc., and the situation continues to be unpredictable. Under such circumstances, the Company Group is working on (a) entering and establishing growth domains, (b) promoting human capital management, and (c) promoting ESG management and sustainability initiatives.

The Committee thinks that, of these, (a) entering and establishing growth domains and (b) promoting human capital management are highly relevant to the synergies envisaged by the

Transactions described later below, and so the following sets forth an overview thereof, based on the Examination Materials and the Interviews, etc.

(a) Entering and Establishing Growth Domains

The Company Group is currently making progress with entry into various growth domains. In the space-related domain, it is advancing with the research and development accumulated to date and, based on the results of repeated demonstration-experiments with microsatellites put into orbit, is steadily progressing with the shift to commercialization, including initiatives such as entering into contract with the Japan Ministry of Defense to manufacture and test a multi-orbit observation demonstration satellite. Furthermore, leveraging its strengths of agile scale and technology, it is also expanding sales of environment-related equipment, dental milling machines, etc., in addition to blood pressure monitors and sterilizers in the medical domain. In the agricultural domain, it is engaged in sales activities for automatic production equipment for vegetable factories newly developed at the Company. Also, in the component domain, it has been expanding its business after receiving transfer of a motor business from a domestic group company of the Tender Offeror. In this way, as its policy, the Company Group will aim to establish numerous small businesses.

(b) Promoting Human Capital Management

The Company is advancing initiatives to maximize the value of human capital from the perspective of human capital management. It is actively promoting the recruitment of career professionals with diverse experience, work histories, and skills. In addition, the Company has established educational systems and workplace environments to maximize the use of each individual's characteristics and abilities, and operates training programs for managers and executive management; and thereby, is fostering early development of young talent to hone their business acumen and strengthening the human foundation for management.

Furthermore, it aims to increase the proportion of women in assistant manager or higher position to 30% by 2030, and is conducting recruitment activities to increase the proportion of women hired to over 30% every year. It operates a 'position-based pay system' that determines employees' treatment and remuneration according to duties and results, and the difficulty and responsibility of work, regardless of factors such as gender, educational background, or years of service. Also, it has established an occupational health and safety management system to create a workplace where employees can work more safely and in a healthier manner, and has acquired ISO 45001 certification, the international standard for such systems, at all domestic business sites and two overseas factories. It has been selected as a "Health & Productivity Stock" under the Japanese Ministry of Economy, Trade and Industry's Health & Productivity Management Outstanding Organizations Recognition Program for five consecutive years, and is also advancing initiatives based on the "Health First" principle.

(2) Synergies Envisioned from the Transactions

a. Synergies Envisioned by the Tender Offeror

According to the Response Letter, the Tender Offeror, based on the view that comprehensive and proactive utilization of the management resources of the Tender Offeror Group is essential for maintaining the Company's competitive advantage and sustainable growth, commenced consideration of the Transactions, having recognized that it is necessary to establish a system for

swift and flexible mutual utilization of the management resources of the Company Group and the Tender Offeror Group by taking the Company Shares private. According to the Tender Offer Statement, the Response Letter, and the results of the Interview with the Tender Offeror, the Tender Offeror envisions the following as synergies of the Transactions.

(a) Vertical Integration of the Value Chain in the Space Business and Further Business Expansion

According to the Tender Offer Statement, the Tender Offeror recognizes that the global space industry is an attractive industry that is expected to experience dramatic growth, driven by technological innovation and private-sector led acceleration. In this context, the Company Group and the Tender Offeror Group recognizes that they are corporate groups involved in many of the value chains in the space satellite business, including optical technology, production and mass production technology, satellite launch, and satellite data/image data sales and, through the Transactions, aims to integrate the space business within the Company Group and the Tender Offeror Group and achieve further business growth with a sense of speed.

In this regard, according to the Response Letter and the results of the Interview with the Tender Offeror, the Tender Offeror believes as follows:

- In the space business, private companies, particularly in the United States, have had a remarkable rise to prominence and, in order to enhance competitiveness in this domain, the importance of growth, accompanied by expansion of business areas (such as multi-sensor integration for satellites and vertical integration of business models) has come to have increasing importance; in this context, through the Transactions, with the Company Group and the Tender Offeror Group working together as one, while leveraging the financial power of the Tender Offeror Group, and the strengthening the collaboration between both groups, the Transactions can be expected to lead to further growth of the Company's space business.
- The space business envisions development of overseas customers, and it has the aspect of public-private integrated business; in this context, through the Transactions, with the leveraging the Tender Offeror Group's know-how on export controls, global customer network, and networks with government agencies, the Transactions can be expected to lead to further growth of the Company's space business.

(b) Optimization of Asset Allocation and Cost Reduction within the Company Group and the Tender Offeror Group

According to the Tender Offer Statement, the Tender Offeror expects to achieve synergy effects in terms of productivity improvement through mutual utilization of domestic and overseas factories owned by the Company Group and the Tender Offeror Group, and optimization of production layout, as well as cost competitiveness by utilizing the purchasing power and financing power of the Tender Offeror Group.

In this regard, according to the Response Letter and the results of the Interview with the Tender Offeror, the Tender Offeror believes as follows:

- With regard to the existing major business domains of the Components Business and the Electronic & Information Equipment Business, the Transactions can be expected to further promote collaboration between the Company Group and the Tender Offeror Group in various respects, including sharing feedback on products by customers of the Tender Offeror Group and, through effective utilization of various management resources of the Tender Offeror

Group, to lead to increased business opportunities for the Company, such as building a mass production system and expanding the product lineup of components, and to further strengthen the technological capabilities that support high quality and high productivity, which are the Company's strengths.

(c) Improvement of Management Efficiency and Corporate Governance to Enhance Corporate Value

According to the Tender Offer Statement, the Tender Offeror believes that the Transactions will eliminate structural conflict of interest risks between the Tender Offeror and the Company's general shareholders, and will enable focus on measures to enhance corporate value from a longer-term perspective.

