

News Release

I-PEX Inc.
 President and Representative Director
 Takaharu Tsuchiyama
 (Tokyo Stock Exchange Prime Market, Code No.: 6640)
 Contact: Executive Officer, Finance Division:
 Takeshi Shimazaki
 (Phone:075-611-7155)

Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares

We, the Company, hereby give notice that the Board of Directors passed a resolution at its meeting held today to issue an opinion in support of a tender offer (“Tender Offer”) for the outstanding common shares of the Company (“Company Shares”) by UDON, Inc. (“Tender Offeror”) to be carried out as part of a management buyout (MBO) (Note 1) and to recommend that the Company shareholders tender their Shares in the Tender Offer.

The above resolution by the Company’s Board of Directors was made on the condition that the Company Shares are expected to be delisted through the Tender Offer and the subsequent series of procedures. (The Tender Offeror plans to conduct a transaction that aims to take the Company private by acquiring all the Company Shares, excluding treasury shares held by the Company and Non-tendered Shares (defined in “3. Details of, and Grounds and Reasons for the Opinion Relating to the Tender Offer,” “(2) Grounds and Reasons for the Opinion,” “[1] Tender Offer Overview,” the same shall apply hereinafter, and that transaction will be hereinafter referred to as the “Transaction.”)

Note 1: A “management buyout (MBO)” refers to a transaction in which the Tender Offeror carries out the Tender Offer based on an agreement with officers of the Company for a shared benefit with officers of the Company.

1. Overview of Tender Offeror

(1) Name	UDON Inc.
(2) Address	1-7-8, Kandasuda-cho, Chiyoda-ku, Tokyo (Note 1)
(3) Title and name of representative	Representative Director: Tatsuya Konishi (Note 2)
(4) Descriptions of business	1. By way of owing shares of, or interests in, a company, controlling and managing the business activities of the company 2. All business ancillary to the preceding item
(5) Capital	JPY 50,000
(6) Date of establishment	October 17, 2024
(7) Large shareholders and their ownership percentages	DMC Co., Ltd: 100%
(8) Relationships between the Company and the Tender Offeror	
Capital relationships	Not applicable
Personal relationships	Mr. Tatsuya Konishi, an executive officer of the Company, concurrently serves as the representative director of the Tender Offeror.

Transactional relationships	Not applicable
Status as Related Parties	The Tender Offeror, 100.00% of which voting rights are held by DMC Co., Ltd., the Company's main shareholder, falls under the Company's Related Parties.

Note 1: The Tender Offeror was located at 1-7-8, Kandasuda-cho, Chiyoda-ku, Tokyo as of November 5, 2024; however, its head office was relocated to 12-4, Negoro, Momoyama-cho, Fushimi-ku, Kyoto on November 6, 2024, and the change of address is in the process of application for registration as of today.

Note 2: The Tender Offeror is a company that was incorporated with Mr. Hiroyuki Mima as a director upon incorporation. Subsequently, the Tender Offeror received a letter from Mr. Hiroyuki Mima to resign from the office of director, effective November [6], 2024, and Mr. Tatsuya Konishi assumed the office of representative director. The change of representative director is in the process of application for registration as of today.

2. Price for Purchase, etc.

JPY 2,950 per common share

3. Details of, and Grounds and Reasons for the Opinion Relating to the Tender Offer

(1) Details of the Opinion

The Company has resolved at a meeting of its Board of Directors held today to issue an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their Shares in the Tender Offer based on the grounds and reasons set forth in "(2) Grounds and Reasons for the Opinion" below.

The above resolution by the Board of Directors was made in the manner set forth in "(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer," "[5] Approval of all the Company Directors (including Audit and Supervisory Committee Members) Who Do Not Have any Interest" in below.

(2) Grounds and Reasons for the Opinion

The descriptions of the following grounds and reasons for the opinion regarding the Tender Offer that relate to the Tender Offeror are based on explanations received from the Tender Offeror.

[1] Tender Offer Overview

The Tender Offeror is a *kabushiki kaisha*, all issued shares of which are owned by DMC Co., Ltd. ("DMC") as of today, and which is a company established on October 17, 2024, having as its primary business the acquisition and possession of the outstanding common shares issued by the Company ("Company Shares") and having Mr. Tatsuya Konishi, the representative director of DMC and the executive officer of the Company, as its representative director. Further, the representative director upon incorporation of the Tender Offeror was Mr. Hiroyuki Mima, but on November 6, 2024, Mr. Mima resigned as representative director, and in his place, Mr. Tatsuya Konishi assumed the position of the representative director of the Tender Offeror. As of today, the Tender Offeror does not hold any Company Shares.

As of today, DMC is an asset management company for the Company's founding family, having as its primary business the possession, management, and investment of real property and securities, holding primarily the Company Shares. Mr. Tatsuya Konishi, a member of the founding family, serves as a president and representative director; Mr. Reiji Konishi, the director of the Company, serves as a director, and the Konishis and other members of the founding family hold all of DMC's issued shares. As of today, DMC holds 6,821,400 shares of the Company Shares (ownership percentage: 36.77% (Note 1)), which are listed on the Tokyo Stock Exchange, Inc. ("TSE") Prime Market and is a large shareholder, and additionally the top shareholder, of the Company. Mr. Tatsuya Konishi, as of today, holds 101,800

shares of the Company Shares (ownership percentage: 0.55%) and 4,565 DMC's shares with voting rights (Note 2) (percentage of the total number of DMC's shares with voting rights (13,695 shares) as of today: 33.33%). Mr. Reiji Konishi, as of today, holds 101,900 shares of the Company Shares (ownership percentage: 0.55%) and 4,565 DMC's shares with voting rights (percentage of the total number of DMC shares with voting rights (13,695 shares) as of today: 33.33%).

Note 1: "Ownership percentage" means the percentage (rounded off to the second decimal place; the same shall apply hereinafter in the calculation of ownership percentages) of the total number of issued shares of the Company as of September 30, 2024, as set forth in the Fiscal Year Ending December 2024 Third Quarter Consolidated Earnings Report (based on Japanese GAAP) ("Company Third Quarter Earnings Brief"), which the Company publicly announced on November 7, 2024 (18,722,800 shares), less the number of treasury shares the Company holds as of September 30, 2024 (172,194 shares), which results in 18,550,606 shares (hereinafter "Number of Reference Shares").

Note 2: "Shares with voting rights" means issued shares of DMC having voting rights that can be exercised for resolutions at DMC's shareholders meetings.

The Tender Offeror has decided to carry out the Tender Offer as part of a series of transactions for the purpose of acquiring all the Company Shares (excluding treasury shares held by the Company and Non-Tendered Shares (defined below)) and delisting the Company Shares.

The Transaction falls under a so-called management buyout (MBO). Mr. Tatsuya Konishi, a member of the founding family and the executive officer of the Company, and Mr. Reiji Konishi, a member of the founding family and the director of the Company, who are well-versed in the business details of the Company, plan to continue to manage the Company after the Transaction. And Mr. Reiji Konishi is expected to assume the position of representative director of the Company. As of today, there is no agreement between the Tender Offeror and other directors of the Company (including Audit and Supervisory Committee members) on officer appointment or treatment after the Tender Offer. For the Company's management structure, including the composition of officers, the Tender Offeror plans to determine through consultation with the Company after the successful completion of the Tender Offer.

In implementing the Tender Offer, the Tender Offeror agreed in writing on November 7, 2024 with the following Company shareholders: DMC (shares owned: 6,821,400 shares, ownership percentage: 36.77%), Mr. Daiki Konishi, the seventh largest shareholder, (shares owned: 300,000 shares, ownership percentage: 1.62%), Mr. Tatsuya Konishi (shares owned: 101,800 shares, ownership percentage: 0.55%) and Mr. Reiji Konishi (shares owned: 101,900 shares, ownership percentage: 0.55%) (hereinafter DMC, Mr. Daiki Konishi, Mr. Tatsuya Konishi and Mr. Reiji Konishi collectively as "Non-Tendering Shareholders" or "The Konishis, etc.") that they will not tender any of the Company Shares they respectively hold (total shares owned: 7,325,100 shares, total ownership percentage: 39.49%; "Non-Tendered Shares") in the Tender Offer, and that if the Tender Offer is successfully completed, at the Extraordinary General Shareholders Meeting (defined in "(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition), and the same shall apply hereinafter), they will support resolutions relating to the Squeeze-out Procedures (defined below, the same shall apply hereinafter). Further, there is also an agreement in writing that, upon request from the Tender Offeror before the share consolidation of the Company Shares carried out as part of the Squeeze-out Procedures ("Share Consolidation") comes into effect, DMC will execute loan agreements for the Company Shares with other Non-Tendering Shareholders and carry out the Share Lending Transaction (defined below) (these agreements collectively, "Non-Tendering Agreement"). For details of the Non-Tendering Agreement, see "4. Important Agreements Relating to the Tender Offer" below. With these agreements, if the Tender Offer is successful, the Company will have the following as its shareholders: (i) the Tender Offeror, which will hold at least 5,042,000 shares, or the minimum number of shares planned for purchase below (ownership percentage: 27.18%), (ii) Non-Tendering Shareholders (ownership percentage: 39.49%) and (iii) the Company shareholders who did not tender their shares in the Tender Offer (excluding the Tender

Offeror and Non-Tendering Shareholders). Moreover, after the Squeeze-out Procedures scheduled to be carried out after the successful completion of the Tender Offer, only (i) the Tender Offeror and (ii) Non-Tendering Shareholders are expected to remain as the Company shareholders.

The Tender Offeror has set the minimum number of shares planned for purchase in the Tender Offer at 5,042,000 shares (ownership percentage: 27.18%), and if the total number of share certificates, etc., tendered in the Tender Offer (“Tendered Share Certificates, etc.”) does not reach the minimum number of shares planned for purchase (5,042,000 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, etc. Meanwhile, because the purpose of the Tender Offer is to delist the Company Shares, the Tender Offeror has not set the maximum number of shares planned for purchase in the Tender Offer, and as long as the total number of Tendered Share Certificates, etc., is at or above the minimum number of shares planned for purchase (5,042,000 shares), all the Tendered Share Certificates, etc., will be purchased. The minimum number of shares planned for purchase (5,042,000 shares) is obtained by multiplying the number of voting rights (185,506) attached to the Number of Reference Shares (18,550,606) by two-thirds (resulting in 123,671, rounded up to the nearest whole number), subtracting from this product the total number of voting rights (73,251) attached to the Non-Tendered Shares owned by Non-Tendering Shareholders, and multiplying that result (50,420) by 100, which is the number of shares in one share unit of the Company.

The reason for setting said minimum number of shares planned for purchase is as follows: the object of the Transaction is to delist the Company Shares, and given that implementation of the Share Consolidation procedures discussed below in “(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)” will require a special resolution of a general shareholders’ meeting under the Companies Act (Act No. 86 of 2005; as amended; “Companies Act”), Article 309, Paragraph 2, the minimum number of shares planned for purchase was set to make ensure the implementation of the Transaction. Furthermore, the Tender Offeror and the Non-Tendering Shareholders have agreed that the Non-Tendering Shareholders will not tender their Shares in the Tender Offer and that they will support the resolutions relating to the Squeeze-out Procedures at the Extraordinary General Shareholders Meeting if the Tender Offer is successful; therefore, the Non-Tendered Shares are subtracted from the aforementioned calculation of the number of voting rights.

If the Tender Offeror is unable to acquire all the Company Shares through the Tender Offer (excluding treasury shares held by the Company and the Non-Tendered Shares), the Tender Offeror will carry out after the Tender Offer is successful a series of procedures designed to make the Tender Offeror and the Non-Tendering Shareholders the sole shareholders of the Company (“Squeeze-out Procedures”; for details, see “(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)” below).

Intending to prevent, to the extent possible, a circumstance where any of the Company shareholders other than the Tender Offeror and the Non-Tendering Shareholders holds more than the smallest number of the Company Shares held individually by the Tender Offeror or Non-Tendering Shareholders as of the effective date of the Share Consolidation to be carried out as part of the Squeeze-out Procedures and to proceed with the Squeeze-out Procedures in a more reliable manner, there is a possibility that upon request from the Tender Offeror, DMC will execute loan agreements for the Company Shares with any of the other Non-Tendering Shareholders and borrow a portion or all of the Company Shares owned by the Non-Tendering Shareholders who will be the lender (“Share Lending Transaction”), effective before the Share Consolidation comes into effect. Specifically, the transaction is aimed at achieving continuous ownership of the Company Shares by Non-Tendering Shareholders through the following steps even after the implementation of the Squeeze-out Procedures: [1] A Non-Tendering Shareholder with the relatively lowest ownership percentage becomes the lender in the Share Lending Transaction and lends all of the Company Shares it owns to DMC, and [2] DMC, which has become the borrower in the Share Lending Transaction, unwinds the Share Lending Transaction after the Share Consolidation comes into effect, and returns all of the Company Shares it borrowed to the lender. In a case where the Share Lending Transaction is indeed to be carried out to enable DMC as the borrower to return, after the Share Consolidation, the Company Shares having the same value as the Company Shares it borrowed, the Tender Offeror plans to ask the Company to split the Company Shares on a reference date and at a

percentage to be separately designated by the Tender Offeror; no details have been determined as of today.

The share lending fees and other terms and conditions have yet to be determined; the transaction terms and conditions are expected to be equivalent to those applicable for a similar share lending transaction to be carried out between independent parties. Even supposing that there indeed is a share lending fee, an agreement for the Share Lending Transaction is expected to be executed between DMC and Mr. Tatsuya Konishi, Mr. Reiji Konishi, and Mr. Daiki Konishi (some or all of them), who have been DMC's directors for over one year, and the transaction will fall under "a purchase, etc. excluded from application" (provided in the proviso of Article 27-2, Paragraph 1 of the Act) as a transaction with a party in a formal special relationship (set forth in Article 27-2, Paragraph 7, Item 1 of the Act) for one year or more before the date of the share lending agreement that sets forth the share lending fee and other terms and conditions.

Moreover, the Tender Offeror plans to finance the funds required for settlement relating to the Tender Offer with a loan ("Loan") from MUFG Bank, Ltd. ("MUFG Bank") and intends to carry out borrowing of the Loan by one Business Day before the commencement date of the settlement relating to the Tender Offer on the condition that the Tender Offer is successful. The lending terms and conditions for the Loan will be stipulated in a loan agreement for the Loan upon separate discussion with MUFG Bank; under the loan agreement for the Loan, the Company Shares, etc., that the Tender Offeror is to acquire in the Transaction are expected to be provided as collateral.

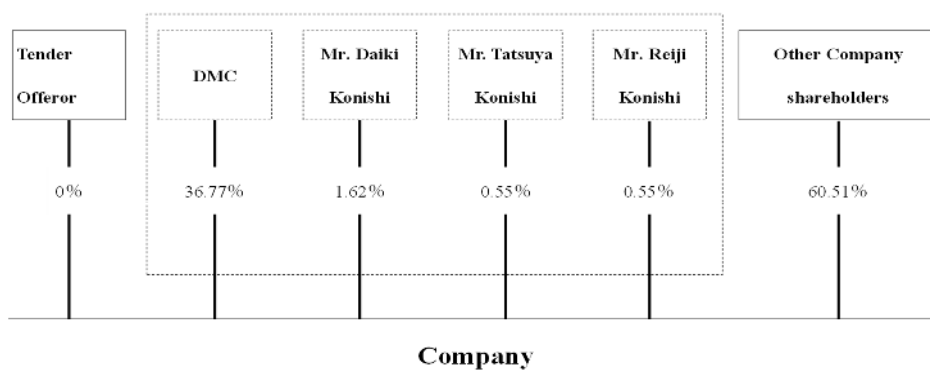
The Tender Offeror intends to eventually become the sole shareholder of the Company. As a means of achieving the objective, on the condition of completion of the Squeeze-out Procedure, the Tender Offeror plans to carry out a share swap using its shares as consideration to make it a wholly-owning parent, and the Company a wholly-owned subsidiary ("Share Swap"); no details have been determined as of today. (Note 3, Note 4)

Note 3: By virtue of the Share Swap, Non-Tendering Shareholders will acquire the Tender Offeror shares; the purpose of this is for Non-Tendering Shareholders who plan, after the Transaction, to continue to engage in the management or business of the Company to have, through the ownership of the Tender Offeror shares, a shared incentive towards enhancing the corporate value of the Company after the Transaction, and because the Share Swap is not seen as the same as consideration for tendering shares in the Tender Offer, it does not contravene the intent behind the stipulations on uniformity of the tender offer price (Article 27-2, Paragraph 3 of the Act).