In this regard, according to the Response Letter and the Interview with the Tender Offeror, the Tender Offeror believes as follows:

- In the space business in particular, it is envisioned that there will be situations where investment amounts will expand in the short term, and the Transactions can be expected to facilitate flexible management.
- The Transactions can be expected to lead to the promotion of personnel exchanges between the Company Group and the Tender Offeror Group through flexible human resources allocation and the recruitment and development of human resources as unified group. In addition, the Transactions can be expected to facilitate the enhancement of the Company's corporate value by realizing the utilization of diverse human resources.

b. Synergies Envisioned by the Company

According to the Company's Expression of Opinion Press Release and the Interviews, etc., the synergies envisioned by the Company from the Transactions are as follows.

(a) Expansion of Business in the Space-Related Domain

Since the Tender Offeror and the Company are both listed companies, collaboration in satellite development has been limited from the viewpoint of management independence and the interests of general shareholders; however, by deepening collaboration with the Tender Offeror Group after the Transactions, the Company believes that by utilizing the optical technologies of the Tender Offeror Group, such as sensors and cameras, and its research and development capabilities; and if it can leverage the financial power of the Tender Offeror Group in the space-related domain where industry-wide growth is expected, strategic and agile investment that does not miss market growth opportunities will become possible, and product quality improvement and research and development can be accelerated. Furthermore, regarding the manufacture of artificial satellites, the Company believes that, by utilizing the Tender Offeror Group's production facilities and mass-production technologies in order to gain large orders from companies that build satellite constellations, it will become possible to manufacture artificial satellites with high price competitiveness, and this will contribute to the Company's acquisition of business opportunities and expanding operations in the space-related business.

In addition, as the Company aims to expand its business in the space-related domain in the future, the Company believes that the probability of capturing business opportunities in the space-related domain will increase by utilizing the Tender Offeror Group's global customer network and network with government agencies. Since businesses in the space-related domain require public-

private integrated promotion, the Company believes that in order to grow business in the space-related domain going forward, it will be necessary to strengthen collaboration with government agencies more than ever before; and the Company believes that it will be able to utilize the relationships and know-how with government agencies that the Tender Offeror Group has cultivated to date through its activities in executive positions at business associations. Furthermore, in considering future business expansion in the space-related domain overseas, the Company believes that utilizing the Tender Offeror Group's global sales network and customer network will increase the possibility of timely capturing market needs in the growth industry that is the space-related domain, and will contribute to the Company's business expansion.

(b) Strengthening Cooperation in the Component Business and the Electronic & Information Equipment Business

With regard to transactions in the Component Business and the Electronic & Information Equipment Business, in which the Company Group has been entrusted with manufacturing by the Tender Offeror Group up to now, the Company believes that, after the Transactions, even stronger collaboration with the Tender Offeror Group will become possible, and by establishing a structure in which more information is shared with the Company Group, through receiving the sharing of feedback, etc. from the Tender Offeror Group's customers, this can be utilized for the Company's product development, etc. Furthermore, regarding transactions in which the Company Group has been entrusted with only manufacturing by the Tender Offeror Group, as collaboration with the Tender Offeror Group deepens, changes in transaction structures after the Transactions can also be expected, such as the Company Group serving as the lead in development and customer negotiations etc., and the Company believes this will lead to the expansion of the Company Group's business domain.

Furthermore, even in independent transactions with customers who are not part of the Company Group or the Tender Offeror Group, the Company believes that the benefits obtained through strengthening collaboration with the Tender Offeror Group can be leveraged in areas such as product quality improvement and product development, etc., and will contribute to the expansion of the Company Group's business and revenue.

(c) Improvement of Production Efficiency and Cost Reduction by Strengthening Collaboration Between Production Facilities and Utilization of Management Resources

The Company believes that, through the Transactions, efficiency and optimization of the production system can be expected by mutual utilization of the management resources of the Tender Offeror Group and the Company Group to a greater extent than before, without being constrained by concerns about conflicts of interest between the Tender Offeror and general shareholders or that of ensuring the Company's independence. By promoting the mutual utilization of domestic and overseas production facilities held by the Company Group and the Tender Offeror Group, and by further strengthening the production cooperation structure, the Company believes that it will become possible to further improve the production efficiency of the Company Group and the Tender Offeror Group, as well as improve the operation rates of the Company Group's production facilities; and, through these, strengthening of cost competitiveness will become possible. In addition, with regard to the procurement of production materials, auxiliary materials, and tooling, the Company believes that cost reduction effects can be obtained through supply chain efficiency by utilizing the Tender Offeror Group's purchasing power and

distribution network, through mutual utilization of production facilities, joint purchasing and logistics operations.

(d) Strengthening the Company Group's Organizational Capability through Expansion of Personnel Exchange

Up to now, personnel exchanges between the Tender Offeror Group and the Company Group have been conducted in a limited manner, given that both the Tender Offeror and the Company are listed companies and the need to give consideration to ensuring the independence of the Company's management and avoiding conflicts of interest with general shareholders; however, the Company believes that further personnel exchange will become possible by the Company becoming a wholly owned subsidiary of the Tender Offeror after the Transactions. For example, with regard to business development overseas, the Company believes there is a possibility that through personnel exchange with the Tender Offeror Group and the recruitment and development of human resources in an integrated manner with the Tender Offeror Group, there is a possibility that this could lead to capturing further business opportunities.

(3) Possible Disadvantages of the Transactions

According to the Company's Expression of Opinion Press Release and other Examination Materials, and the Interviews, etc., the general disadvantages associated with delisting include loss of ability to raise funds from capital markets and the potential impact on the name recognition, credibility, and ability to secure human resources, which are advantages enjoyed as a listed company. However, considering the Company's current financial condition, etc., there is currently no anticipated need for financing through the use of equity financing for the time being, and the Company believes that it has been able to build relationships of trust with numerous stakeholders, including employees and business partners, through its long history of business and social activities to date. Furthermore, given that the Tender Offeror is considered to possess high social-credibility and recognition, the Company believes that the disadvantages of going private through the Transactions are limited, as it is unlikely that becoming a wholly owned subsidiary of the Tender Offeror would adversely affect the Company's social credibility or recruitment activities compared to its current status as a listed company.

In addition, with respect to the possibility that the Transactions may affect the name recognition, credibility, and human resources that the Company has enjoyed as a listed company, according to the Tender Offer Registration Statement and other Examination Materials, and the Interviews, etc., the Tender Offeror's basic principle is to respect the management structure of the Company after the Transactions (including the composition and number of members of the board of directors and the number of executive officers etc.), based on the current management structure, and has not started considering whether it is necessary to change the management structure or dispatch additional officers, but intends to determine the specific composition of officers and other aspects of management structure in the future through discussion the Company. The Tender Offeror does not at this time plan to make any changes to the Company's relationship with its business partners.

(4) Examination by the Committee

a. Method of Examination by the Committee

With regard to the business environment and management issues for the Company, the impact of the Transactions on the Company, including synergies and disadvantages, etc., the Committee examined the validity and rationality of the purpose of the Transactions from various perspectives, while receiving necessary information from the Company and the Tender Offeror, including the content of the Business Plan Explanation and other Examination Materials and the results of the Interviews, etc.

In the examination, the Committee examined carefully from various perspectives, including the specifics and feasibility of the synergies based on the Transactions that the Tender Offeror and the Company are considering, whether the Transactions are necessary or beneficial for realizing the corporate value enhancement measures, etc., the disadvantages of the Transactions, and the potential impact on stakeholders including the Company's employees and business partners.

b. Assessment of the Synergies Expected from the Transactions

The Committee has not found any unreasonable point in the Company's recognition of the current situation regarding the business environment and management issues for the Company. In light of this, the content of the synergies anticipated by the Company and the Tender Offeror is acceptable, and the Committee has determined that it is sufficiently reasonable to believe that the implementation of the Transactions will lead to the enhancement of the Company's corporate value through the realization of the synergies anticipated by the Company and the Tender Offeror.

In other words, in light of the management measures implemented by the Company, with regard to "Entering and Establishing Growth Domains" mentioned in (1) b. (a) above, the space-related domain is particularly important among the growth domains in which the Company is entering. The Company has indicated that the Transactions are expected to provide synergies that will contribute to business expansion in the space-related domain, such as (i) improvement of product quality, acceleration of research and development, and enhancement of price competitiveness by utilizing the optical technology, research and development capabilities, financial resources, production bases, and mass production technology of the Tender Offeror Group, and (ii) capturing business opportunities by utilizing the Tender Offeror Group's global customer network and network with government agencies (as mentioned in (2) b. (a) above). This recognition of the Company is acceptable.

Also, with regard to "Promoting Human Capital Management" mentioned in (1) b. (b) above, the Company has indicated that the Transactions will facilitate further human resource exchange with the Tender Offeror Group and, for example, with regard to overseas business development, it may lead to capture of further business opportunities through human resource exchange with the Tender Offeror Group and human resource recruitment and development in cooperation with the Tender Offeror Group ((2) b. (d) above). This recognition of the Company is acceptable.

Next, with regard to the existing major business domains, namely, the components business and the Electronic & Information Equipment Business, the Company has indicated that the Transactions are expected to further deepen its relationship with the Tender Offeror Group and further expand its business domains with customers other than the Tender Offeror Group through the improvement of its product development capabilities and changes in transaction structures ((2) B. (b) above), and that the promotion of mutual utilization of domestic and overseas

production bases will enable the Company Group to improve its production efficiency and the utilization rate of its production bases ((2) B. (c) above). This recognition of the Company is acceptable.

In addition to this, the Committee believes that, since the synergies envisioned by the Company are consistent with those envisioned by the Tender Offeror, it can be expected that, after the Transactions, the Company Group and the Tender Offeror Group will share the synergies they aim to realize and work together smoothly.

c. Evaluation of the Possible Disadvantages of the Transactions

While the Company may experience certain disadvantages from the Transactions, the Company believes that the disadvantages to the Company arising from the Tender Offeror's making the Company a wholly owned subsidiary will be limited (as set forth in (3) above), and since the Committee has not found any unreasonable point in this recognition of the Company, it has determined that the disadvantages that may arise from the Transactions are limited compared to the benefits of the Company's increased corporate value through the realization of the synergies assumed by the Company and the Tender Offeror.

(5) Summary

As set forth in the above, the Transactions have rationality that leads to the enhancement of the Company's corporate value. In addition, it can be recognized that the Tender Offeror is implementing the Transactions for the legitimate purpose of enhancing Company's corporate value, and no circumstances are found that would cast doubt on this.

As described above, the Transactions would contribute to the enhancement of Company's corporate value, and it can be recognized that the purpose thereof has legitimacy and rationality.

3. Examination of the fairness and appropriateness of the terms of the Transactions

(related to Consultation Matter item (ii))

According to the M&A Guidelines it is important to consider the reasonableness of transaction terms by (a) ensuring that in discussions and negotiations of transaction terms with an acquiring party, reasonable efforts are made to conduct the M&A transaction on the best possible transaction terms for general shareholders, while also increasing corporate value, and (b) confirming the content of the stock price valuation, which is an important basis for judging the reasonableness of transaction terms, and the rationality of financial forecasts, assumptions and other factors which are the premises for such valuation. In addition, (c) according to the M&A Guidelines, it is important to examine not only the level of the acquisition consideration but also the reasonableness of the acquisition method and types of acquisition consideration, etc. (On the above: M&A Guidelines 3.2.2).

Therefore, with regard to item (ii) of the Consultation Matters, we will examine the negotiation process with the Tender Offeror from the perspective of (a) above ((1) below); the reasonableness of the content of the Business Plan and the content of the Share Valuation Report, which are

assumed to be the basis for the price calculation in the Share Valuation Report, from the perspective of (b) above ((2) and (3) below); and the appropriateness of the selection of the scheme in the Transactions from the perspective of (c) above ((4) below), and based on this, we examine whether the fairness and appropriateness of the terms of the Transactions can be recognized based on each of these points of examination ((5) below).