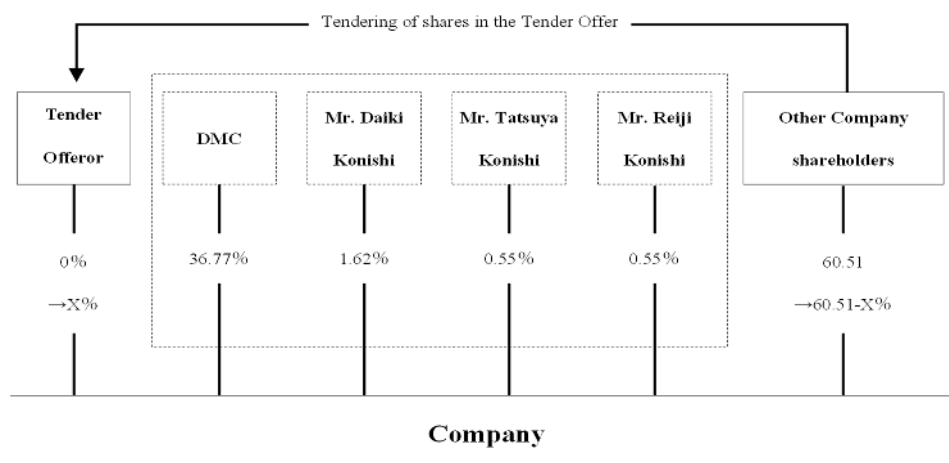
Note 4: When determining the Share Swap ratio, in order not to contravene the intent behind the stipulations on uniformity of tender offer price (Article 27-2, Paragraph 3 of the Act), it is planned that the value of the Company Share will be evaluated at the substantially same amount as the price for purchase etc., per one of the Company Shares in the Tender Offer ("Tender Offer Price").

The following diagrams illustrate an overview of the Transaction currently contemplated.

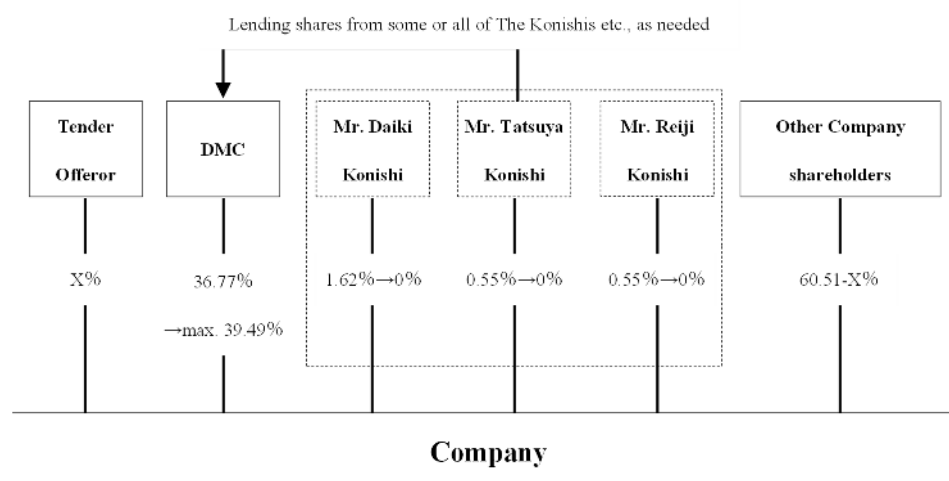
I. Current Situation



II. Settlement of the Tender Offer

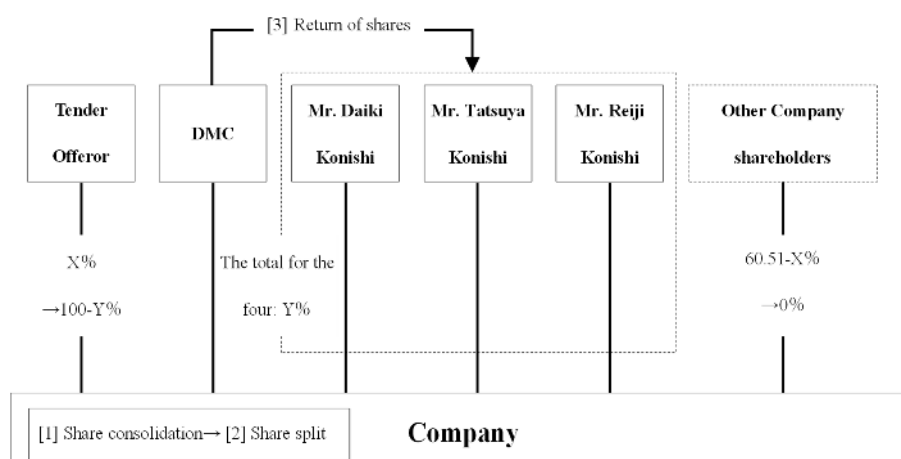


III. Execution of Share Lending Transaction before the Share Consolidation comes into effect, as needed (Scheduled for mid-to-late March 2025)



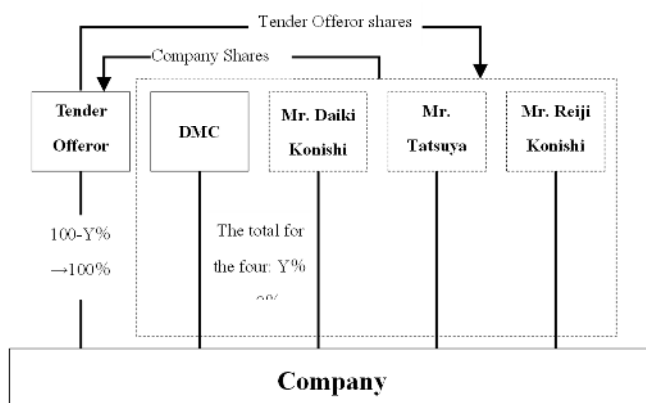
IV. Execution of Squeeze-out Procedures.

If the Share Lending Transaction is carried out, the share split is carried out before the return of shares. (Scheduled for mid-to-late March 2025)

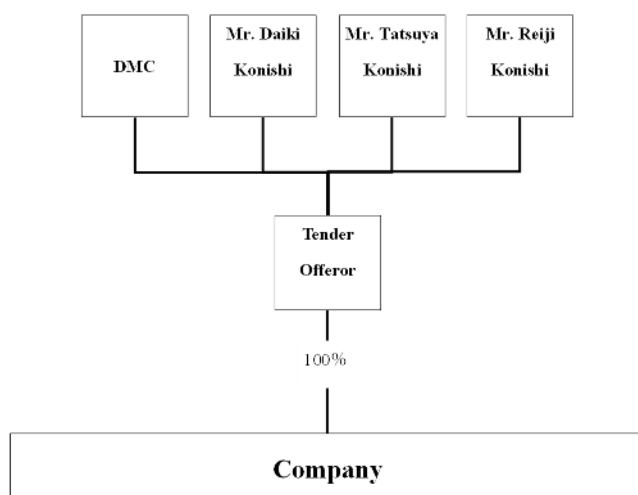


V. Execution of Share Swap

(After completion of the Squeeze-out Procedures, the Share Swap will be carried out as soon as practicable. The specific schedule is yet to be determined.)



VI. After the execution of Share Swap



[2] The Background, Reasons and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy

- (i) The background, object, and decision-making process leading to the Tender Offeror's decision to implement the Tender Offer

The Company was established as Dai-ichi Seiko Co., Ltd. by founder Mr. Akira Konishi in Fushimi-ku, Kyoto City, in July 1963 to specialize in the manufacture of precision dies/molds using a modular system (total separation structure, complete heat treatment hardening, and full precision machining after quenching). The Company's shares were listed on the JASDAQ Securities Exchange in November 2006, and with the integration of the JASDAQ Securities Exchange and the Osaka Securities Exchange in April 2010, the Company's shares were listed on the JASDAQ Market of the Osaka Securities Exchange. Subsequently, the Company's shares were listed on the First Section of the TSE in March 2011, and in August 2020, the trade name was changed to I-PEX Inc., the current trade name. In conjunction with the market reclassification by the TSE in April 2022, the Company's shares were listed on the TSE Prime Market, where they continue to be listed as of today.

As of today, the Company's group comprises the Company and 20 subsidiaries (collectively referred to as "the Company Group"). It engages in the electrical and electronic components,

automotive parts, and equipment businesses. Details of each business segment are described below.

(a) Electrical and electronic components business

In this segment, the Company Group primarily manufactures and sells connectors and related components (such as fine coaxial connectors and ultra-small RF coaxial connectors) for laptop computers, smartphones, and digital home electronic devices, as well as electronic machinery components (such as mechanical parts for HDDs) used in data centers, PCs, and digital home electronic devices.

From now on, the Group intends to focus on expanding sales of high-performance connectors suitable for high-frequency and high-speed transmission in enterprise markets, such as data centers (including AI servers), to reinforce its revenue base. The Group will also strive to deepen its precision processing technology and improve production efficiency in response to a growing demand for HDD components as storage capacities increase. Also, in the MEMS-related business (Note 1), the Group has established a structure to enable the completion of a series of processes, from material development to mass production, within the Group by acquiring KRYSTAL, Inc. (currently I-PEX Piezo Solutions Inc.), which engages in single-crystallization of PZT (lead zirconate titanate, a material used in MEMS), and is currently advancing toward a mass production at an early stage.

Note 1: “MEMS” is short for “Micro Electro Mechanical Systems.” This refers to systems built utilizing semiconductor microfabrication technology to integrate electronic circuits, miniaturized sensors, actuators, and the like on a silicon substrate.

(b) Automotive parts business

In this segment, the Company Group primarily manufactures and sells automotive electronic components, including automotive sensors, connectors, and other related components.

The outlook for the automotive market environment remains uncertain due to production adjustments by automakers affected by the semiconductor shortage and other factors, but going forward, the semiconductor shortage is on track to ease, and it is expected that the recovery of the automobile market will advance. Therefore, the Group will focus on increasing the intake of orders for automotive components, such as sensors, connectors, and various types of molded products. In addition, the Group also intends to take advantage of global advances in the electrification and computerization of automobiles to acquire new business opportunities.

(c) Equipment business

In this segment, the Company Group primarily manufactures and sells semiconductor resin sealing (molding) equipment used in the sealing (packaging) process to protect the inside of semiconductors through the use of resin in the post-process of semiconductor manufacturing; semiconductor sealing dies tailored to specific types and configurations of semiconductors and embedded in the molding equipment; and related products.

From now on, the Company Group will facilitate receiving more orders in response to robust demand for semiconductors, promote order intake for and sales of various types of manufacturing equipment and molds in other markets than semiconductors, and develop new business by leveraging the Group’s precision processing technologies.

The Company Group has evolved from a manufacturer of precision dies/molds into a manufacturer of precision plastic molding, continuing to develop new applications and technologies that are difficult to achieve, focusing on high-precision processing, molding, and assembly technologies to stay ahead of the times. Through those efforts, the Group expanded product lines and its business areas into the semiconductor manufacturing devices, connectors,

HDD mechanical parts, and automotive component fields, and, in July 2023, marked the 60th anniversary of its founding. The Group's corporate vision is to contribute to creating exciting value for digital society with all manner of customers in a world pioneering the next generation as a "manufacturing solution expert," advocating lifestyle innovation, going beyond manufacturing, and focusing on precision and perfection. To realize this vision, the Group seeks to extend its business areas from conventional product out-type "manufacturing of products)" to proposal-type "creation of services" that incorporate product development based on customer needs and by evolving business models from in-house development to joint creation, thereby enhancing corporate value.

In the electronics industry, including semiconductors and connectors, the proliferation of 5G, characterized by high-capacity and high-speed communications, is driving the rapid expansion of using AI, IoT, and Big Data, and the electrification and computerization of automobiles, factory automation, and other advances are accelerating. Thus, the Company Group expects increased demand for its products, particularly telecommunications equipment, automobiles, and industrial machinery.

At the same time, in those business areas, remarkable technological innovations are leading to further improvements in the functionality of various products, and there is a need to develop new products and services promptly in line with the rapid changes in customer needs. In particular, in the Group's principal Company business field, the PCs and automobiles markets, technological advances and demand trends relating to final products are changing greatly every year as communications technologies and servers become more efficient and faster and the automobile industry shifts to electric vehicles (EV); therefore, the required technology levels continue to rise. Furthermore, technological competitiveness is likely to decline in the short term due to the obsolescence of existing products and services associated with new technological innovation, and general-purpose products may be subject to substantial impacts from changing market conditions.

Besides the challenging environment in technology, there are many competitors of varying scales, ranging from large to small and medium, in and out of Japan. Competition with domestic and overseas companies is expected to be fiercer in price and delivery schedule, and the business environment surrounding the Company Group will likely become even more challenging. Further, raw materials prices for materials (for plastic molding, metal, such as copper and iron, and plating, such as gold, and the like) and logistics costs are soaring due to a deceleration of the Chinese economy, changing geopolitical circumstances, rising crude oil prices, and exchange rate fluctuations. Considering those concerns, the Group foresees that the business environment will remain uncertain.

The Company Group is aware that under these circumstances, to timely supply high-added-value products that meet customer and market demand, it must maintain its technological capabilities and competitive advantage through ongoing upfront investment and constant pursuit of cutting-edge technologies and establish robust business structures that can respond promptly to changes in the business environment, including technologies, products, and markets.

In mid-November 2023, the Konishis, etc., came to recognize that, since the business environment is likely to become even more volatile due to rapid technological innovation and other developments and to ensure the Company Group's continued growth as a pioneering presence into the future, the Company must urgently reform business structures. Specifically, they consider that the Company needs to reorganize its business structure to be robust, not relying on the Group's principal Company business field, the PCs and automobiles markets, and establish business foundations capable of continuous and rapid creation of new markets and business diversification, looking ahead and anticipating future needs.

Furthermore, the Konishis, etc., began concrete examinations on the measures to drive that business structure reorganization and new business strategies. Then, they came to consider in late January 2024 that for the Company Group to develop further and achieve medium-to-long-

term growth to enhance corporate value, it must establish management structures that enable active and dynamic examination and execution of new initiatives and implement them promptly.

(ii) Post-Tender Offer Managerial Policy

The Tender Offeror is considering that after delisting the Company Shares through the Tender Offer, it will implement the following measures from (a) through (d) below to achieve further development and enhance the corporate value of the Company Group over the medium-to-long term.

(a) Focus even further on business areas where future growth is expected

Since its foundation, the Company Group's strength has been "precise and perfect manufacturing." The Group has expanded its business areas from precision molds/dies manufacturing to connector manufacturing, its current principal business, creating numerous unique products and solutions.

Recently, the Group has leveraged its high-frequency, high-speed transmission technologies for connectors to diversify its profit base and is focusing on the data center server sector, which is experiencing rapid growth and demand due to the use of generative AI and other factors, and the automotive industry, which requires new technologies in conjunction with the advancement of EV and ADAS (Note 2). The Group has also entered the MEMS sector, a core technology supporting next-generation manufacturing industries. The business environment in this sector is less competitive, and the market scale is expected to grow in the future.

Note 2: ADAS (Advanced Driver-Assistance System) is a collective name for functions that support driving operations by an automobile driver.

However, connector manufacturing, the Group's current principal business, has long been highly reliant on the PC market; thus, its business is susceptible to the effects of market fluctuations and short-term changes in customer performance. Therefore, the Konishis, etc., are considering that to build a stable profit base, the Group needs to seek to acquire market share in areas other than PCs and continue making rapid and bold investments concentrated in the growth sectors and markets that are the Group's current focus. In addition, though the Company Group is expanding new fields and businesses to diversify its profit base for the future, the Konishis, etc., see that considerable investments and time are needed from the development to the contribution to business results, making it challenging to pursue investment effects in the short term; thus, the Group must invest management resources from a more medium-to-long-term perspective.

Specifically, for the area of "high-frequency and high-speed transmission technologies," in which the Company Group has a competitive advantage, the Konishis, etc., expect that the Group will be able to acquire market share for new products in the server and automotive fields by not only conducting development to introduce new products but also: actively investing management resources to acquire customers and deepen relationships both in Japan and overseas; in particular, for overseas market, the Group's future main market, promptly pushing forward with setting up a structure to provide engineering solutions by, such as establishing new satellite development centers through which the Group can accurately and timely grasp customer demand and needs. In the MEMS business, the Group already possesses original high-performance single-crystal piezoelectric film formation technologies (Note 3) and piezoelectric MEMS (Note 4) processing technologies. However, in addition to enhancing production capacity further to build a full-scale mass production system for piezoelectric MEMS foundries (Note 5) that can realize a consistent process from materials development to mass production, the Konishis, etc., consider the Group will need to expand and enhance its lineup of film deposition materials, strengthen products development to improve capabilities to offer proposals to customers and establish new business for the future.