(1) Process of Negotiations with the Tender Offeror

The Company has held multiple rounds of negotiations and discussions with the Tender Offeror regarding an increase in the Tender Offer Price. In conducting these negotiations and discussions, from the perspective of protecting the interests of general shareholders, the Company is to obtain the approval of the Committee in advance regarding the policy and content of the negotiations and discussions. Also, in considering the negotiations and discussions, the Company and the Committee received timely and appropriate advice from Nomura Securities (financial advisor and third-party valuation institution), and Shimada Hamba & Osajima (legal advisor).

Specifically, on November 4, 2025, the Company received a proposal from the Tender Offeror that set the Tender Offer Price at 2,930 yen, on the premise that no year-end dividend would be made by the Company, and comprehensive taking into account various factors, including the results of analysis of the Company's business and financial condition based on materials such as financial information disclosed by the Company, the results of analysis of past stock price movements of the Company Shares, and the outlook for the Tender Offer, etc..

In response to the above proposal from the Tender Offeror, on November 7, 2025, the Company requested a significant increase in the Tender Offer Price, as the said proposal price was significantly below the premium level for transactions similar to the Transactions and did not sufficiently reflect the corporate value of the Company.

On November 11, 2025, the Company received a renewed proposal from the Tender Offeror setting the Tender Offer Price at 3,100 yen. In response to the renewed proposal from the Tender Offeror, on the 12th of the same month, the Company again requested a significant increase in the Tender Offer Price, as the said proposal price was still significantly below the premium level for transactions similar to the Transactions and did not sufficiently reflect the corporate value of the Company.

On November 14, 2025, the Company received a renewed proposal from the Tender Offeror setting the Tender Offer Price at 3,250 yen. In response to the renewed proposal from the Tender Offeror, on the 17th of the same month, the Company again requested a significant increase in the Tender Offer Price, as the said proposal price was still significantly below the premium level for transactions similar to the Transactions and did not sufficiently reflect the corporate value of the Company.

On November 19, 2025, the Company received a renewed proposal from the Tender Offeror setting the Tender Offer Price at 3,370 yen. In response to the renewed proposal from the Tender Offeror, on the 20th of the same month, the Company again requested a significant increase in the Tender Offer Price, as the said proposal price was still significantly below the premium level for

transactions similar to the Transactions and did not sufficiently reflect the corporate value of the Company.

On November 21, 2025, the Company received a renewed proposal from the Tender Offeror setting the Tender Offer Price at 3,500 yen. In response to the renewed proposal from the Tender Offeror, on the 25th of the same month, the Company again requested an increase in the Tender Offer Price, as the said proposal price was still below the premium level for transactions similar to the Transactions and did not sufficiently reflect the corporate value of the Company.

On November 25, 2025, the Company received the final proposal from the Tender Offeror setting the Tender Offer Price at 3,650 yen. Then, on the 26th of the same month, the Company responded to the Tender Offeror, on the premise that the Company's final decision on the Transactions would be made by a resolution at a meeting of its board of directors to be held on 28 November 2025, it would accept the Tender Offeror's proposal, and an agreement was reached to set the Tender Offer Price at 3,650 yen.

As described above, the Company sought the approval of the Committee in advance regarding the policy and content of the negotiations and discussions, such as the requests to the Tender Offeror mentioned above. Specifically, whenever the Company received a proposal from the Tender Offeror, it promptly reported to the Committee the content of the proposal and the response policy that the Company was considering, etc., and then sought the opinions and instructions of the Committee and took measures accordingly. The negotiations and discussions described above were conducted with the substantive involvement of the Committee. In the process, the Company and the Committee received advice from expert viewpoints from Nomura Securities and Shimada Hamba & Osajima in a timely and appropriate manner, and conducted the examination while thoroughly considering the content thereof.

In this way, the Company conducted negotiations and discussions with the Tender Offeror multiple times while taking into account the opinions of the Committee and receiving advice from expert viewpoints. As a result, the final Tender Offer Price was substantially increased from the price initially offered by the Tender Offeror.

Thus, it can be said that, in the Transactions, reasonable efforts were made to ensure that the Transactions would be on terms as favorable as possible for general shareholders, while enhancing corporate value.

(2) Rationality of the Content of the Business Plan

The Company obtained the Share Valuation Report from Nomura Securities, a third-party valuation institution independent of the Company and the Tender Offeror. Since the Share Valuation Report was prepared based on the content of the Business Plan, we are to examine the rationality of the content of the Business Plan.

According to the Business Plan Premises Explanatory Document, the Business Plan Explanatory Document, and the Interviews, etc., the Business Plan was prepared by the Company for the purpose of providing it for examination of the Transactions, and with the period from the fiscal

year ending December 2025 to the fiscal year ending December 2028 as the target period as a period for which future projections can be reasonably made, it is recognized that the financial projections for that period were prepared in the Components Business and the Electronic & Information Equipment Business, etc., taking into account the business results up to the most recent period and each measure for future growth, as well as based on past growth rates, etc., and it can be said that the content is reasonable and feasible, being neither optimistic nor conservative. Furthermore, regarding the increases and decreases in operating profit and free cash flow projected in the Business Plan, we have confirmed through the Interviews, etc. that they are based on capital investments, etc. that were reasonably expected at the time of preparation of the Business Plan.

In addition, looking at the preparation process of the Business Plan, as described in 4(2) below, the Business Plan was prepared by Company's Internal Examination Members, who are independent from the Tender Offeror, and no circumstances are found to indicate that the Business Plan was influenced by the intentions or interests of the Tender Offeror.

Therefore, the content of the Business Plan, which premises the calculation of the price in the Share Valuation Report, can be regarded as reasonable.