Furthermore, the Konishis, etc., consider that to supply new products one step ahead of customer needs, it will be essential for the Company Group to identify business areas where market growth is expected and actively and boldly invest management resources to increase corporate value in the future continuously and to lead the industry as a “manufacturing solution expert.”

Note 3: “Single-crystal piezoelectric film formation technology” refers to a technology for forming film structures using a single-crystal piezoelectric film constituted by a material having the piezoelectric effect of generating a voltage through the application of mechanical pressure that has been made into single crystals.

Note 4: “Piezoelectric MEMS” means micro-electromechanical systems in which materials having a piezoelectric effect are used.

Note 5: “Foundries” refers to manufacturers specializing in production commissioned by other companies.

(b) Promotion of efficient operational structures by implementing business structure reform

To build management structures that can realize continuous growth under a volatile business environment, the Company Group aims to advance the concentration of management resources in each business segment by improving capital efficiency and optimizing the allocation of management resources, not only seeking an increase in sales and profit. For that purpose, the Company is pushing forward with capital cost management, using an index ROIC across the Group through various initiatives, such as introducing a top-down business plan based on group-wide ROIC Companies and improving the methods for setting ROIC Companies at each segment.

Currently, the Company Group is working to improve the cash conversion cycle to invest capital efficiently, and it seeks to achieve a virtuous cycle of efficient cash generation that enables investment in priority businesses that generate higher added value. However, to increase capital efficiency even more, the Konishis, etc., consider that it is essential for the Group to carry out bold business structure reforms that go beyond the measures presently being implemented.

Specifically, they see that the Group must rebuild its business portfolio by shifting its pivotal axis from the end market to the products through various initiatives, including the integration of functionalities presently dispersed over multiple business segments, the consolidation and closing of some domestic and overseas business sites and production plants, the improvement of production efficiency and operating rates by actively selling low-utilization assets, and the optimization of human resources by assigning the right personnel to the right positions while taking into account product characteristics.

The Konishis, etc., consider that the optimization of management resources throughout the Company Group and the reconstruction of “optimal manufacturing systems” that can respond timely to changes in the business environment through the business structure reforms will lead to higher competitiveness, the acquisition of new business, and in turn higher corporate value over the medium to long term.

(c) Active investment in human resource development and fundamental review of personnel systems

Amidst the social problem in Japan of a shrinking working population in conjunction with the declining birth rate and aging population, the Company Group anticipates that it will become increasingly challenging to recruit outstanding human resources in the future. In addition, the Company Group believes that achieving growth over the medium to long term under the current difficult business environment will require putting the Company’s corporate identity, which is its corporate philosophy, into practice as well as recruiting outstanding

human resources who can carry out corporate reforms, including implementation of the measures discussed above, and that it will be necessary to build mechanisms that can secure even more human resources with diverse knowledge, experience, and values than ever before and encourage growth and active participation by those human resources.

Under these circumstances, the Company Group has created mechanisms that will lead to growth by individual employees and sustainable growth by the Group through establishing career development courses intended to promote active participation by highly-specialized human resources and encouraging the introduction of succession plans for the development of the next generation of management human resources as one aspect of the development of an environment where diverse human resources can demonstrate their individual strengths.

However, the Konishis, etc., consider that for the Company Group to maintain competitiveness into the future, it is essential to strengthen and develop human resources by accumulating cutting-edge specialized knowledge and skills and to recruit diverse human resources by promoting diversity, equity, and inclusion and it is essential to actively invest in and fully implement the development and acquisition of human resources in line with the measures described in (b) above.

Specifically, the Konishis, etc., plan to create re-education programs to support the enhancement of the expertise of all domestic and overseas employees and promote the introduction of inter-departmental job rotations that include overseas sites. They also expect that improving employee expertise will contribute to more robust product development, technological capabilities, and higher productivity within the Group.

Also, they consider that to recruit from outside the Group highly specialized and excellent human resources capable of working anywhere in the world, it is necessary to review evaluation programs and compensation systems and create flexible and appropriate human personnel programs that include flexible hiring. For the Group, human resources are the foundation of corporate growth, and investment in human resources is crucial for continuously generating innovation within the Group and improving its corporate value over the medium to long term.

(d) Deeper self-reliance, co-creation with partners, and M&A, etc.

Under the environment described above, the Company Group considers that in addition to self-sufficient growth achieved through even further deepening of self-reliance in areas where it has already established a high degree of competitive advantage, it must promptly expand new business areas by leveraging external management resources to demonstrate its competitive advantage and achieve sustainable growth in the future.

Under these circumstances, the Company Group employs open innovation with partners, including domestic and foreign companies in the same industry. The Group is currently conducting research and development through a capital tie-up formed in January 2024 with L-B. Engineering Japan Co., Ltd. and collaboration with universities, research institutions, and companies located in Okinawa Prefecture and other regions.

The Konishis, etc., consider reinforcing self-reliant management in each business segment crucial for responding accurately and promptly to rapid technological innovation in electronics markets. Accordingly, they plan to rebuild management structures so that each business segment and each Group company can perform autonomous decision-making.

Furthermore, as it is also necessary to continuously reinforce the Company Group's technological capabilities and competitive advantage, the Konishis, etc., are considering strengthening the collaboration and tie-ups between the Company and domestic and overseas business partners and implementing a wide range of capital restructuring measures. They expect that by carrying out alliances and the like, including dynamic M&A, in line with the strategies in each segment, the Company can achieve non-linear growth through the fusion of cutting-edge technological capabilities, know-how, ideas, and so on of partners with the Group's technologies and optimization of management resources through capital restructuring. Through these initiatives, they seek to have the Group's respective business

segments and the Group companies demonstrate the significance of their existence in their respective fields of expertise to develop the “bleeding edge” of the next generation, thereby continuously contributing to value creation.

Meanwhile, since late March 2024, the Konishis, etc., have come to believe through the process of conducting concrete examinations into each of the measures described in (a) to (d) above that these measures will not immediately contribute to the Company Group’s business performance, but that considerable time and upfront investment will be necessary. For this reason, there is a risk that the Company Group’s financial standing and business performance will temporarily deteriorate, including a decline in profit levels, deterioration of cash flows, and so on, and the possibility that the Company Group will temporarily face difficulty generating expected profits cannot be denied.

Furthermore, since the Company is a listed company, a commitment to short-term performance is required, and as a result of the decision-making by the Konishis, etc., with a priority on medium-to-long-term growth through the execution of the policies described above, there is a possibility that capital markets will fail to adequately value the Company’s efforts, its stock price will decline, and the interests of existing shareholders will be harmed. Consequently, the Konishis, etc., have come to believe that implementing these measures while the Company remains a listed company will be challenging.

In addition, since the Company Shares were listed on the JASDAQ Securities Exchange in 2006, the Company has enjoyed the benefits of being listed, including recruiting outstanding human resources as a result of the Company’s increased name recognition, enhanced social trust, and execution of the 2019 public offering, and considering the Company’s track record of efficiently raising capital from financial institutions, the Konishis, etc., expect that the Company can secure the capital necessary for business operations through equity and borrowings from financial institutions and also, the Company has already established a certain level of brand recognition and credibility among its business partners. Therefore, the Konishis, etc., consider that the need for and benefits of maintaining the Company’s public listing are diminishing.

Also, due to revisions to the Corporate Governance Code and tighter regulation of capital markets in recent years, the number of items requiring additional and ongoing disclosure to stakeholders through securities reports and corporate governance reports has been increasing yearly. The human and financial costs necessary for maintaining a listing as a publicly traded firm, including accounting auditor fees, shareholder meeting expenses, and securities agency-related fees, are trending upward. And, since these costs will likely impose substantial burdens on the execution of the Company’s management, the Konishis, etc., question the significance of maintaining the listing of the Company’s shares.

Moreover, in the course of investigating optimal medium-to-long-term growth strategies for the Company Group as described above, in early May 2024, the Konishis, etc., began looking into delisting the Company Shares as one possible option. Subsequently, in early June 2024, the Konishis, etc., reached the conclusion that to stably and continuously increase the Company Group’s corporate value without being constrained by short-term profits, delisting the Company Shares at the earliest possible time would be the most effective means of dynamically carrying out various measures while avoiding having the Company shareholders bear the risk, including a decline in share price due to a temporary deterioration of business performance in conjunction with the execution of the measures described above.

At the same time, to consistently implement the measures described above from a medium-to-long-term perspective and achieve improved corporate value, the Konishis, etc., considered it necessary to delist the Company Shares while maintaining continuity with the Company’s business management conducted until now, also for Mr. Reiji Konishi, a member of the Company’s founding family and currently a Managing Executive Officer who is well-versed in the Company’s business, to assume the role of representative director, and for the Company’s management team and shareholders, to work closely together and conduct even more flexible and dynamic management decision-making by having members of the founding family become shareholders and assume the

burdens of risk in place of general shareholders. Thus, they concluded that a management buyout (MBO) is the optimal means for achieving this and decided to establish the Tender Offeror under the umbrella of DMC, the founding family's asset management company (Note 6), appoint Mr. Tatsuya Konishi as its representative director and make DMC the primary vehicle for carrying out the Transaction, including the Tender Offer.

Note 6: Since DMC is the founding family's asset management company, shares of which are also held by other members of the family in addition to Mr. Tatsuya Konishi, Mr. Reiji Konishi and Mr. Daiki Konishi, from the perspective of building a flexible management structure for the Company after the Transaction, it would not be appropriate for DMC itself to be the purchaser, and DMC needs to continue its role as the founding family's asset management company; for this reason, the Konishis, etc., decided to establish the Tender Offeror.

After making the Company a private-held company, the Konishis, etc., intend to pass on to the next generation the Company's manufacturing DNA, which remains unchanged since the Company's establishment and is driven by ceaseless research and development and to achieve further growth by meeting customer expectations as a manufacturing solution expert that is one step ahead of the times.

When looking further into the Transaction based on the above thinking, in late June 2024, the Konishis, etc., appointed Mitsubishi UFJ Morgan Stanley Securities as its external financial advisor, and in early July 2024, selected Nishimura & Asahi as its external legal advisor, and commenced concrete considerations. Also, DMC submitted a letter of intent regarding the Transaction (the "Letter of Intent") to the Company on July 31, 2024, and requested to conduct due diligence. On August 6, 2024, DMC received notice from the Company that the Company had established a Special Committee (as defined in "[3] The Decision-Making Process Leading to the Company's Support of the Tender Offer; Reasons" below, hereinafter the same shall apply) and that the Company will confer and negotiate with DMC for implementation of the Transaction. Subsequently, the Konishis, etc., conducted financial, tax, and legal due diligence on the Company from August 2 to October 8, 2024. Then, DMC conducted repeated discussions and considerations with the Company and the Special Committee concerning the Tender Offer Price during the period from October 8 to November 6, 2024, based on the overview of the Tender Offer, including the objectives of the Transaction, set forth in the Letter of Intent, the impact of the Transaction on the Company, the details of management policies after the Transaction, recent share price trends, and the results of due diligence. Specifically, on October 8, 2024, subject to the condition that the Company does not pay any year-end dividends for the term ending December 2024, the Tender Offeror made an initial proposal to the Company for a Tender Offer Price of 2,750 yen after confirming that this price represents a premium of 66.67% (rounded to the second decimal place, hereinafter the same shall apply in premium rates on share prices) over the closing price of 1,650 yen for the Company's shares on the TSE Prime Market on October 7, 2024, a premium of 75.61% over the simple average of closing prices in the immediately preceding one-month period of 1,566 yen (rounded to the second decimal place, hereinafter the same shall apply in simple averages of closing prices), a premium of 54.58% over the simple average of closing prices in the immediately preceding three-month period of 1,779 yen, and a premium of 48.17% over the simple average of closing prices over the immediately preceding six-month period of 1,856 yen. In response to this, on October 10, 2024, the Tender Offeror received a request from the Special Committee to reconsider the Tender Offer Price on the grounds that the proposed price was inadequate in light of the intrinsic value of the Company, which was examined based on the Company's stock value and profitability. Consequently, the Tender Offer made the second proposal to the Company on October 16, 2024 for a Tender Offer Price of 2,850 yen after confirming that this price represents a premium of 78.57% over the closing price of 1,596 yen for the Company Shares on the TSE Prime Market on October 15, 2024, a premium of 79.13% over the simple average of closing prices in the

immediately preceding one-month period of 1,591 yen, a premium of 64.64% over the simple average of closing prices in the immediately preceding three-month period of 1,731 yen, and a premium of 53.89% over the simple average of closing prices over the immediately preceding six-month period of 1,852 yen. Subsequently, the Tender Offeror received on October 17, 2024, a request again from the Special Committee to reconsider the Tender Offer Price on the grounds that the proposed price was still inadequate in light of the Company's intrinsic value, which was examined based on the Company's stock value and profitability. Then, the Tender Offer made another proposal to the Company on October 22, 2024, for a Tender Offer Price of 2,900 yen after confirming that this price represents a premium of 86.86% over the closing price of 1,552 yen for the Company Shares on the TSE Prime Market on October 21, 2024, a premium of 81.59% over the simple average closing price in the immediately preceding one-month period of 1,597 yen, a premium of 71.50% over the simple average closing price in the immediately preceding three-month period of 1,691 yen, and a premium of 57.01% over the simple average closing price in the immediately preceding six-month period of 1,847 yen. However, on October 24, 2024, the Tender Offeror received once again a request from the Special Committee to reconsider the Tender Offer Price on the grounds that the proposed price was still inadequate in light of the intrinsic value of the Company, which was examined based on the Company's stock value and profitability, and consequently, the Tender Offer made a final to the Company on October 30, 2024, for a Tender Offer Price of 2,950 yen after confirming that this price represents a premium of 88.74% over the closing price of 1,563 yen for the Company Shares on the TSE Prime Market on October 29, 2024, a premium of 87.54% over the simple average closing price in the immediately preceding one-month period of 1,573 yen, a premium of 79.88% over the simple average closing price in the immediately preceding three-month period of 1,640 yen, and a premium of 60.59% over the simple average closing price in the immediately preceding six-month period of 1,837 yen. Subsequently, on October 31, 2024, the Tender Offeror received another request from the Special Committee to reconsider and raise the Tender Offer Price to 3,050 yen based on the estimated results of the stock value of the Company Shares by the Company's Third-Party Valuation Agency and from the perspective to protect the interests of its minority shareholders and other factors. Upon that request, the Tender Offeror reconsidered, but there was no change in its intent to make the previous offer final; thus on November 1, 2024, it made its final proposal once again to the Company for the Tender Offer Price of 2,950 yen, the same as the previous offer (the price represents a premium of 83.46% over the closing price of 1,608 yen for the Company Shares on the TSE Prime Market on October 31, 2024, a premium of 87.30% over the simple average closing price in the immediately preceding one-month period of 1,575 yen, a premium of 81.32% over the simple average closing price in the immediately preceding three-month period of 1,627 yen, and a premium of 60.94% over the simple average closing price in the immediately preceding six-month period of 1,833 yen).

Consequently, on November 6, 2024, the Tender Offeror received a response from the Special Committee to accept the final proposal from the Tender Offeror.

After a series of discussions and negotiations above, on November 7, 2024, the Tender Offeror set the Tender Offer Price of 2,950 yen and decided to implement the Tender Offer as a part of the Transaction.

[3] The Decision-Making Process Leading to the Company's Support of the Tender Offer; Reasons

As discussed above in "[2] The Background, Reasons and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer," "(i) The background, object, and decision-making process leading to the Tender Offeror's decision to implement the Tender Offer," after receiving the Letter of Intent from DMC to the Company's Board of Directors on July 31, 2024, the Company indicated to DMC on August 6, 2024, that it would set up a structure for considering the Transaction, then began specific consideration of the Transaction on the same day.

As discussed below in "(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer," "[2] Obtaining a Stock Valuation Report from a Third Party Valuation Agency Independent from the

Company” and “[3] Obtaining Advice from a Law Firm Independent from the Company”, from the perspectives of in the Company’s eliminating arbitrariness of the decision-making and that of the Company’s Board of Directors in the Transaction, and ensuring fairness, transparency, and objectiveness of the decision-making process, on August 6, 2024, the Company confirmed and approved that Daiwa Securities Co. (“Daiwa Securities”) is independent of DMC, the Konishis, etc., and the Tender Offeror (“Tender Offer-Related Parties”) and appointed Daiwa Securities as its financial advisor and third-party calculation agency, and also confirmed and approved that Kitahama Partners (“Kitahama Partners”) is independent of the Tender Offer-Related Parties and the Company and appointed Kitahama Partner as its legal advisor.

Moreover, the Transaction falls under a management buyout (MBO), and there is an issue of structural conflicts of interest. Therefore, to exercise caution with the Company’s decision-making in the Transaction, eliminate arbitrariness and conflicts of interest from the decision-making process at the Company’s Board of Directors and ensure the fairness of that process, based on a Board of Directors resolution on August 6, 2024, the Company established a special committee for considering the Transaction proposal (“Special Committee”; for the composition of the Special Committee and its specific activities, see “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer”, “[1] Establishment of an Independent Special Committee at the Company, and Procuring an Opinion (Report)” below).

The Company also conducted several rounds of discussions and negotiations with DMC on whether to implement the Transaction based on the negotiation policy and opinion, instructions, and requests to be made at essential stages of negotiations that were reviewed in advance by the Special Committee, and with advice from Kitahama Partners and Daiwa Securities.

With respect to the Tender Offer Price, the Company received on October 8, 2024, from DMC an initial proposal for a Tender Offer Price of 2,750 yen subject to the condition that the Company does not pay any year-end dividends for the term ending December 2024. Based on the report result from Daiwa Securities on the estimate of the stock value of the Company Shares and the opinions of its Special Committee and also under the advice of Daiwa Securities and Kitahama Partners, the Company requested DMC to reconsider the proposal on the grounds that the proposed price was inadequate in light of the intrinsic value of the Company, which was examined based on the Company’s stock value and profitability on October 10, 2024. Subsequently, the Company received the second proposal from DMC for a Tender Offer Price of 2,850 yen. But based on the opinion of the Special Committee, the Company again requested DMC to reconsider the proposal on the grounds that the proposed price was still inadequate in light of the Company’s intrinsic value, which was examined based on the Company’s stock value and profitability. Then, the Company received from the Tender Offeror on October 22, 2024, a new proposal for a Tender Offer Price of 2,900 yen, but based on the opinion of the Special Committee, the Company requested once again on October 24, 2024, that the Tender Offeror reconsider a Tender Offer Price, on the grounds that the proposed price was still inadequate in light of the intrinsic value of the Company. Subsequently the Company received a final proposal from the Tender Offeror for a Tender Offer Price of 2,950 yen on October 30, 2024. In response to that final proposal, on October 31, 2024, the Special Committee requested the Tender Offeror to reconsider and raise the Tender Offer Price to 3,050 yen based on the estimated results of the stock value of the Company Shares by the Company’s Third-Party Valuation Agency and from the perspective to protect the interests of its minority shareholders and other factors. Then, on November 1, 2024, the Company received from the Tender Offeror a response that there was no change in the Tender Offeror’s intent to make the previous offer final, and the final proposal for the Tender Offer Price of 2,950 yen, the same as the previous offer, once again. Consequently, on November 6, 2024, the Special Committee replied to the Tender Offeror of its acceptance of the final proposal from the Tender Offeror.

During the events described above, the Company received necessary legal advice from Kitahama Partners about the method and process of the Company’s Board of Director’s decision-making, including procedures relating to the Transaction and other points to bear in mind, and also received a report (“Report”) from the Special Committee on November 6, 2024 (for an overview of the Report and

the specific activities of the Special Committee, see below, “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer”, “[1] Establishment of an Independent Special Committee at the Company, and Procuring an Opinion (Report).” On top of this, in light of the legal advice received from Kitahama Partners and the stock valuation report obtained from Daiwa Securities on November 6, 2024 (“Stock Valuation Report”), the Company, giving maximum respect to the Report from the Special Committee, then conducted thorough discussions and considerations from the perspectives of whether the Company’s corporate value could be enhanced through the Transaction and whether interests that minority shareholders should enjoy would be protected in the Transaction through implementation of fair procedures.

As a result, the Company concluded that based on the following perspectives, the Transaction enhances the Company’s corporate value, and the conditions of the Transaction are appropriate.

As discussed in “[2] The Background, Reasons and Decision-Making Process Leading to the Tender Offeror’s Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy” above, in the business fields in which the Company operates, the technological evolution and trends in demand are significantly changing year after year and the required technological standards continue to increase, and competition with companies in Japan and overseas is expected to intensify further, the Company recognizes that to supply high-value products that meet customer and market needs timely, it is necessary to continuously make investments early on and constantly pursue cutting-edge technology to build advanced technological prowess and maintain an edge in competition, while also establishing a robust business structure capable of quickly responding to changes in technology, products, market and other aspects of the business environment.

In light of this situation, the Company has been working on “strengthening its financial health” and “reforming its business structure” as its managerial challenges. Specifically, as part of efforts to “strengthen its financial health,” under the recognition that the slow pace of recouping the investment in equipment and facilities poses a financial headwind, the Company conducted careful examinations of the feasibility of recovering investments in equipment and facilities and the recovery time, and has been striving to implement efficient investment in equipment and facilities, and develop production technology that would yield maximum effects as a managerial challenge; as efforts to “reform its business structure,” the Company has also been working to achieve corporate management with a strong awareness of investment costs and promoting business structural reform for building a structure capable of achieving an optimum business portfolio and ensuring a steady flow of revenue as a managerial challenge. To achieve the foregoing, the Company is moving forward with the expansion of its business scope and improvement in profitability, and particularly in the MEMS-related business, it has built a one-stop structure capable of completing a series of processes from materials development to mass production within the Company Group; but with today’s business environment, the Company has come to believe that, to address the management challenges above and develop the Company Group further, it needs to carry out more in-depth measures, including a large sum of investment in research and development for which it is difficult to predict when it will bear fruit, at a faster clip. In light of these circumstances, the Company has reached a conclusion in late September 2024 that the measures (a) through (d) set forth above in “[2] The Background, Reasons and Decision-Making Process Leading to the Tender Offeror’s Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy,” “(ii) Post-Tender Offer Management Policy” that the Konishis, etc., plan to implement are effective means for realizing the Company’s current measures at a deeper level and more speedily, and thus should be actively promoted for the purpose of further enhancement of the Company corporate value in the medium-to-long term, and that achievement of these measures will help the Company secure its medium-to-long-term competitiveness and enhance its corporate value.

However, even if the measures above may lead to significant growth in the medium-to-long term, they also include measures that potentially require a large sum of investment and thus may not necessarily make contributions to the Company Group’s profit in an early stage, and moreover, in addition to a business implementation risk that makes it uncertain whether businesses would move forward as planned, there also are expectations that the Company Group’s sales and profitability would deteriorate in the short term. Therefore, the Company anticipates that carrying out these measures while

it remains a public company may have negative implications, possibly sending the market price of the Company Shares lower in the short term, which could result in significant damage to the Company shareholders.

For this reason, the Company has concluded that the Tender Offer would provide the Company shareholders with an opportunity to sell their shareholdings without suffering from short-term negative implications, and moreover, delisting the Company Shares would make it possible for the Company to carry out measures without concern about short-term assessment in the stock market, and that building a new management structure where management are also shareholders and which enables swift and flexible decision-making would be the best option in its effort to achieve further enhancement of the Company corporate value.

In addition, given that Mr. Reiji Konishi, current director and senior vice president of the Company, and Mr. Tatsuya Konishi, current executive officer of the Company, are well-versed in the Company Group's operations, the Company has also concluded that having these two individuals continue to serve as members of the Company's management through the management buyout (MBO), that is, having the two both own and manage the Company, is a sufficiently reasonable path forward.

After the delisting of the Company Shares, the Company would no longer be able to procure funds through equity financing in the capital markets, and it is also possible that the delisting would have implications on its efforts to secure talented human resources and expand transaction partners through enhanced creditworthiness in society and improved name recognition that the Company had enjoyed as a listed company. However, the Company expects that funds necessary for its business activity could be secured with its own funds and borrowings from financial institutions, and, according to the Tender Offeror, after the Transaction, the Tender Offeror would make investments in "human resources" designed to generate the Company Group's continuous innovations and enhance the Company Group's corporate value in the medium-to-long term, and these plans are expected to create an environment for the Company employees to work with higher morale and motivation than before, and moreover, the Company, as a company that has been listed on the TSE for nearly 15 years, is thought to already possess robust name recognition and creditworthiness in society, including among transaction partners; because of the foregoing, the Company does not see the strong need to maintain the Company Shares listed going forward. Accordingly, the Company's Board of Directors has reached the conclusion that the benefits of delisting the Company Shares outweigh the downsides of the delisting.

In light of the foregoing, the Company's Board of Directors determined in late September 2024 that delisting the Company Shares through the Transaction, which includes the Tender Offer, would contribute to enhancing the corporate value of the Company.

Moreover, based on the points set forth below, the Company's Board of Directors determined that the Transaction, including the Tender Offer, is expected to contribute to the enhancement of the Company's corporate value, and the Tender Offer Price is appropriate for the Company shareholders; therefore, the Tender Offer would provide an opportunity for reasonable sales of the Company Shares for the Company shareholders:

(a) That the Tender Offer Price (2,950 yen) exceeds both the maximum value of the range of the calculation result using the market price method and the median of the calculation result using the comparable companies method; it is also in the range of the calculation result using the discounted cash flow method ("DCF method") among the results of the calculations of the Company Share value performed by Daiwa Securities as described below in "(3) Matters Relating to Calculation," "[2] Overview of Calculation";

(b) That the Tender Offer Price (2,950 yen) represents a premium of 88.50% over 1,565 yen, which was the closing price for the Company Shares on the TSE Prime Market on November 6, 2024, a premium of 88.62% over 1,564 yen, the simple average of the closing prices for the immediately preceding one-month period to said date; a premium of 81.76% over 1,623 yen, the simple average of the closing prices for the immediately preceding three-month period to said date, and a premium of 61.38% over 1,828 yen, the simple average of the closing prices for the immediately preceding six-

month period to said date. In comparison with other recent similar cases (66 cases out of all the transactions for management buyout (MBO) to acquire 100% ownership of a domestic company, which have been successfully completed and publicly announced on and after June 28, 2019, when “Fair M&A Guidelines” released by the Ministry of Economy, Trade and Industry till November 6, 2024; excluding 5 cases in which the tender offer, such as Two-Step Acquisition TOB, was implemented multiple times) (the respective median premiums of 42.3%, 45.3%, 46.0%, and 48.6% over the respective closing price on the reference date or the immediate Business Day before the public announcement, simple averages of the closing prices for the immediately preceding one-month period, the same of three-month period, and the same of six-month period to the reference), these premiums substantially exceed the premiums over the respective simple averages of the closing prices for the immediately preceding one-month and the immediately preceding three-month periods to the immediate Business Day of the public announcement, and also it exceeds the premium over the simple average of the closing price for the immediately preceding six-month period to said date.

(c) That measures for eliminating conflicts of interest provided in “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer” have been taken; therefore it is recognized that consideration has been given to the interests of minority shareholders;

(d) That the Tender Offer Price was agreed upon as a result of faithful and continuous discussion and negotiations between the Company and DMC, which were conducted after the measures for eliminating conflicts of interest above were taken and were based on the results of Daiwa Securities’ calculations of the value of the Company Shares, consultation with the Special Committee and the legal advice from Kitahama Partners; and

(e) That upon request from the Special Committee, the price proposal for the Tender Offer has been meaningfully increased.

The Tender Offer Price is lower than the Company’s net assets per one share as of September 30, 2024, of 3220.96 yen (a discount of approximately 8.4%), but even if the Company liquidates itself, the net asset book value will not be converted into cash at the same amount. Given that the Company’s assets include many business assets with low liquidity, such as inventory assets, the land and buildings of plants, head office, and business offices, and goodwill and other intangible fixed assets, considerable impairment is expected (specifically, under the Company’s interim consolidated balance sheet (as of September 30, 2024), for “products” (4,987 million yen), “work in progress” (6,244 million yen), “raw materials and supplies” (2,956 million yen), “buildings and structures” (28,269 million yen), “land” (5,075 million yen), and “intangible fixed assets” (2,571 million yen), various additional costs are expected, such as the sale cost, workforce reduction costs associated with liquidation, removal costs related to closure of plants, and soil contamination countermeasures costs). For this reason, the Company considers it difficult to adopt the thinking that net asset book value per one share is the minimum price representing a fair value for the Company Shares. (Since the Company does not plan to be liquidated, it did not obtain a quotation assuming liquidation or confirm that the Tender Offer Price exceeds the expected liquidation value, which is calculated considering expected liquidation costs, etc., estimated after specifically considering the assets.) Because the net asset amount does not reflect future profitability, the Company also sees that it is unreasonable to give undue weight to the net asset amount in calculating the Company's corporate value, which is a going concern.

For these reasons, at its Board of Directors meeting held today, the Company resolved to issue an opinion in support of the Tender Offer and to recommend the Company’s shareholders tender their Shares in the Tender Offer. The resolution by the Board of Directors was made on the condition that the Company Shares be delisted through the Tender Offer and the Squeeze-out Procedures conducted by the Tender Offeror.

For the details of the resolution by the Board of Directors, see below: (6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for

Ensuring the Fairness of the Tender Offer,” “[5] Approval of All Company Directors (including Audit and Supervisory Committee Members) Who Do Not Have any Interest.”

(3) Matters relating to Calculation

[1] Name of Valuation Agency and its Relationship with the Company and the Tender Offeror

In issuing its opinion regarding the Tender Offer, to ensure fairness in the decision-making process for the Tender Offer Price proposed by DMC, the Company asked Daiwa Securities to conduct a share valuation of the Shares as a third-party valuation agency and financial adviser independent of the Tender Offer-Related Parties and the Company and obtained the Stock Valuation Report on November 6, 2024. Since the Company has taken measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest on both sides of the Tender Offeror and the Company, as discussed below, the Company has not procured from Daiwa Securities a written opinion (Fairness Opinion) on the fairness of the Tender Offer Price. The remuneration to Daiwa Securities relating to the Transaction includes fixed compensation to be paid, regardless of the success or failure of the Transaction, and success fees to be paid only in the case of the Transaction's success. Considering that success fees are the standard business practice in similar transactions and the remuneration scheme under which the Company will incur a substantial monetary burden even at the failure of the Transaction, the Company considers that the inclusion of the success fee subject to the successful completion of the Transaction or the like cannot be a reason to deny the independence of Daiwa Securities. Therefore, the Company has selected Daiwa Securities as its financial advisor and a third-party valuation agency with the above remuneration scheme. Further, the Special Committee confirmed no issues for the independence of Daiwa Securities at its meeting.

[2] Overview of Calculations

Daiwa Securities considered several calculation methods to be adopted for the valuation of the Company Shares, and on the assumption that the Company is a going concern, a multifaceted evaluation of the Company Shares would be appropriate. Then, Daiwa Securities adopted the following valuation methods to value per Share: the market price method, because the Company Shares are listed on the TSE Prime Market and have a market price; the comparable companies method, because there are multiple public companies comparable to the Company and it is possible to analogically estimate the value of the Company Share through comparison with comparable companies; and DCF method to reflect the Company's performance and forecasts in the valuation. The Company obtained the Stock Valuation Report dated November 6, 2024, from Daiwa Securities.

The ranges of the per-share value of the Company Share obtained using the above methods are as follows.

Market Price Method:	1,564 yen to 1,828 yen
Comparable Company Method:	1,381 yen to 2,993 yen
DCF Method:	2,711 yen to 3,923 yen

In the market price method, November 6, 2024 was set as a calculation reference date, and based on the closing price for the Company Shares of 1,565 yen on the TSE Prime Market on the reference date, the simple average closing price of 1,564 yen during the immediately preceding one-month period, the simple average closing price over the immediately preceding three-month period of 1,623 yen and the simple average closing price over the immediately preceding six-month period of 1,823 yen, the per-share value of the Company Shares was calculated to be in the range between 1,564 yen and 1,828 yen.

In the comparable companies method, Japan Aviation Electronics Industry, Limited, HIROSE ELECTRIC CO., LTD., and IRISO ELECTRONICS CO., LTD. were selected as a public company that operates a relatively comparable business to the Company; then, using the multiple EBITDA to the business value, the value of the Company Shares was calculated, which results showed the per-share value of the Company Shares to be in the range between 1,381 yen and 2,993 yen.

In the DCF method, based on the business plan prepared by the Company and taking into account various factors, such as the revenue projections and investment plans set out in the business plan for four consecutive fiscal years (from fiscal year ending December 2024 to fiscal year ending December

2027), as well as publicly available information, Daiwa Securities analyzed the Company's corporate value and share value by discounting the free cash flow the Company is expected to generate in and after the fourth quarter of the fiscal year ending December 2024 to present value at a given discount rate; this calculation led to a range of between 2,711 yen and 3,923 yen as the per-share value of the Company Shares. Daiwa Securities applied a weighted average cost of capital (WACC) and used 7.25% to 8.56%. The calculation of the terminal value employed the constant growth rate model, applying a perpetual growth rate of 0.50% to 1.50%.