(3) Content of the Share Valuation Report

a. Selection of Calculation Method

At the second meeting of the Committee, held on October 2, 2025 and the seventh meeting of the Committee held on November 7 of the same year, the Committee received from Nomura Securities a detailed explanation regarding the consideration process, etc. for the calculation method of the share value of the Company Shares, and, at the eighth meeting of the Committee held on 12th of the same month and the ninth meeting of the Committee held on 20th of the same month, the Committee received from Nomura Securities further explanation on these matters based on questions and requests from the Committee members and the proposed price from the Tender Offeror, etc. Furthermore, at the tenth meeting of the Committee held on 25th of the same month, the Committee received from Nomura Securities a draft of the Share Valuation Report and again received an explanation on the calculation results of the share value of the Company Shares and the calculation process.

According to these explanations, as a result of examining the calculation method for the Tender Offer, Nomura Securities determined that it would be appropriate to evaluate the value of the Company Shares from multiple perspectives based on the premise that the Company is a going concern, and proceeded to carry out the valuation of the Company Shares using the market price method because the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange, and the DCF method to reflect the status of future business activities in the calculation

These methods adopted by Nomura Securities are also generally used in the calculation of the share value for transactions similar to the Transactions, and there is nothing unreasonable in the selection of the share value calculation method by Nomura Securities.

b. Summary of the Share Valuation Results

According to the Share Valuation Report, in calculating the value of the Company Shares, the valuation methods adopted and the ranges of share values per Company Share calculated based on those methods are as set forth below:

Market price method	JPY2,638 to JPY2,736
DCF method	JPY2,572 to JPY4,345

c. Rationality of Each Calculation Method

According to the Share Valuation Report, the share value calculation methods adopted by Nomura Securities, in overview and the basis for each, were as follows.

(a) Market Price Method

Under the market price method, Nomura Securities set the valuation base date as November 27, 2025, and calculated the value per Company Share to be in the range of 2,638 yen to 2,736 yen, based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the base date (2,736 yen), the simple average of the closing prices for 5 business days up to that date (2,680 yen), the simple average of the closing prices for one-month period up to that date (2,664 yen), the simple average of the closing prices for three-month period up to that date (2,711 yen), and the simple average of the closing prices for six-month period up to that date (2,638 yen).

In the market price method, it is common practice to reference these values, and no unreasonable aspects are recognized in the calculation method.

(b) DCF Method

Nomura Securities, based on various factors including the Business Plan and publicly available information, etc., has analyzed the share value by calculating the enterprise value by discounting to present value the free cash flow expected to be generated by the Company from the fourth quarter of the fiscal year ending December 2025 onwards at a certain discount rate, adding the value of cash and deposits held by the Company, and making certain financial adjustments, and has calculated the range of share value per share of Company Stock to be 2,572 yen to 4,345 yen.

The discount rate applied is the weighted average cost of capital (**WACC**), for which a range of 7.25% to 8.25% has been adopted. In calculating the terminal value, a range of 37,095 million yen to 117,287 million yen has been derived based on both the perpetual-growth method and the multiple method. Under the perpetual-growth method, a perpetual growth rate of -0.25% to 0.25% has been applied, taking into consideration the long-term economic outlook surrounding the Company. Under the multiple method, the EBITDA multiple (the “**EBITDA Multiple**”), which is commonly used in valuation practice for M&A, has been adopted, and, taking into account the Company’s most recent and historical EBITDA multiple levels, a range of 2.5 times to 4.5 times has been applied.

No unreasonable aspects are recognized in the calculation basis or calculation content for the discount rate under the DCF method by Nomura Securities.

d. Analysis of Premium

The Tender Offer Price of 3,650 yen represents a premium of 33.41% over the closing price of 2,736 yen for the Company Shares on the Tokyo Stock Exchange Prime Market on November 27, 2025, the business day preceding the scheduled announcement date of the Tender Offer (November 22, 2025); 37.01% over the simple average of closing prices of 2,664 yen for the one-month period up to that date; 34.64% over the simple average of closing prices of 2,711 yen for the three-month period up to that date; and 38.36% over the simple average of closing prices of 2,638 yen for the six-month period up to that date, as follows.

Reference Value	Share Price	Premium
Closing price on the business day preceding the announcement date	2,736 yen	33.41%
Simple average of closing prices for most recent one-month period	2,664 yen	37.01%
Simple average of closing prices for most recent three-month period	2,711 yen	34.64%
Simple average of closing prices for most recent six-month period	2,638 yen	38.36%

According to the Interviews, etc., when compared with the premium levels among the 44 cases of tender offers conducted for the purpose of a parent company making its listed subsidiary a wholly owned subsidiary (the “Reference Cases”) that were announced on or after January 1, 2022 and for which settlement was completed by November 27, 2025 (namely, the average premiums (being 38.65%, 41.06%, 40.30%, and 39.07%, respectively) and the median premiums (being 38.78%, 40.90%, 41.23%, and 36.70%, respectively) over the closing price on the business day prior to the announcement, the simple average of closing prices for the one-month period prior to the announcement, the simple average of closing prices for the three-month period prior to the announcement, and the simple average of closing prices for the six-month period prior to the announcement), it is recognized that the Tender Offer Price has been set with a premium (being 33.41%, 37.01%, 34.64%, and 38.36%, respectively, over the closing price on the business day prior to the announcement, the simple average of closing prices for the one-month period prior to the announcement, the simple average of closing prices for the three-month period prior to the announcement, and the simple average of closing prices for the six-month period prior to the announcement) that is not inferior to the Reference Cases considering that there were 16 cases, 16 cases, 15 cases, and 24 cases in the Reference Case, respectively, with premium levels below 33.41%, 37.01%, 34.64%, and 38.36%.

Thus, the premium of the Tender Offer Price can be recognized as a reasonable level in comparison with the Reference Cases.

e. Level of the Tender Offer Price and its valuation

When considered in light of the content of the Stock Valuation Report, the Tender Offer Price exceeds the upper limit of the range of share value per share of the Company Shares calculated by the Market Average Method in the stock valuation by Nomura Securities, falls within the range of share value per share of the Company Shares calculated by the DCF Method, and the premium relating to the Tender Offer can be recognized as appropriate in comparison with the Reference Cases; therefore, when considered in light of the content of the Stock Valuation Report, it is considered to be at a level that has validity in light of the Company’s corporate value and is not at a level that would impair fairness for general shareholders.