The financial projections based on the business plan prepared by the Company that Daiwa Securities used as the basis for the analysis under the DCF method are shown below. The plan period includes a business year in which a significant increase or decrease in profit relative to the previous year is anticipated. Specifically, for the fiscal year ending December 2025 and the same ending December 2026, in new lines of business, such as MEMS, bio-devices, and energy businesses, sales are anticipated to increase due to the demand expansion and the establishment of mass production systems. As a result, operating profit is expected to increase significantly. In addition, the plan period includes a business year in which a significant fluctuation in free cash flow is anticipated. Specifically, in the fiscal year ending December 2026, capital investment is planned to expand mass production systems, and accordingly, as a projection for the fiscal year ending December 2027, capital investment will decrease relative to the previous year, which brings a significant increase in free cash flow.

Also, it is difficult, at present, to make a detailed estimate of the synergistic effects expected to be achieved through the implementation of the Transaction. Thereby, the above financial projections do not assume the implementation of the Transaction and do not contain the specific measures to be taken after the Transaction as described in “(2) Grounds and Reasons for the Opinion,” “[2] The Background, Reasons and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy,” “(i) The Background, Reasons and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer” above and their effects..

(JPY 100 million)				
Item	FY ending December 2024 (3 months) (Note 1)	FY ending December 2025	FY ending December 2026	FY ending December 2027
Sales	15,609	66,420	73,051	80,585
Operating profit	397	4,132	5,785	7,211
EBITDA	1,872	11,640	13,512	14,871
Free Cash Flow	2,134	△4	689	3,134

Note 1: This three-month period starts from October 1, 2024, after the Third Quarter fiscal period, to December 31, 2024. The above financial projections are prepared considering the Fiscal Year Ending December 2024 Full-Year Consolidated Earnings Forecasts in the “Notice of Revision of the Full Year Earnings Forecasts” that the Company has publicly announced today.

In calculating the stock value of the Company Shares, Daiwa Securities adopted the information provided by the Company and publicly available information and materials, as they are, assuming these materials and information to be accurate and complete, and did not conduct any independent verification of their accuracy and completeness. Further, Daiwa Securities did not independently evaluate or assess the assets or liabilities of the Company (including off-balance sheet assets and liabilities and other contingent liabilities) or request any third-party agency to appraise or assess such assets and liabilities. The calculation by Daiwa Securities has reflected the above information obtained until November 6 2024.

(4) Prospects for Delisting; Reasons

As of today, the Company Shares are listed on the TSE Prime Market, but because the Tender Offeror has not set the maximum number of shares planned for purchase in the Tender Offer, depending on the result of

the Tender Offer, there is a possibility that under the delisting criteria provided by TSE, the Company Shares will be delisted through prescribed procedures. Further, even in the case where the criteria have not been met at the point in time of the successful completion of the Tender Offer, the Tender Offeror plans to carry out the Squeeze-out Procedures discussed above in “(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)” after the successful completion of the Tender Offer. If these procedures are carried out, the Company Shares will be delisted through prescribed procedures following the delisting criteria provided by TSE. It should be noted that, after the delisting, the Company Shares cannot be traded on TSE.

(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)

As explained in “(2) Grounds and Reasons for the Opinion,” “[1] Tender Offer Overview” above, if the Tender Offeror cannot acquire all the Company Shares (excluding treasury shares held by the Company and the Non-Tendered Shares) in the Tender Offer, after the successful completion of the Tender Offer, the Tender Offeror plans to carry out the Squeeze-out Procedures in order to acquire all the Company Shares (excluding treasury shares held by the Company and the Non-Tendered Shares) using the following method.

Specifically, after the successful completion of the Tender Offer, the Tender Offeror plans to request the Company to convene an extraordinary general shareholders meeting that includes in its agenda items a resolution for the Share Consolidation under Article 180 of the Companies Act and an amendment to the articles of incorporation eliminating the provisions for the number of shares in a share unit, subject to the coming into effect of the Share Consolidation (“Extraordinary General Shareholders Meeting”). The Tender Offeror and Non-Tendering Shareholders plan to vote in favor of all agenda items at the Extraordinary General Shareholders Meeting. In light of enhancing the Company’s corporate value, the Tender Offeror considers it desirable to have the Extraordinary General Shareholders Meeting at an earlier stage; thus, it plans to request the Company to make a public notice to designate a reference date during the Tender Offer Period so that after the settlement commencement date of the Tender Offer, a date close thereto will be the reference date for the Extraordinary General Shareholders Meeting, which is scheduled to be held around mid-to-late February 2025. If the Tender Offeror makes the request, the Company plans to accept it.

If the resolution for the Share Consolidation is approved at the Extraordinary General Shareholders Meeting, the Company shareholders will each come to possess a number of the Company Shares in proportion to the Share Consolidation ratio approved at the Extraordinary General Shareholders Meeting on the date that the Share Consolidation comes into effect. If any fractional shares of less than one share arise from the Share Consolidation, following the procedures under Article 235 of the Companies Act and other related laws and regulations, the money obtained by selling to the Company or the Tender Offeror the Company Shares in a number equivalent to the sum total of the fractional shares (if the total sum includes a fractional share of less than one share, the sum shall be rounded down to the nearest whole number; hereinafter the same shall apply) will be delivered to shareholders of the fractional shares. With respect to the sale price for the Company Shares in the number equivalent to the sum total of said fractional shares, the Tender Offeror plans to set a price so that the amount of money delivered as a result of the sale to the Company shareholders who did not tender their Shares in the Tender Offer (excluding the Tender Offeror, Non-Tendering Shareholders and the Company) will be the same as the price obtained by multiplying the Tender Offer Price by the number of the Company Shares each said shareholder possessed, and then request the Company to file a petition with the court for permission for sale by private contract. Further, although the Company Shares consolidation ratio is undecided as of today, to have the Tender Offeror and Non-Tendering Shareholders own all the Company Shares (excluding treasury shares possessed by the Company), that ratio is expected to be set to have the number of the Company Shares owned by each the Company shareholder who did not tender their Shares in the Tender Offer (excluding the Tender Offeror, Non-Tendering Shareholders, and the Company) be a fraction of less than one share. As explained in “4. Important Agreements Relating to the Tender Offer” below, to avoid to the extent possible the existence of the Company shareholders (excluding the Tender Offeror and Non-Tendering Shareholders) who own the Company Shares equal to or greater than the smallest number of the Company Shares owned by any of the Tender Offeror and Non-Tendering Shareholders as of the effective date of the Share Consolidation, and proceed with the Squeeze-out Procedures in a more reliable manner, there is a possibility that upon request from the Tender Offeror, DMC will carry out the Share Lending Transaction with the other Non-Tendering Shareholders

effective before the Share Consolidation comes into effect. In the case where the Share Consolidation is carried out, if any fractional shares of less than one share arise from the Share Consolidation, the Companies Act provides that under Articles 182-4 and 182-5 of the Companies Act and other related laws and regulations, the Company shareholders that did not tender their Shares in the Tender Offer shall be entitled to demand that the Company purchases all of their Company Shares that are fractional shares at a fair price, and file a petition with the court for a decision on the price of the Company Shares. If the petition is filed, the court will ultimately decide the purchase price of the Company Shares.

Due to amendment or enactment of applicable laws and regulations or depending on the status of their interpretation by the authorities, the above procedures may require time for implementation or changes to the implementation method. However, even in such a case, if the Tender Offer is successfully completed, the Tender Offeror plans to adopt a method ultimately to deliver money to the Company shareholders (excluding the Tender Offeror, Non-Tendering Shareholders, and the Company) who did not tender their Shares in the Tender Offer. In such a case, the amount of money to be delivered to said shareholders of the Company will be calculated such that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Shares each of the shareholders possessed.

The Company will announce specific procedures, the timing for implementation, and other information on the above promptly after they are determined through consultations with the Tender Offeror.

The Tender Offer is not in any way an inducement for the Company shareholders to consent at the Extraordinary General Shareholders Meeting. The Company shareholders are requested to consult at their own responsibility with a tax professional with respect to the tax handling of the tendering of their Shares in the Tender Offer or any of the above procedures.

The Tender Offeror intends to eventually become the sole shareholder of the Company. As a means of achieving the objective, the Tender Offeror plans to carry out, on the condition of completion of the Squeeze-out Procedures, a share swap with the Tender Offeror's shares as consideration to make the Tender Offeror the wholly-owning parent after the share swap and the Company a wholly-owned subsidiary after the share swap. No details have been determined as of today.

(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer

Since the Tender Offer will be carried out as part of the Transaction falling under the so-called management buyout (MBO), there are structural issues of conflict of interest and the like. Thus, in light of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness, and avoiding conflicts of interest in the decision-making process leading up to the decision to implement the Tender Offer, the Tender Offeror and the Company implemented the measures below to ensure the fairness of the Transaction, including the Tender Offer. In this connection, the Tender Offeror considers that in the Tender Offer, if it sets a so-called "majority of minority" as the minimum number of the Shares planned for purchase in the Tender Offer, that will likely make completion of the Tender Offer uncertain and, in fact, not be in the interests of the Company's minority shareholders wishing to tender their Shares. Therefore, the Tender Offeror has not set the "majority of minority" as the minimum number of Shares planned for purchase in the Tender Offer. In this regard, the Tender Offeror and the Company have implemented the following measures [[1] through [6]] as measures for ensuring the fairness of the Tender Offer Price and avoiding conflicts of interest; the Tender Offeror determines that sufficient consideration has been given to the interests of the Company's minority shareholders. It should be noted that the descriptions of the measures implemented by the Tender Offeror below ([6]) are based on explanations given by the Tender Offeror.

[1] Establishment of an Independent Special Committee at the Company, and Procuring an Opinion (Report)

(i) Background of establishment, etc.

Based on a Board of Directors resolution on August 6, 2024, prior to deliberating and resolving whether to implement the Transaction, including the Tender Offer, at the Board of Directors, the Company established the Special Committee to exercise caution in its decision-making in the

Transaction, eliminating arbitrariness and conflicts of interest from the decision-making process at its Board of Directors, and ensuring the fairness of such process, because the Transaction fell under a management buyout (MBO) and there was an issue of structural conflicts of interest. The Special Committee is composed of the Company's outside directors who are independent of the Tender Offer-Related Parties (a total of three individuals: Mr. Yoichi Wakasugi, an outside director and independent officer of the Company (Audit and Supervisory Committee Member); Mr. Junichi Hashiguch, an outside director and independent officer of the Company (Audit and Supervisory Committee Member) and Mr. Shuji Niwano, an outside director and independent officer of the Company (Audit and Supervisory Committee Member)). The members of the Special Committee, voting among themselves, selected Mr. Yoichi Wakasugi as chairman of the Special Committee. The compensation paid to members of the Special Committee does not include any success fee contingent upon the Transaction's success.

Thus, based on the Board of Directors resolution above, the Company consulted with the Special Committee on the following matters: (a) the reasonableness of the purpose of the Transaction (including whether the Transaction will contribute to enhancing the corporate value of the Company), (b) the appropriateness of the terms and conditions of the Transaction (including the appropriateness of the implementation method and the consideration), (c) the fairness of the procedures for the Transaction (including the consideration on which, and to what extent, measures to be taken for ensuring the fairness), and (d) in light of (a) through (c) above and other matters, whether the Company's decision to implement the Transaction (including expressing its opinion on the Tender Offer) is disadvantageous to the Company's minority shareholders (hereinafter, (a) through (d) are collectively referred to as "Consultation Matters"), and requested that the Special Committee submits the Report regarding the foregoing to the Company.

For the consultation with the Special Committee, the Company's Board of Directors gave maximum weight to the judgments made by the Special Committee in making their decisions concerning the Transaction. The Company granted the Special Committee the authority to have substantial involvement in the negotiation process between the Company and DMC on the terms and conditions and related matters of the Transaction. At the same time, the Company's Board of Directors passed a resolution under which (i) the Special Committee is authorized to appoint and approve (including after-the-fact approval) outside experts, such as the Company's financial advisor, third-party valuation agency, and legal advisor ("Advisors, etc.") and is entitled to appoint its own Advisors etc., as needed, and to ask the Company's Advisors, etc., for professional advice, and (ii) the Special Committee is entitled to ask the Company's directors and employees and any other persons deemed necessary by the Special Committee, to explain and provide any information necessary to consider and make decisions about the Transaction, by attending a meeting of the Special Committee, responding in writing, or using other appropriate means. Further, with advice from Kitahama Partners, the Company confirmed the independence and eligibility of the Special Committee member candidates. After confirming that such candidates were independent of the Tender Offer-Related Parties and did not have any material interests differing from those of minority shareholders regarding the success or failure of the Transaction, the Company selected the three persons as above as candidates for the Special Committee members to ensure a good balance in knowledge, experience, and capability among them as the whole Committee and constitute the Committee with the appropriate number of members: Mr. Junichi Hashiguch and Mr. Shuji Niwano, who are well-versed in the Company's business and finance since taking their positions of the Company's officers in March 2016 and Mr. Yoichi Wakasugi, who is a lawyer, having expertise in business transactions similar to the Transaction, to help the professional procedures. The Company appointed the three persons above as the Special Committee members from the start, and no changes were made to the composition of the Special Committee.

(ii) Background of deliberations

The Special Committee met a total of 12 times between August 6, 2024, and November 6, 2024, to carefully deliberate and discuss the Consultation Matters. Specifically, the Special Committee received explanations from the Company of the background behind the receipt of the proposal for the Transaction, the purpose of the Transaction, the business environment, business plans, management challenges, etc., and conducted a question-and-answer session in writing. The Special Committee also

received explanations from DMC in writing and interviews regarding the background and reasons behind the proposal, the purpose, the terms and conditions, etc., of the Transaction and conducted question-and-answer sessions with DMC.

In addition, regarding the Special Committee's involvement in the negotiation process with DMC, while establishing a policy whereby Daiwa Securities, the Company's financial advisor, will serve as the contact point for the Company in negotiations, and the Special Committee itself negotiated with DMC; thus, it was substantially involved in the negotiation process concerning the terms and conditions of the Transaction. Further, the Special Committee received explanations from Daiwa Securities on the calculation methods for the value of the Company's shares and the results (Daiwa Securities conducted question-and-answer sessions with the Company on the business plan that was the basis for the calculation and after ascertaining the background to its preparation and the current situation of the Company, from the perspective of whether there was anything unreasonable in the foregoing, confirmed the reasonableness of the Company's business plan).

Subsequently, as described in "(2) Grounds and Reasons for the Opinion," "[2] The Background, Reasons and Decision-Making Process Leading to the Tender Offeror's Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy," "(i) The background, object, and decision-making process leading to the Tender Offeror's decision to implement the Tender Offer," the Special Committee negotiated the Tender Offer Price, and up to the point of receiving the final proposal of 2,950 yen from DMC, it participated in the negotiation process with DMC. Further, the Special Committee received explanations from Kitahama Partners on the measures for reducing or avoiding conflicts of interest in the Transaction and the Transaction itself and conducted question-and-answer sessions. The Special Committee also received explanations from the Company on the details of negotiations on the terms and conditions of the Transaction and the decision-making process, etc., and conducted question-and-answer sessions.

Regarding Daiwa Securities, the financial advisor and third-party valuation agency, and Kitahama Partners, the legal advisor, both appointed by the Company, the Special Committee confirmed there were no issues regarding their independence and expertise; therefore, approved them as the financial advisor and third-party valuation agency and the legal advisor, respectively. Also, the Special Committee confirmed that there were no problems from the perspective of independence and fairness in the internal system for considering the Transaction established in the Company (including the scope of the Company's officers and employees involved in the examination, negotiations, and decisions on the Transaction, and their duties), and approved the system.

Based on these details, the Special Committee had repeated discussions with Daiwa Securities and Kitahama Partners and conducted deliberations and examinations of the Consultation Matters.

(iii) Details of judgment

In accordance with the process described above, the Special Committee carefully discussed and considered the Consultation Matters, and submitted on November 6, 2024, to the Company's Board of Directors, with the unanimous consent of all members, the Report, the content of which is summarized below.

(a) Content of the Report

- a. It is found that the Transaction will contribute to enhancing the Company's corporate value, and the purpose of the Transaction is reasonable.
- b. The terms and conditions of the Transaction are appropriate, including the Transaction's method of implementation and reasonableness of consideration.
- c. Proper measures to ensure fairness have been taken during negotiations, etc., that lead to the Transaction, and the Transaction procedures are fair.
- d. In light of the matters of a. to c. and other matters, the Company's Board of Directors' decision to implement the Transaction (including expressing an opinion regarding the Tender Offer) will not be disadvantageous to the interests of the Company's minority shareholders.

(b) Reasoning of the Report

a. Reasonableness of purpose of the Transaction (including whether the Transaction will contribute to enhancing the Company's corporate value)

a) Purpose of the Transaction

The Special Committee questioned the Company and the Konishis, etc., about the purpose of the Transaction and the specific elements of the Company's corporate value that the Transaction can be expected to enhance. A summary of their responses is as below.

- The Company was established as Dai-ichi Seiko Co., Ltd. by founder Mr. Akira Konishi in July 1963 to specialize in the manufacture of precision dies/molds using a modular system (total separation structure, complete heat treatment hardening, and full precision machining after quenching). As of November 6, 2024, the Company Shares are listed on the TSE Prime Market.
- The Company Group is engaged in the electrical and electronic components business, automotive parts business, and equipment business. The Group has evolved from a manufacturer of precision die/mold into a manufacturer of precision plastic molding, continuing to develop new applications and assembly technologies that are difficult-to-achieve, focusing on high-precision processing, molding, and assembly technologies to stay ahead of the times. Through those efforts, the Group expanded product lines and its business areas into the semiconductor manufacturing devices, connectors, HDD mechanical parts, and automotive component fields, and in July 2023, marked the 60th anniversary of its founding.
- In the electronics industry, including semiconductors and connectors, the proliferation of 5G, characterized by high-capacity and high-speed communications, is driving rapid expansion of using AI, IoT, and Big Data, and the electrification and computerization of automobiles, factory automation, and other advances are accelerating. Thus, the Company Group expects increased demand for its products, particularly telecommunications equipment, automobiles, and industrial machinery.
- However, in light of the following circumstances, the business environment surrounding the Company Group is expected to become even more unforgiving
 - In the electronics industry, including semiconductors and connectors, remarkable technological innovations are leading to further improvements in the functionality of various products, and there is a need to develop new products and services promptly in line with the rapid changes in customer needs. In particular, in the Group's principal target business field, the PCs and automobile markets, technological advances and demand trends relating to final products are changing greatly every year as communications technologies and servers become more efficient and faster and the automobile industry shifts to electric vehicles (EV); therefore, the required technology levels continue to rise. Furthermore, technological competitiveness is likely to decline in the short term due to the obsolescence of existing products and services associated with new technological innovation, and general-purpose products may be subject to substantial impacts from changing market conditions.
 - In Japan and overseas, there are many competitors of varying scales, ranging from large to small and medium, and competition with domestic and overseas companies is expected to be fiercer in price and delivery schedule.
 - Furthermore, raw materials prices for materials (for plastic molding, metal, such as copper and iron, and plating, such as gold, and the like) and logistics costs are soaring due to a deceleration of the Chinese economy, changing geopolitical circumstances, rising crude oil prices, and exchange rate fluctuations. Considering those concerns, the Group foresees that the business environment will remain uncertain.
- Under these circumstances, to timely supply high-added-value products that meet customer and market demand, the Company Group must maintain its technological capabilities and competitive advantage through ongoing upfront investment and constant pursuit of cutting-edge technologies and establish robust business structures that can respond promptly to changes in the business environment, including technologies, products, and markets.

- In addition, the Konishis, etc., recognize that to ensure the Company Group's continued growth as a pioneering presence into the future, the Company must urgently reform business structures, such as by reorganizing its business structure to be robust, not relying on the specific business field, and establish business foundations capable of continuous and rapid creation of new markets and business diversification, looking ahead and anticipating future needs.
 - On this point, the Konishis, etc., are considering implementing the measures described below in “(b) Tender Offeror's Managerial Policy after the Transaction” to realize further medium-to-long-term growth and corporate value enhancement for the Company Group after the Transaction, but these measures will not immediately contribute to the Company Group's business performance and considerable time and upfront investment will be necessary. For this reason, there is a risk that the Company Group's financial standing and business performance will temporarily deteriorate, including a decline in profit levels and deterioration of cash flows, and the possibility that the Company Group will temporarily face difficulty generating expected profits cannot be denied. Furthermore, since the Company is a listed company, a commitment to short-term performance is required, and as a result of the decision-making by the Konishis, etc., with a priority on medium-to-long-term growth through the execution of the measures detailed below, there is a possibility that capital markets will fail to adequately value the Company's efforts, its stock price will decline, and the interests of existing shareholders will be harmed. Consequently, the Konishis, etc., have come to believe that implementing these measures while the Company remains a listed company will be challenging.
 - At the same time, since the Company's Shares were first listed on the JASDAQ Securities Exchange in 2006, the Company has enjoyed a certain level of brand recognition and credibility among its business partners, and has a track record of efficiently raising capital from financial institutions. Thus, the Konishis, etc., expect that the Company can secure the capital necessary for business operations through equity and borrowings from financial institutions. Therefore, the Konishis, etc., consider the need for and benefits of maintaining the Company's public listing are diminishing. In addition, due to revisions to the Corporate Governance Code, the number of items requiring disclosure to shareholders as a listed company has been increasing yearly. Since these costs will likely impose substantial burdens on the execution of the Company's management, the Konishis, etc., have questioned the significance of maintaining the listing of the Company Shares.
 - In consideration of the foregoing, the Konishis, etc., have come to believe that further development of the Company and the achievement of medium-to-long-term growth and enhanced corporate value requires the creation of management structures that can actively and dynamically evaluate and execute new initiatives in the pursuit of business structure reforms and that the best means of achieving this is to delist the Company's Shares, build stable and new management structures capable of dynamic and flexible decision-making, and strive to carry out business structure reforms for the Company and proactively develop the Company's business.
 - At the same time, the Konishis, etc., believe that it will be possible to conduct even more flexible and dynamic management decision-making by having members of the founding family become shareholders and assume the burden of risk in place of general shareholders and appointing Mr. Reiji Konishi, a member of the Company's founding family and current Managing Executive Officer who is well-versed in Company's business, as a representative director will make it possible to consistently implement measures for business structure reform from a medium-to-long-term perspective while ensuring continuity in the Company's business management. In light of these considerations, the Konishis, etc., have concluded that a management buyout (MBO) is the best option for achieving their aims.
- b) The Company's Managerial Policy after the Transaction
- For the Company's managerial policy after the completion of the Transaction, the Tender Offeror is considering implementing the measures (i) through (iv) below to realize further growth over medium-to-long term growth and corporate value enhancement for the Company Group.
 - (i) Focus even further on business areas where future growth is expected
 - (ii) Promotion of efficient operational structures by implementing business structure reform

- (iii) Active investment in human resource development and fundamental review of personnel systems
- (iv) Deeper self-reliance, co-creation with partners, and M&A, etc.

- With regard to “(i) Focus even further on business areas where future growth is expected”, the Tender Offeror believes that it will contribute to the Company’s further growth to make swift, bold, and concentrated investment from a medium-to-long-term perspective in the Company’s growth sectors and markets of emphasis other than the PC market on which the Company is currently dependent. Recently, the Company has leveraged its “high-frequency and high-speed transmission technologies” for connectors to diversify its profit base; has been focused on the data center server sector, which is experiencing rapid growth and demand due to the use of generative AI and other factors, and the automotive industry, which requires new technologies in conjunction with the advancement of EV and ADAS; has entered the MEMS sector, a less competitive business environment expected to grow in market scale in the future; and has made development investments for the creation of new businesses. According to the Tender Offeror, advancing the measures below will make it possible to leverage the efforts the Company is already making while building a stable profit structure.
 - In relation to its “high-frequency and high-speed transmission technologies,” in which the Company Group has a competitive advantage, the Group aims to acquire market share for new products in the server and automotive fields by actively investing management resources to acquire customers and deepen relationships both in Japan and overseas, in particular, for overseas market, the Group’s future main market, promptly push forward with setting up a structure to provide engineering solutions by, such as establishing new satellite development centers through which the Group can accurately and timely grasp customer demand and needs.
 - In the MEMS business, the Company Group already possesses original high-performance single-crystal piezoelectric film formation technologies. However, in addition to enhancing production capacity further to build a full-scale mass production system for piezoelectric MEMS foundries that can realize a consistent process from materials development to mass production, it will aim to expand and enhance its lineup of film deposition materials, strengthen product development to improve capabilities to offer proposals to customers and establish new business for the future.
 - In addition, the Company Group will continue to identify business areas where market growth is expected and actively and boldly invest management resources in those areas.
- With regard to “(ii) Promotion of efficient operational structures by implementing business structure reform,” the Tender Offeror believes that the optimization of management resources throughout the Company Group and the reconstruction of systems that can respond timely to changes in the business environment will lead to higher competitiveness and higher corporate value over the medium-to-long term. In order to raise capital efficiency and optimize the allocation of management resources in each business, the Company is pushing forward with capital cost management, using an index ROIC across the Group through various initiatives, such as introducing a top-down business plan based on group-wide ROIC targets, improving the methods for setting ROIC targets at each segment and continuously improve the cash conversion cycle. However, to increase capital efficiency even more, the Tender Offeror considers that it is essential for the Group to rebuild the business portfolio by shifting its pivotal axis from the end market to the products through various initiatives, including the integration of functionalities presently dispersed over multiple business segments, the consolidation and closing of some domestic and overseas business sites and production plants, the improvement of production efficiency and operating rates by actively selling low-utilization assets, and the optimization of human resources by assigning the right personnel to the right positions while taking into account product characteristics.

- For “(iii) Active investment in human resource development and fundamental review of personnel systems,” the Tender Offeror considers that for the Company Group to maintain competitiveness into the future, it is essential to strengthen and develop human resources by accumulating cutting-edge specialized knowledge and skills and to recruit diverse human resources by promoting diversity, equity, and inclusion. As one aspect of the development of an environment where diverse human resources can demonstrate their individual strengths, the Company Group has created mechanisms that will lead to growth by individual employees and sustainable growth by the Group by establishing career development courses intended to promote active participation by highly-specialized human resources and encouraging the introduction of succession plans for the development of the next generation of managers. However, the Tender Offeror considers that for the Company Group, it will be essential to invest proactively and commit fully to the enforcement of the Company’s existing initiatives, and to that end, anticipates creating re-education programs to support the enhancement of the expertise of all domestic and overseas employees and promote the introduction of inter-departmental job rotations that include overseas sites, in addition, to recruit from outside the Group proactively, it is necessary to review evaluation programs and compensation systems and create flexible and appropriate human personnel programs that include flexible hiring.
- For “(iv) Deeper self-reliance, co-creation with partners, and M&A, etc.”, the Company Group is currently conducting research and development through a capital tie-up formed in January 2024 with L-B. Engineering Japan Co., Ltd. and collaboration with universities, research institutions, and companies located in Okinawa Prefecture and other regions. However, the Tender Offeror is considering strengthening the collaboration and tie-ups between the Company and domestic and overseas business partners and implementing a wide range of capital restructuring measures. In addition, the Tender Offeror expects that reinforcing self-reliant management in each business segment is crucial for responding accurately and nimbly to rapid technological innovation in electronics markets, and accordingly plans to rebuild management structures so that each business segment and each Group company can perform autonomous decision-making.

c) The Company’s decision regarding the Transaction

- The Company has shared the same understanding of the business environment surrounding the Group with the Konishis, etc. To be more exact, in the business fields in which the Company Group operates, the technological evolution and trends in demand are significantly changing year after year, the required technology levels continue to rise, and competition with companies in Japan and overseas is expected to intensify further; thus, the Company recognizes that to supply high-added-value products that meet customer and market demand timely, it must continuously make upfront investments and constantly pursue cutting-edge technologies to build advanced technological prowess and maintain an edge in competition, while also establishing a robust business structure capable of quickly responding to changes in technology, products, markets, and other aspects of the business environment.
- Motivated by this understanding, the Company has been working on “strengthening its financial health” and “reforming its business structure” as its managerial challenges. Specifically, as part of efforts to “strengthen its financial health,” under the recognition that the slow pace of recouping the investment in equipment and facilities poses a financial headwind, the Company conducted a careful examination of the feasibility of recovering investments in equipment and facilities and the recovery time and has been striving to implement efficient investment in equipment and facilities and develop production technology that would yield maximum effects. Likewise, as efforts to “reform its business structure,” the Company has also been working to achieve corporate management with a strong awareness of investment costs and promoting business structural reform for building a structure capable of achieving an optimal business portfolio and ensuring a steady flow of revenue. To achieve the foregoing, the Company is moving forward with expanding its business scope and improving profitability, and, in particular, in the MEMS-related business, the

Company has built a one-stop structure capable of completing a series of processes from materials development to mass production within the Company Group.

- However, with today's business environment, the Company has come to believe that, to address the above managerial challenges and develop the Company Group further, it needs to carry out more in-depth measures at a faster clip. In light of these circumstances, the Company has reached a conclusion that the Tender Offeror's proposed measures (i) through (iv) are an effective means of realizing the Company's current initiatives at a deeper level and more speedily, and thus should be actively promoted for the further enhancement of the Company's corporate value over the medium-to-long term; and that realization of these measures will help the Company secure its medium-to-long-term competitiveness and enhance its corporate value.
- However, the Tender Offeror's proposed measures (i) through (iv) include measures that could require substantial investment and thus may not necessarily contribute to the Company Group's profits at an early stage; in addition, the Company considers that carrying out these measures while Company remains a listed company will expose the Company to the risk of negative effects, such as a decline in the market price of the Company Shares over the short term.
- For this reason, the Company has concluded that the Tender Offer would provide the Company shareholders with an opportunity to sell their shareholdings without suffering from short-term negative implications, that delisting the Company Shares will make it possible for the Company to carry out measures without concern about short-term assessment in the stock market, and that building a new management structure where management are also shareholders and which enables swift and flexible decision-making would be the best option to achieve further enhancement of the Company's corporate value. In addition, given that Mr. Reiji Konishi, current director and senior vice president of the Company, and Mr. Tatsuya Konishi, current executive officer of the Company, are well-versed in the Company Group's operations, the Company also has concluded that having these two individuals continue to serve as members of the Company's management through the management buyout (MBO), is a sufficiently reasonable path forward.
- Moreover, while it is possible that the delisting of the Company Shares could create certain disadvantages, for the reasons detailed below, the Company has determined that the impact of those disadvantages will be limited even if they arise and that the advantages of delisting outweigh them.
 - Delisting could make procuring funds through equity financing in capital markets impossible. However, the Company believes that funds necessary for its business activity can be secured through equity and borrowings from financial institutions
 - It is conceivable that the delisting could imperil the enhanced social credibility and name recognition the Company has enjoyed as a listed company, thus potentially impacting the Company's efforts to secure talented human resources and expand transaction partners. However, the Tender Offeror will make investments in human resources designed to produce continuous innovation in the Company Group and enhance the Group's corporate value over the medium-to-long term, and these plans can be expected to create an environment for the Company employees to work with higher morale and motivation than before. Moreover, the Company, as a company that has been listed on the TSE for nearly 15 years, is thought to already possess robust name recognition and creditworthiness in society, including among transaction partners

d) Summary

No unreasonable points can be found in the explanations given by the Company and the Konishis, etc., and the Tender Offeror. In view of the market and business environments in which the Company operates, the necessity of business structure and management structure reform at the Company, the outlook for the Company's business, and other such factors, it is found that implementing the Transaction and swiftly and resolutely implementing the measures detailed in (b) above will promote the sustainable growth of the Company and contribute to enhanced corporate value over the medium-to-long term.

Consequently, the Special Committee has determined that the purpose of the Transaction is reasonable.

b. Appropriateness of the terms and conditions of the Transaction (including the implementation method for the Transaction and the appropriateness of the consideration)

a) Stock Valuation Report by Daiwa Securities

- According to the Stock Valuation Report by Daiwa Securities, a third-party valuation agency independent of the Tender Offer-Related Parties and the Company, the per-share value of the Company Shares is as follows: 1,564 yen to 1,828 yen based on the market price method: 1,381 yen to 2,993 yen based on the comparable companies method: and 2,711 yen to 3,923 yen based on the DCF Method.
- The Special Committee conducted question-and-answer sessions with Daiwa Securities and the Company on the selection of the assessment method: market price and trading volume analysis based on the market price method; the selections of comparable companies and metrics used as multiples in the comparable companies method; the Company's business plan that served as the basis for the calculation in the DCF Method; the financial forecasts based on said business plan; the calculation method for the terminal value; the grounds for calculation of the discount rate; details of the calculation of non-business assets, and other related matters. As a result of examining the above aspects, no unreasonable points were identified with respect to general valuation practice.
- The Company's business plan was prepared based on discussions on the 8th Medium-Term Management Plan (fiscal 2025 to fiscal 2027) that the Company formulated irrelevant to the Transaction (at the Company's business strategy conference and each business division), and it reflected the revision of the earnings forecasts described in "Notice of Revision of the Full-Year Earnings Forecasts" that the Company plans to announce on November 7, 2024. In preparing that business plan, no inappropriate pressure was given by the Tender Offeror, and otherwise, any unreasonable point was not identified. Further, the Company's final business plan submitted to the Special Committee was based on the revisions made between the third meeting of the Special Committee on September 2, 2024, and its fourth meeting on September 13, 2024. That revision was made to incorporate the numerical numbers calculated regarding energy (battery) business into the business plan for MFG business according to the discussion at the Special Committee meeting that the future feasibility of numerical numbers calculated for energy (battery) business is not necessarily low. Thus, in that revision process, no unreasonable point was identified, either.