(4) Validity of Scheme

In the Transactions, it is planned that the Tender Offer will be implemented first, and then, if the Tender Offer is successful, the Squeeze-Out Procedure will be implemented through a demand for share cash-out request or share consolidation, whereby the Tender Offeror will acquire all of our company's shares.

Such a scheme is a common method of acquisition of a subsidiary by a controlling shareholder. In addition, in the Squeeze-Out Procedure, any shareholder who is dissatisfied with the consideration may file a petition to the court for the determination of the sell-out price or a petition for the determination of the price after the share purchase request. It is also considered desirable that the consideration be monetary from the viewpoint of protecting the interests of general shareholders, considering the ease of understanding for general shareholders, certainty and stability of value, and other factors.

Consequently, there is nothing unreasonable in the selection of the scheme of the Transactions.

(5) Summary

As described above, reasonable efforts have been made to conduct the Transactions under terms and conditions that are as favorable as possible to general shareholders while increasing corporate value ((1) above), the contents of the Business Plan, which are used as a basis for calculating the price in the Share Valuation Report, are reasonable ((2) above), the Tender Offer Price, in light of the contents of the Share Valuation Report, is considered to be at a level that is reasonable in light of our company's corporate value and at a level that does not compromise fairness to general shareholders ((3) above), and there are no unreasonable points in the selection of the scheme for the Transactions ((4) above).

As described above, the terms and conditions of the Transactions are considered fair and reasonable from the viewpoint of securing the interests of general shareholders.

4. Examination of the Fairness of the Procedures (related to Consultation Matter item

(iii))

With regard to Consultation Matter item (iii), we examine whether it is reasonable to conclude that the Transactions would be conducted through fair procedures to ensure that the interests of the general shareholders are protected.

According to the M&A Guidelines, 'Fairness Ensuring Measures' are practical measures that constitute such fair procedures, and in acquisitions by a controlling shareholder of controlled company, such measures can be taken as a means to realize fair transaction terms, depending on the specific circumstances (the degree of issues with respect to structural conflicts of interest or information asymmetries, the situation of the target company, and the overall transaction structure, etc.), from the following perspectives (M&A Guidelines, Section 2.4):

① Perspective 1: Ensuring a situation substantially equivalent to an arm's length transaction in the process of formulating the transaction terms.

In the process in the target company conducts negotiation and evaluation of the appropriateness

of the M&A and the reasonableness of transaction terms, ensure a situation substantially equivalent to a situation where an M&A transaction is conducted between mutually independent parties; in other words, a situation where issues with respect to structural conflicts of interest or information asymmetries are properly addressed, and reasonable efforts are made to conduct the M&A transaction on the best possible transaction terms for general shareholders, while also increasing corporate value.

② Perspective 2: Ensuring that general shareholders have an opportunity to make an appropriate decision based on sufficient information

Taking into account the natural challenges for general shareholders to make an appropriate decision based on sufficient information (informed judgment) on the reasonableness of transaction terms due to information asymmetries between an acquiring party and general shareholders in MBOs and acquisitions of a controlled company by the controlling shareholder, provide general shareholders with necessary information to make an appropriate decision and ensure that general shareholders have an opportunity to make an appropriate decision.

Based on the above perspectives above, we examine whether Fairness Ensuring Measures are being implemented in the Transactions and it can be recognized as being conducted through fair procedures.

(1) Establishment of the Committee and Deliberations, etc.

a. Establishment of the Committee

After receiving the Tender Offer Statement from the Tender Offeror on September 3, 2025, the Company, based on the understanding that the Transactions constitute a material transaction, etc. with the Tender Offeror, which is the Company's controlling shareholder, the Company promptly established the Committee by a board of directors' resolution dated the 17th of the same month, in order to exercise caution in its decision-making and to eliminate the risk of arbitrariness and conflicts of interest, from the perspective of ensuring its fairness. The Committee is composed of three members: Mr. Toshikazu Togari (an Independent Outside Director of the Company), Mr. Atsushi Maekawa (an Independent Outside Director of the Company), and Ms. Keiko Yamagami (an Independent Outside Director of the Company), each of whom have independence from both the Company and the Tender Offeror.

The membership of the Committee has remained unchanged since its establishment, and Mr. Toshikazu Togari has been selected as chairperson of the Committee by the committee members' mutual vote. The remuneration for the members of the Committee consists only of a fixed amount compensation payable regardless of whether the Transactions succeed or fails and does not include any success fee contingent on the public announcement or completion, etc. of the Transactions.

b. Authority Granted, etc. to the Committee

The Company's board of directors resolved (1) to make its decision regarding the Transactions in a manner that respects the judgment of the Committee to the maximum extent, and (2) not to support the Transactions on the terms proposed if the Committee determines that the terms of the Transactions are not appropriate; and, based on this, resolved to grant to the Committee: (a) the

authority to appoint its own financial advisors / third-party valuation institutions and legal advisors or to nominate or approve (including ex post-facto approval) advisors, etc. of the Company, (b) the authority to be substantially involved in the negotiation process with respect to the terms of the Transactions, etc. by confirming the Company's negotiation strategy in advance, obtaining timely reports on the negotiation status and at important junctures rendering opinions, instructions, or requests; (c) the authority to approve the Company's internal examination system (including ex post-facto approval); (d) the authority to require the attendance at the Committee of officers or employees of the Company related to the Transactions or the Company's advisors, etc. relating to the Transactions, and to request explanations on necessary matters; (e) the authority to decide on the Fairness Ensuring Measures to be taken; (f) the authority to obtain confidential information; and (g) other authority incidental to the foregoing.

(2) Establishment of an Independent Review Structure

In order to examine, negotiate, and make judgments regarding the Transactions from a position independent of the Tender Offeror, the examination of the Transactions (including the preparation of the Business Plan) as well as discussions and negotiations with the Tender Offeror were conducted through the Company's Internal Examination Members. The Company's Internal Examination Members consist solely of officers / employees of the Company who (i) are not currently employed by the Tender Offeror Group (excluding the Company Group) and (ii) with the exception of Mr. Hashimoto, have not previously been employed by the Tender Offeror Group (excluding the Company Group) (specifically, eight persons in total, comprising Mr. Hashimoto and Mr. Ohkita, who are directors of the Company, and six employees). The Committee has confirmed that there are no issues from the perspective of independence and fairness. With respect to Mr. Hashimoto, although he was previously an employee of the Tender Offeror, more than 10 years have passed since his transfer to the Company, and he has had no involvement whatsoever on the Tender Offeror's side with respect to the Transactions, nor is he in a position to have such involvement. Accordingly, it was determined that there is no risk of conflict of interest with respect to the Transactions.

In addition, at the meeting of the Company's board of directors regarding the Transactions, 10 directors out of the 11 directors of the Company participated (excluding Mr. Akira Katsuyama), and after deliberation, are expected to adopt resolutions by unanimous vote of all attendees. Mr. Akira Katsuyama did not participate in the deliberations or resolutions of the said board meeting, in view of the fact that less than three years have passed since his transfer from the Tender Offeror to the Company, from the perspective of eliminating to the extent possible the effects of conflicts of interest with the Company's general shareholders and ensuring fairness, transparency, and objectivity in the decision-making regarding the Transactions.

As described above, the Company has established an internal structure that enables examination and negotiation, etc. regarding the Transactions to be conducted from a position independent of the Tender Offeror.

(3) Advice from Independent Outside Expert Advisors

The Company has appointed Nomura Securities as its financial advisor independent from the

Tender Offeror Group, and the Company and the Committee have received advice from a financial standpoint from Nomura Securities as set forth in II. 3. (3) above. According to the Interviews, etc. and the Examination Materials, Nomura Securities is not a related party of either the Company or the Tender Offeror and does not have any material interest in the Transactions, including the Tender Offer. Although the fees payable to Nomura Securities include a success fee contingent on completion, etc. of the Transactions, taking into account general market practice, etc., in similar transactions, the Committee considers that it is reasonable to conclude that inclusion of a success fee contingent on the completion, etc. of the Transactions does not negate Nomura Securities' independence. Also, the Committee confirmed that there are no issues with Nomura Securities' independence including by receiving explanations from Nomura Securities regulation information barrier measures, etc. in connection with the Transactions.

Furthermore, the Company has appointed Shimada Hamba & Osajima as its legal advisor independent from the Tender Offeror Group, and the Company and the Committee have received advice from a legal perspective from Shimada Hamba & Osajima as set forth in II. 3. (3) above. Shimada Hamba & Osajima is not a related party of the Tender Offeror or the Company and does not have any material interest in the Transactions. The fees payable to Shimada Hamba & Osajima do not include any success fee contingent on the completion, etc. of the Transactions.

Accordingly, the Company and the Committee are receiving advice from external professional advisors with a high degree of expertise who are independent of the Company and the Tender Offeror.

(4) Obtaining a Share Valuation Report from an Independent Third-Party Valuation

Institution

According to the Interviews, etc. and the Examination Materials, in order to ensure the fairness of the Tender Offer Price proposed by the Tender Offeror, the Company appointed Nomura Securities as a third-party valuation institution independent from the Company and the Tender Offeror, and obtained the Share Valuation Report as materials regarding the share value of the Company Shares. The independence of Nomura Securities from the Tender Offeror is as described in (3) above.

Accordingly, the Company has obtained a share valuation report from an independent third-party valuation institution with expertise, and has used it as a basis for its judgment.

(5) Market Check

According to the Tender Offer Registration Statement, the Tender Offeror has set the tender offer period at 30 business days, which is 10 business days longer than the minimum period of 20 business days prescribed by laws and regulations. It is found that this, by setting the tender offer period to a duration longer than the minimum period prescribed by laws and regulations, ensures an opportunity for the Company's shareholders to make appropriate decision regarding whether to tender in the Tender Offer, and thereby ensures the appropriateness of the Tender Offer Price.

In addition, the Company and the Tender Offeror have not entered into any agreement containing deal protection provisions that would prohibit the Company from conduct such as having contact with competing counterbidders, etc., and are ensuring a situation in which competing proposals can be made.

Accordingly, the Transactions are able to be conducted in an environment in which other potential acquiring parties can make competing proposals, and that a so-called indirect market check is being conducted.

Regarding market checks, the M&A Guidelines note that when the acquiring party is a controlling shareholder, there are only a limited number of cases where a market check will function as a Fairness Ensuring Measure, and in most cases there will be scant meaning to implementing a market check (M&A Guidelines 3.4.3.2).

Regarding this point, it is noted that market checks may function even when the acquiring party is a controlling shareholder in exceptional cases, such as: (i) where the percentage of voting rights held by the controlling shareholder is low, (ii) cases where there is a possibility that if a highly attractive competing proposal is made the controlling shareholder may decide to sell, and (iii) cases where the controlling shareholder intends to acquire the controlled company initially, and then eventually dispose of all or part of the controlled company. However, when it comes to the Transactions, (i) it cannot be said that the controlling shareholder holds a low percentage of voting rights since The Tender Offeror holds a majority of the Company's voting rights, and (ii) in the Response Letter and the Interview with the Tender Offeror, the significance and necessity of the Tender Offeror continuing to hold the Company as a subsidiary under its business strategy have been clearly demonstrated; therefore, even if such a competing proposal were made, it is considered extremely unlikely that the Tender Offeror would agree to sell the Company's shares. Furthermore, (3) in the Transactions, it is not anticipated that the Tender Offeror would acquire the Company and then subsequently sell it.

Based on the above points, the Committee determined that there are no exceptional circumstances warranting the implementation of a so-called active market check, beyond an indirect market check, regarding the Transactions.