Accordingly, the assessed value of the Company Shares in the Stock Valuation Report is found to be reasonable.

b) Tender Offer Price

The Tender Offer Price exceeds not only the maximum value of the calculation results using the market price method in the Stock Valuation Report but also the median value of the calculation results using the comparable companies method and also falls in the range of the calculation results using the DCF Method.

In addition, the Tender Offer Price represents a premium of 88.50% over 1,565 yen, which was the closing price for the Company Shares on the TSE Prime Market on November 6, 2024; a premium of 88.62% over 1,564 yen, the simple average of the closing price for the immediately preceding one-month period to said date; a premium of 81.76% over 1,623 yen, the simple average of the closing price for the immediately preceding three-month period to said date, and a premium of 61.38% over 1,828 yen, the simple average of the closing price for the immediately preceding six-month period to said date; and compared to premium levels in other recent cases of MBOs, this is found to represent a significantly higher level than the premiums over the closing prices on the immediate Business Day before the public announcement of those deals and the respective simple averages of the closing prices for the immediately preceding one- and three-month periods to those dates, and a higher level than the simple average of the closing prices for the immediately preceding six-month period to those dates.

The Tender Offer Price is lower than the Company's per-share net asset value as of September 30, 2024, of 3220.96 yen (a discount of approximately 8.4%). However, even supposing that the Company is liquidated, considering that the book value of its net asset value will not be converted into cash as-

is, and especially given that the Company's assets include inventory assets, land and buildings of factories, the headquarters, sales offices, intangible fixed assets, including goodwill, and many other low-liquidity business assets, and thus a considerable amount of damage would be expected when costs required for liquidation are taken into consideration, the per-share book value of its net asset value should not be considered the minimum price reflecting the fair value of the Company Shares. Moreover, because the value of net assets does not reflect future profitability, emphasizing it in the calculation of the Company's corporate value, a going concern, is not reasonable.

Accordingly, even if the Tender Offer Price is lower than the Company's per-share net asset value as of September 30, 2024, this in itself does not erode the appropriateness of the Tender Offer Price.

c) Fairness of the procedures in the negotiation process

As described in "c. Fairness of the procedures in the negotiation process leading to the Transaction" below, the procedures of the negotiation process leading to the Transaction, including the Tender Offer, are found to be fair, and accordingly, the Tender Offer Price is found to have been determined in light of the results of such negotiation.

d) Appropriateness of the scheme relating to the Transaction

In this Transaction, the Tender Offeror plans to execute a tender offer for the Company's outstanding common shares, excluding those held by Non-Tendering Shareholders and treasury shares held by the Company.

At the same time, to proceed with the Squeeze-out Procedures in a more reliable manner, the Tender Offeror has executed with Non-Tendering Shareholders the Non-Tendering Agreement having the details described in i) to iii) below.

i) Agreement on non-tendering in the Tender Offer

Non-Tendering Shareholders have agreed not to tender the Non-Tendered Shares in the Tender Offer.

ii) Agreement on exercise of voting rights attached to the Company Shares

If the Tender Offeror cannot acquire all the Company Shares (excluding treasury shares held by the Company and the Non-Tendered Shares) after the successful completion of the Tender Offer, the Tender Offeror plans to request the Company to convene an extraordinary general shareholders meeting that includes in its agenda items a resolution for the Share Consolidation and an amendment to the articles of incorporation eliminating the provisions for the number of shares in a share unit, subject to the coming into effect of the Share Consolidation, so that the Tender Offeror and Non-Tendering Shareholders will be the only the Company shareholders; Non-Tendering Shareholders have agreed to vote in favor of all the agenda items by exercising their voting rights attached to the Non-Tendered Shares.

iii) Agreement on share-lending

To avoid as far as possible the existence of the Company shareholders (excluding the Tender Offeror and Non-Tendering Shareholders) who own Company Shares equal to or greater than the smallest number of the Company Shares owned by any of the Tender Offeror and Non-Tendering Shareholders as of the effective date of the Share Consolidation, and proceed with the Squeeze-out Procedures in a more reliable manner, the Tender Offeror has agreed with Non-Tendering Shareholders to the effect that upon request from the Tender Offeror, DMC will carry out the Share Lending Transaction with other Non-Tendering Shareholders effective before the Share Consolidation comes into effect. If the Share Lending Transaction is carried out, the Company is expected to conduct, after the Share Consolidation comes into effect, a stock split and return the Company Shares loaned through the share lending to the respective lenders.

With the assumption of an agreement such as the Non-Tendering Agreement above, no specific shareholders are expected to receive any amount that exceeds the Tender Offer Price in relation to the

assignment of the Company Shares in the Tender Offer, which means there is no conflict with the uniformity of the tender offer price; this, in turn, indicates that no Non-Tendering Shareholders would unreasonably reap a profit through the Tender Offer.

As the Squeeze-out Procedures after the Tender Offer, the Share Consolidation procedures are planned, and this is thought to be because Non-Tendering Shareholders are expected to remain as the Company shareholders even after the Squeeze-out Procedures and thus, (regardless of the Tender Offeror's Company Shares ownership ratio following the Tender Offer,) the Share Consolidation was chosen rather than demand for the sale of shares. The Share Consolidation provides general shareholders of the Company who did not tender their Shares in the Tender Offer with an opportunity to raise an objection to the right to demand for purchase of shares, the right to demand price determination, and other forms of consideration of the Tender Offer, and is a set of procedures found to be reasonable, and can be said to be a general technique adopted in cases similar to the Transaction. Further, according to the Tender Offeror, after completion of the Tender Offer, the Tender Offeror plans to convene at an early date extraordinary shareholders meeting for implementing the Squeeze-out Procedures, and in said Squeeze-out Procedures, amounts that are calculated to be equal to the Tender Offer Price multiplied by the number of the Company Shares that each of general shareholders of the Company who did not tender their Shares in the Tender Offer are expected to be delivered to said shareholders, and this is expected to be specified in a press release, etc.

Given the foregoing, even when considering the method of the Squeeze-out Procedures that are planned after the Tender Offer, no unreasonable point is identified for the procedures.

The Tender Offeror intends to become the sole shareholder of the Company eventually, and as a means for achieving such objective, the Tender Offeror plans to carry out, on the condition of completion of the Squeeze-out Procedures, a Share Swap with the Tender Offeror's shares as consideration, having the Tender Offeror as the wholly-owning parent after the Share Swap and the Company as a wholly-owned subsidiary after the Share Swap; details have yet to be determined at this point in time.

Furthermore, with respect to the scheme related to the overall Transaction ("Scheme"), nothing detrimental to the interests of minority shareholders is found.

Given the foregoing, the Scheme is found to be not disadvantageous to minority shareholders.

e) Appropriateness of the Scheme relating to the Transaction

The Transaction has monetary consideration, and given that the Tender Offeror is a non-public company, the type of consideration is considered appropriate.

f) Summary

Taking the foregoing into account, and after its careful discussions and deliberations, the Special Committee reached a conclusion that the terms and conditions of the Transaction, including the implementation method of the Transaction and the type and amounts of consideration to be issued to the Company's minority shareholders through the Scheme and the Transaction, are appropriate.

The revision of the earnings forecasts described in "Notice of Revision of the Full-Year Earnings Forecasts" that the Company plans to announce on November 7, 2024, was not announced as of the time of preparing the Report; thus, that revision was not reflected in the stock price. However, given that it was considered in the DCF Method in the Stock Valuation Report and that the premiums of the foregoing levels are provided, the Special Committee determined that the revision would not influence the foregoing conclusion.

c. Fairness of the negotiation process and other procedures leading to the Transaction

a) Establishment of the Special Committee

As described above, to exercise caution in the Company's decision-making in the Transaction, eliminating arbitrariness and conflicts of interest from the decision-making process on its Board of Directors, and ensuring the fairness of such process, the Company appointed three members of the Special Committee under the resolution of its Board of Directors meeting on August 6, 2024. It was July 31, 2024, when the Tender Offeror made its initial proposal relating to the Transaction, and on

August 6, 2024, the Special Committee was already set up. This means that for this matter, the Company promptly started to take measures to ensure the fairness of the process before its Board of Directors commenced deliberations about the Transaction.

The members of the Special Committee are all outside directors of the Company (independent officers) with no special interests in the Company. The compensation paid to the Special Committee members does not include any success fee contingent upon the successful completion of the Transaction; therefore, they are deemed independent of the Company in connection with the Transaction.

b) Establishment of an internal consideration system at the Company

Around the same time as the establishment of the Special Committee, the Company established an internal system for examining, negotiating, and making decisions regarding the Transaction independently of the Tender Offer-Related Parties (consisting of a total of six employees from the Company's corporate planning department and finance division as key members). The Special Committee also studied the independence of this internal consideration system at the Company, with advice from Kitahama Partners, the legal advisor, and confirming through interviews the relationships between the project members and the Tender Offer-Related Parties, and found that there was no issue in terms of their independence and acknowledged this group as the internal consideration system.

As described above, it is recognized that the Company has built a system for examining, negotiating, and making decisions regarding the Transaction independently of the Tender Offer-Related Parties to the extent possible.

It should be noted that the Company's Board of Directors is scheduled to deliberate, with maximum weight to the opinion from the Special Committee, and vote on a resolution on whether to express an opinion in support of the Transaction and recommend that the Company shareholders tender their Shares in the Tender Offer, and that Mr. Reiji Konishi, a director at the Company, plans to have no participation whatsoever in the deliberations and voting on the resolution at the Board of Directors meeting above because he is expected to continue to manage the Company after the successful completion of the Tender Offer and is considering directly or indirectly owning the Company Shares after the Tender Offer; thus he is a special stakeholder director with conflicts of interest with the Company regarding the Transaction.

During the discussions, examinations, and negotiations regarding the Transaction, no other facts were found that imply that the Tender Offer-Related Parties or a stakeholder with special conflicts of interest regarding the Transaction unreasonably influenced the Company. Accordingly, measures for avoiding conflicts of interest have been appropriately taken in this matter.

c) Obtainment of expert advice from independent outside experts

Given that the Transaction will be executed as part of a so-called MBO and there is a structural issue of conflicts of interest, from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness and avoiding conflicts of interest from the process of making decisions on implementation of the Tender Offer, the Company, in considering the Transaction, obtained the Stock Valuation Report from Daiwa Securities, a financial advisor and third-party valuation agency independent of the Tender Offer-Related Parties, and received advice and opinion from Daiwa Securities as well as Kitahama Partners, a legal advisor; the Company then carefully considered and deliberated the matters, such as the appropriateness of the purchase terms and conditions of the Tender Offer, including the Tender Offer Price, and the fairness of the procedures of the Transaction, from the perspectives of enhancing the Company's corporate value and of shared interests of shareholders.

It should be noted that Daiwa Securities and Kitahama Partners do not fall under the category of a Tender Offer-Related Party or have any material interest regarding the Transaction, including the Tender Offer. At its first and second meetings, the Special Committee confirmed that there were no problems with the independence and expertise of Daiwa Securities and Kitahama Partners, including the aforementioned points, and acknowledged them as the Company's financial advisor and third-party valuation agency and legal advisor, respectively.

d) Discussions and negotiations by the Special Committee

The Company authorized the Special Committee to have substantial involvement in the negotiation process between the Company and DMC. On such premise, the Special Committee conducted several rounds of substantial discussions and negotiations on the Tender Offer Price with DMC for the purpose of ensuring fairness of such price from the perspective of protecting the interests of the Company's minority shareholders.

Specifically, with Daiwa Securities serving as a point of contact, the Special Committee conducted price negotiations (including the method of presenting a written response approved by the Special Committee) with DMC, via Mitsubishi UFJ Morgan Stanley Securities, a financial advisor for the Tender Offeror, and during the process leading to the decision to set the Tender Offer Price at 2,950 yen per share of the Company Shares as a result of such negotiations, the Special Committee successfully raised the price three times for a total of 200 yen from the Tender Offeror's initial proposal of 2,750 yen per share.

e) Ensuring opportunities for competing acquisition offers

(i) For the Tender Offer, the Tender Offer Period is expected to be set to 30 Business Days, longer than the minimum tender offer period under laws and regulations (20 Business Days); and (ii) to ensure that an opportunity for competing tender offers by persons other than the Tender Offeror will not be limited unreasonably, the Tender Offeror and the Company have not made any agreements whatsoever with transaction protection provisions that would prohibit contact between the Company and a person other than the Tender Offeror, who is making a competing tender offer, and together with the above purchase period, efforts are made to ensure an opportunity for competing tender offerors, and it is considered that the fairness of the Tender Offer is thereby ensured.

It should be noted that proactive market checks have not been conducted for the Transaction; however, as "Fair M&A Guidelines" ("Guidelines") indicate that proactive market checks have practical problems, such as concerns about having an effect that obstructs M&A deals and issues from the perspective of information management, and the Guidelines do not state that market checks are a desirable measure to be carried out without exception in a case such as the Transaction where an acquirer is not a controlling shareholder.

The Guidelines point out risks of data leaks and other issues associated with advance market checks harming share prices, and, according to the Company's advisors, no comparable MBO cases had a proactive market check done.

Given the fact that proactive market checks are associated with the foregoing risks of adverse impact and the fact that the Tender Offeror is not the controlling shareholder and indirect market checks have been used in the present case, even without a proactive market check, there is no particular likelihood that the fairness of the Transaction will be obstructed.

f) Fairness opinion

While the Guidelines state that obtaining an opinion on the fairness of specific transaction terms and conditions (so-called fairness opinion) from a third-party valuation agency could be more effective in addressing a structural problem of conflicts of interest and a problem of information asymmetry, it is also understood that the effectiveness of obtaining a fairness opinion as a fairness-securing measure depends on each case and thus is not uniform, and an appropriate approach in determining whether a fairness opinion should be obtained is to take into account the specific situation of each M&A case.

As described above, the terms and conditions of the Transaction can be deemed appropriate based on the Stock Valuation Report, etc., prepared by Daiwa Securities, an independent agency with expertise, and it is thought that other various measures sufficiently secured during the process of forming transaction terms and conditions, a situation that can be regarded the same as a transaction between independent parties, furthermore, an opportunity for general shareholders to make appropriate determinations based on sufficient information; for these reasons, it was determined that obtainment of a fairness opinion was not necessary.

g) Conditions for a majority of minority

The Guidelines state that if setting conditions for a “majority of minority” significantly increases the number of general shareholders in favor, which is required in completing an M&A, it would be highly effective in securing the fairness of transaction terms and conditions and thus is considered an effective fairness-securing measure, yet at the same time, it may also work to obstruct an M&A that would contribute to enhancement of the corporate value, and therefore setting “majority of minority” conditions is not necessarily desirable in all cases.

In the Transaction, the Tender Offeror thought that setting the “majority of minority” would make completion of the Tender Offer uncertain and would, in fact, not be in the interests of the Company’s minority shareholders wishing to tender their Shares in the Tender Offer, and for that reason, the “majority of minority” has been set. Given that Non-Tendered Shares alone account for 39.49% of the Company’s outstanding shares as of November 6, 2024, the indication that setting the “majority of minority” would unreasonably obstruct completion of the Transaction is found to be quite reasonable.

At the same time, as discussed above, assorted measures for ensuring the fairness of the Transaction have been taken, and these measures are believed to supplement the fairness of the transaction terms and conditions as a whole.

h) Full provision of information to general shareholders and enhanced transparency of the process

The following information or information substantially identical to the following is expected to be disclosed in the disclosure documents, and therefore an appropriate amount of information will be provided to general shareholders for the Transaction.

- Information regarding the Special Committee
- Information regarding the results of the calculation of the value of the Company Shares in the Stock Valuation Report
- Information regarding the process leading to the decision to implement the Transaction
- Information regarding the background to and objective of the decision to implement the Transaction
- Information regarding the events during the discussions and negotiations on the transaction terms and conditions between the Company and the Tender Offeror
- Information regarding measures to ensure the fairness of the Tender Offer

i) Elimination of coerciveness

In the Squeeze-out Procedures following the Tender Offer, the Company’s general shareholders who did not tender their Shares in the Tender Offer are entitled to demand that the Company purchase their Shares and to file a petition for a decision on the price of the Company Shares. According to the Tender Offeror, following completion of the Tender Offer, the Tender Offeror plans to convene at an early date an extraordinary shareholders’ meeting for conducting the Squeeze-out Procedures, and in the Squeeze-out Procedures, the amount of money to be delivered to said shareholders will be calculated such that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Shares each of said shareholders possessed, and details are expected to be announced in a press release, etc.