(6) Majority-of-Minority

According to the Tender Offer Registration Statement, in the Tender Offer, if a minimum number of shares to be purchased were to be set (equivalent to a so-called majority-of-minority condition), this could make completion of the Tender Offer less stable and, rather, it could potentially detract from the interests of those general shareholders who wish to tender in the Tender Offer; and, for this reason, in the Tender Offer, a minimum number of shares to be purchased (equivalent to a so-called majority-of-minority condition) is not set.

The M&A Guidelines also state that it is difficult to go so far as to say that it is always advisable to set a majority-of-minority condition. Also, taking into account that other Fairness Ensuring Measures have been taken, it is considered that, simply because a majority-of-minority condition has not been set, this does not mean that appropriate Fairness Ensuring Measures have not been

taken.

(7) Enhanced Disclosure of Information to General Shareholders

In the Transactions, enhanced disclosure of information is planned in the Company's Expression of Opinion Press Release and the Tender Offer Registration Statement with respect to information regarding the Committee, including (i) the process of examination by the Committee and the status of its involvement in the process of negotiating the transaction terms with the Tender Offeror; and (ii) the appropriateness of the Transactions, the appropriateness of the transaction terms, and the fairness of the procedures, etc.

In addition, enhanced disclosure of information is planned with respect to: (iii) information regarding the Share Valuation Report obtained by the Company's board of directors, (iv) information regarding the process leading to the implementation of the Transactions; and (v) the specific content of the interests of the Company's directors, etc. with respect to the Transactions and whether and how the directors, etc. were involved in the process of formulating the transaction terms.

Accordingly, it is found that enhanced disclosure of information that contributes to the making of an appropriate decision by general shareholders is planned to be made in the Transactions.

(8) Elimination of Coerciveness

According to the Tender Offer Registration Statement, the Tender Offeror has made clear that (i) the Tender Offeror plans to request the Company to hold an extraordinary general meeting of shareholders promptly after the completion of the settlement of the Tender Offer, which will include, as an agenda item, a partial amendment to the articles of incorporation to abolish the provision on the number of shares constituting one unit, conditional on demand for share cash-out or share consolidation taking effect, depending on the number of Company Shares acquired by the Tender Offeror on completion of the Tender Offer; and a method will not be adopted that does not ensure appraisal rights or price determination rights for the Company's shareholders (excluding the Company and the Tender Offeror); and (ii) in the case of demand for share cash-out or share consolidation, the cash to be delivered as consideration to the Company's shareholders will be calculated so as to be equal to the amount obtained by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder (excluding the Company and the Tender Offeror).

Accordingly, it is reasonable to conclude that the Tender Offeror has taken care to ensure that the Company's shareholders (excluding the Company and the Tender Offeror) have an opportunity to make an appropriate decision regarding whether or not to tender in the Tender Offer, thereby ensuring that no coerciveness arises.

(9) Summary

As set forth in (1) through (8) above, it is found that effective Fairness Ensuring Measures are

being taken in the Transactions from both perspectives, i.e. the perspective of ensuring a situation substantially equivalent to an arm's length transaction in the process of formulating the transaction terms, and the perspective of ensuring that general shareholders have an opportunity to make an appropriate decision based on sufficient information

Based on the matter set forth above, it is found that the Transactions have been conducted through fair procedures.

5. Comprehensive Review (related to Consultation Matter item (iv) and item (v))

As set forth in Section 2. above, it is the Committee's view that the Transactions would contribute to the enhancement of the corporate value of the Company, and it is the Committee's finding that the purpose of the Transactions has legitimacy and rationality. Also, as set forth in Section 3. above, it is the Committee's finding that the terms of the Transactions, including the price of purchase, etc. in the Tender Offer, have fairness and appropriateness, and as set forth in Section 4. above, that appropriate Fairness Ensuring Measures are being taken in the Transactions and that the procedures can be regarded as having fairness.

In light of the above, it is the Committee's finding that Transactions would be fair to the general shareholders of the Company, and that it is appropriate for the board of directors of the Company to express an opinion in support of the Tender Offer and to recommend the shareholders of the Company to tender in the Tender Offer.

V. Assumptions and Limitations

1. Premises of the Special Committee Report

The examination and report in the Special Committee Report are premised on the following points:

- (i) The procedures relating to the Transactions shall be conducted by the Company and Tender Offeror respectively in compliance with the Companies Act, the Financial Instruments and Exchange Act, the Securities Listing Regulations of the Tokyo Stock Exchange, and other laws and regulations, etc.
- (ii) The information set forth in the Examination Materials and the information obtained in the course of the Interviews, etc., is true and accurate, and there has been no change thereto as at the time of preparation of the Special Committee Report.
- (iii) There does not exist any information, nor any circumstances, that could affect the Committee's recognition of the facts on which the examination by the Committee is premised or the process of examination by the Committee, other than the information set forth in the Examination Materials and the information obtained through the Interviews, etc.

2. Purposes and Limitations of the Special Committee Report

The Special Committee Report has been prepared for the purpose of rendering a report to the

board of directors of the Company pursuant to the referral for consultation received from the board of directors regarding the Matters for Consultation and is not addressed to anyone other than the board of directors of the Company, and the Committee shall have no liability or responsibility whatsoever to any third party in connection with the matters set forth in this Report, regardless of whether or not disclosure is made pursuant to the Tokyo Stock Exchange Securities Listing Regulations. Also, the Special Committee Report does not guarantee any interpretation or judgment of a court, administrative agency, or self-regulatory organization, etc.

The examination and report in the Special Committee Report have been made subject to the following constraints and have the attendant limitations:

- (i) The report of the Committee has been rendered on the premise of the points set forth in Section 1. above, and is based on the Examination Materials and the Interviews, etc., and the Committee has not independently verified the truthfulness, accuracy or completeness of the content of the Examination Materials and the Interviews, etc.
- (ii) The report set forth in the Special Committee Report represents the judgment of the Special Committee at the time of preparation of the Special Committee Report, and it does not preclude the possibility that material changes may occur to the terms of the Transactions or the circumstances of the Company, etc. before the commencement of the Tender Offer, or the possibility that a competing proposal may be made, etc. In such case, separate analysis and review may be required.

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