Given the foregoing, it is understood that the Company’s general shareholders have been given an opportunity to decide whether to tender Shares in the Tender Offer appropriately, and no coerciveness is found.

j) Summary

In light of the foregoing and after its careful discussion and consideration, the Special Committee determined that appropriate measures to ensure fairness have been taken for the Transaction and that the negotiation process for the Transaction and other procedures are fair.

d. Whether the decision by the Company’s Board of Directors to implement the Transaction (including expressing an opinion concerning the Tender Offer) is disadvantageous to minority shareholders

Given points a. to c. above and other matters, after careful examinations, it was concluded that the decision by the Company's Board of Directors to implement the Transaction (including expressing an opinion concerning the Tender Offer) is not disadvantageous to minority shareholders of the Company.

[2] Obtaining a Stock Valuation Report from a Third-Party Valuation Agency Independent from the Company

When expressing an opinion on the Tender Offer, to ensure the fairness of the decision-making process regarding the Tender Offer Price presented by DMC, the Company requested Daiwa Securities, a third-party valuation agency independent of the Tender Offeror and the Company, to calculate the stock value of the Company Shares, and obtained the Stock Valuation Report on November 6, 2024. As described above, Daiwa Securities does not fall under the Tender Offer-related Persons or the Company's Related Parties and has no material interests regarding the Transaction, including the Tender Offer. Also, the Company has not obtained a written opinion (Fairness Opinion) on the fairness of the Tender Offer Price. Further, the Special Committee confirmed no problems regarding Daiwa Securities' independence.

For an overview of the Stock Valuation Report, see "(3) Matters Relating to Calculation" above.

[3] Obtaining Advice from a Law Firm Independent from the Company

To ensure the fairness and appropriateness of the Company's Board of Directors decision-making process regarding the Transaction, including the Tender Offer, the Company appointed Kitahama Partners as a legal advisor, independent of the Tender Offer-Related Parties and the Company, and received necessary legal advice from Kitahama Partners about the method and process of the Company's Board of Directors decision-making, including procedures relating to the Transaction that includes the Tender Offer, and other points to bear in mind. Kitahama Partners does not fall under the Tender Offer-Related Parties or the Company's Related Parties and has no material interests regarding the Transaction, including the Tender Offer. Further, the remuneration to Kitahama Partners is only a per-hour fee and does not include any success fee contingent upon successful completion of the Transaction. The Special Committee confirmed no problems regarding Kitahama Partners' independence.

[4] Establishment of an Independent Consideration System at the Company

As described in "(2) Grounds and Reasons for the Opinion" "[3] The Decision-Making Process Leading to the Company's Support of the Tender Offer; Reasons," from the perspective of exercising caution in the Company's decision-making in the Transaction and eliminating arbitrariness and conflicts of interest from the decision-making process at the Company's Board of Directors, the Company established an internal system for examining, negotiating, and making decisions regarding the Transaction independently of the Tender Offer-Related Parties (consisting of a total of six employees from the Company's corporate planning department and finance division as key members).

Specifically, under the above system approved by the Special Committee, the Company ensured that persons who have interests in the Tender Offer-Related Parties were not involved in the preparation of the business plan which would be the basis for the valuation of the Company Shares or in the negotiation process between the Company and DMC concerning the terms and conditions of the Transaction, including the Tender Offer Price.

Also, the internal system for examining the Transaction established in the Company, including the foregoing arrangements, was based on advice from Kitahama Partners, and the Special Committee confirmed that there were no problems from the perspective of independence.

[5] Approval of All the Company Directors (including Audit and Supervisory Committee Members) Who Do Not have any Interest;

Taking into account the Stock Valuation Report obtained from Daiwa Securities and legal advice received from Kitahama Partners, the Company carefully examined the terms and conditions of the Transaction, including the Tender Offer, while giving maximum weight to the content of the Report. As a result, as described in "(2) Grounds and Reasons for the Opinion," "[3] The Decision-Making Process Leading to the Company's Support of the Tender Offer; Reasons," the Company's Board of Directors, decided, regarding the Tender Offer, that (a) delisting the Company Shares through the Transaction,

including the Tender Offer, would lead to more in-depth measures, including a large sum of investment in research and development for which it is difficult to predict when it will bear fruit, at a faster clip, thereby contributing to enhancement of the Company's corporate value and (b) the Tender Offer Price and other conditions of the Tender Offer are appropriate for the Company shareholders, thereby, the Tender Offer would provide a reasonable opportunity for the Company shareholders to sell their Shares. At the Company's Board of Directors meeting held today, the Company's directors who participated in deliberation and resolution (out of ten directors in total, nine directors excluding Mr. Reiji Konishi, and including five directors who are also Audit and Supervisory Committee Members) passed a resolution unanimously to issue an opinion in support of the Tender Offer and to recommend that the Company shareholders tender their Shares in the Tender Offer.

Mr. Reiji Konishi is a director of DMC, the wholly-owning parent company of the Tender Offeror, who plans to continue to serve in the Company's management after the successful completion of the Tender Offer, and thus has a conflict of interest with the Company regarding the Transaction. Therefore, Mr. Reiji Konishi did not participate in the deliberations or the resolution at the above meeting, nor did he participate on behalf of the Company in any discussions and negotiations with DMC.

This resolution by the Company's Board of Directors is subject to the condition that the Company Shares will be delisted by the Tender Offeror through the Tender Offer and the subsequent series of procedures.

[6] Securing an Objective State Where the Fairness of the Tender Offer is Ensured

Although the minimum purchase period under laws and regulations is 20 Business Days, the Tender Offeror sets the Tender Offer Period as 30 Business Days. By setting a comparatively long period compared to the minimum period under laws and regulations, the Tender Offeror intends to secure opportunities for the Company shareholders to appropriately determine on tendering their Shares in the Tender Offer and to secure opportunities for other persons to make competing tender offers, etc. for the Company Shares, thereby ensure the fairness of the Tender Offer Price.

Additionally, the Tender Offeror and the Company have not made an agreement restricting the Company's contact with competing tender offerors, such as an agreement containing a transaction protection clause that prohibits the Company from contacting competing tender offerors. Thus, in addition to the adjustment of the Tender Offer period as above, by securing opportunities for competing tender offerors, etc., securing the fairness of the Tender Offer has been considered.

For a proactive market check to survey and investigate whether there is any other potential acquirer in the market (including any bidding procedures, etc., prior to the public announcement of the Transaction), considering that check has practical problems in light of information management and related matters, the Special Committee determined in view of the assorted measures that were carried out to ensure the fairness of the Transaction, which includes the Tender Offer, and other specific conditions of the Transaction that non-carrying out such a market check will not particularly hinder the fairness of the Transaction.

4. Important Agreements Relating to the Tender Offer

The Tender Offeror formed with Non-Tendering Shareholders the Non-Tendering Agreement effective today. Details of the Non-Tendering Agreement are as follows.

(1) Agreement on non-tendering in the Tender Offer

Non-Tendering Shareholders have agreed not to tender their Non-Tendered Shares in the Tender Offer.

(2) Agreement on the exercise of voting rights attached to the Company Shares

If the Tender Offeror cannot acquire all the Company Shares (excluding treasury shares held by the Company and the Non-Tendered Shares) in the Tender Offer, after the successful completion of the Tender Offer, the Tender Offeror plans to request the Company to convene an extraordinary general shareholders meeting that includes in its agenda items a resolution for the Share Consolidation and an amendment to the articles of incorporation eliminating the provisions for the number of shares in a share unit, subject to the coming into effect of the Share Consolidation, so that the Tender Offeror and Non-Tendering Shareholders

will be the only shareholders of the Company and Non-Tendering Shareholders have agreed to vote in favor of all the agenda items by exercising their voting rights attached to the Non-Tendered Shares.

(3) Agreement on share lending

To avoid as far as possible the existence of the Company shareholders (excluding the Tender Offeror and Non-Tendering Shareholders) who own the Company Shares equal to or greater than the smallest number of the Company Shares owned by any of the Tender Offeror and Non-Tendering Shareholders as of the effective date of the Share Consolidation, and proceed with the Squeeze-out Procedures in a more reliable manner, DMC has agreed to, upon request from the Tender Offeror, carry out the Share Lending Transaction with the other Non-Tendering Shareholders effective before the Share Consolidation comes into effect. The share lending fee and other terms have not been determined.

5. Provision of Profit by the Tender Offeror or Other Special-Related Parties

Not applicable.

6. Policy to Address Basic Policy Relating to Company Control

Not applicable

7. Inquiries to the Tender Offeror

Not applicable

8. Request for Extending the Tender Offer Period

Not applicable

9. Future Outlook

See “3. Details of, Grounds and Reasons for the Opinion Relation to Tender Offer,” “(2) Grounds and Reasons for the Opinion” “[2] The Background, Reasons and Decision-Making Process Leading to the Tender Offeror’s Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy,” as well as “(4) Prospects for Delisting; Reasons” and “(5) Post-Tender Offer Reorganization Policy (Matters Relating to Two-Step Acquisition)” above.

10. Others

- (1) Public announcement of the “Fiscal Year Ending December 2024 Third Quarter Consolidated Earnings Report (based on Japanese GAAP)”
The Company has publicly announced its Third Quarter Earnings Report as of today. For details, see the announcement.
- (2) Public announcement of “Notice of Revision of Dividend Forecast for the Fiscal Year Ending December 2024 (No Dividend)”
The Company passed a resolution at its Board of Directors meeting held today to revise the dividend forecast for the fiscal year ending December 2024 and not to distribute year-end dividends on the condition of the successful completion of the Tender Offer. For details, see the announcement.
- (3) Public announcement of “Notice of Revision of the Full Year Earnings Forecasts.”
The Company has publicly announced “Notice of Revision of the Full Year Earnings Forecasts” at its Board of Directors meeting held today. For details, see the announcement.

(Reference) “Notice of Commencement of the Tender Offer for the Shares of I-PEX Inc. (Securities Code: 6640) by UDON Inc.” dated November 7, 2024

To Whom It May Concern:

UDON Inc.
Representative Director:
Tatsuya Konishi

Announcement of Commencement of the Tender Offer for I-PEX Inc. (Securities Code: 6640) Shares

UDON Inc. (“Tender Offeror”) hereby announces that it decided on November 7, 2024 to acquire the ordinary shares of I-PEX Inc. (Securities Code: 6640, listed on Tokyo Stock Exchange, Inc. (“TSE”) Prime Market; “Target”) (“Target Shares”) through a tender offer pursuant to the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (“Tender Offer”).

Tender Offeror is a *kabushiki kaisha* all issued shares of which are owned by DMC Inc. (“DMC”) as of November 7, 2024, and is a company established on October 17, 2024, having as its primary purpose the acquisition and possession of Target Shares and having Mr. Tatsuya Konishi, the representative director of DMC and executive officer of Target, as its representative director. Further, the representative director of Tender Offeror at the time of its establishment was Mr. Hiroyuki Mima, but on November 6, 2024, Mr. Mima resigned as representative director and in his place Mr. Tatsuya Konishi assumed the position of representative director of Tender Offeror. As of November 7, 2024, Tender Offeror does not hold any Target Shares.

As of November 7, 2024, DMC is an asset management company for the founding family of Target, having as its primary business the possession, management and investment of real properties and securities, holding primarily Target Shares. Mr. Tatsuya Konishi, a member of the founding family, serves as DMC president and representative director, Mr. Reiji Konishi, a director of Target, serves as a director, and the Konishis and other members of the founding family hold all of DMC’s issued shares. As of November 7, DMC holds 6,821,400 Target Shares (ownership percentage: 36.77% (Note 1)), which are listed on the TSE Prime Market and is a large shareholder, and additionally the top shareholder, of Target. Mr. Tatsuya Konishi as of November 7, 2024, holds 101,800 Target Shares (ownership percentage: 0.55%) and 4,565 DMC shares with voting rights (Note 2) (percentage of the total number of issued DMC shares with voting rights (13,695 shares) as of November 7, 2024: 33.33%). Mr. Reiji Konishi as of November 7, 2024, holds 101,900 Target Shares (ownership percentage: 0.55%) and 4,565 DMC shares with voting rights (percentage of the total number of issued DMC shares with voting rights (13,695 shares) as of November 7, 2024: 33.33%).

Note 1: “Ownership percentage” means the percentage (rounded off to the second decimal place; the same applies below in the calculation of ownership percentages) of the total number of issued shares of Target as of September 30, 2024 as set forth in the December 2024 Term Third Quarter Consolidated Earnings Report (based on Japanese GAAP), which Target released on November 7, 2024 (18,722,800 shares), less the number of treasury shares Target holds as of September 30, 2024 (172,194 shares), which results in 18,550,606 shares.

Note 2: “Shares with voting rights” means issued shares of DMC having voting rights that can be exercised for resolutions at DMC shareholders meetings.

Tender Offeror has decided to carry out the Tender Offer as part of the series of transactions (“Transaction”) for the purpose of acquiring all Target Shares (excluding treasury shares held by Target and Non-Tendered Shares (defined below)) and delisting Target Shares.

The Transaction falls under a so-called management buyout (MBO) (Note 3) and Mr. Tatsuya Konishi, a member of the founding family and executive officer of Target, and Mr. Reiji Konishi, a member of the founding family and director of

Target, is well-versed in Target's business, both will continue to manage Target after the Transaction, with Mr. Reiji Konishi expected to assume the position of representative director of Target. As of November 7, there is no agreement between Tender Offeror and other directors of Target (including Audit and Supervisory Committee members) on officer appointment or treatment after completion of the Tender Offer, and, if the Tender Offer is completed, decisions on the post-Tender Offer management structure of Target, including officers, are expected to be made through consultation with Target.

Note 3: A "management buyout (MBO)" refers to a transaction in which a tender offeror carries out a tender offer based on an agreement with officers of the Target for a shared benefit with the officers of the Target.

In implementing the Tender Offer, Tender Offeror agreed in writing on November 7, 2024 with Target shareholders DMC (shares owned: 6,821,400 shares, ownership percentage: 36.77%), Mr. Daiki Konishi, the seventh-largest shareholder of Target (shares owned: 300,000 shares, ownership percentage: 1.62%), Mr. Tatsuya Konishi (shares owned: 101,800 shares, ownership percentage: 0.55%) and Mr. Reiji Konishi (shares owned: 101,900 shares, ownership percentage: 0.55%) (hereinafter DMC, Mr. Daiki Konishi, Mr. Tatsuya Konishi and Mr. Reiji Konishi collectively as "Non-Tendering Shareholders") that the Non-Tendering Shareholders will not tender any of the Target Shares they respectively hold (total shares owned: 7,325,100 shares, total ownership percentage: 39.49%; "Non-Tendered Shares") in the Tender Offer, and that if the Tender Offer is successfully completed, at the Extraordinary General Shareholders Meeting (Note 4), they will support resolutions relating to the Squeeze-out Procedures (Note 5). Further, there is also an agreement in writing that, upon request from Tender Offeror before the share consolidation of Target Shares carried out as part of the Squeeze-out Procedures ("Share Consolidation") comes into force, DMC will execute with other Non-Tendering Shareholders a loan agreement for Target Shares and carry out the Share Lending Transaction (Note 6).

Note 4: "Extraordinary General Shareholders Meeting" means an extraordinary general shareholders meeting that, after the completion of the Tender Offer, Tender Offeror plans to request Target to convene, and that will include in its agenda items a resolution for the Share Consolidation and an amendment to the articles of incorporation eliminating the provisions for number of shares in a share unit, subject to the coming into effect of the Share Consolidation.

Note 5: "Squeeze-out Procedures" means a series of procedures designed to make Tender Offeror and the Non-Tendering Shareholders the sole shareholders of Target that Tender Offeror plans to carry out if it is unable to acquire all Target Shares through the Tender Offer (excluding treasury shares held by Target and the Non-Tendered Shares).

Note 6: "Share Lending Transaction" means a transaction regarding which, upon request from Tender Offeror, DMC will execute a Target Shares loan agreement with any of the other Non-Tendering Shareholders and borrow a portion or all of Target Shares owned by such Non-Tendering Shareholder who will be the lender, effective before the Share Consolidation comes into effect. Specifically, such move is aimed at achieving continuous ownership of Target Shares by Non-Tendering Shareholders even after the Squeeze-out Procedures are carried out, through the following steps: (1) the Non-Tendering Shareholder with the relatively lowest ownership percentage becomes the lender in the Share Lending Transaction and lends all of Target Shares it owns to DMC and (2) after the Share Consolidation comes into force, DMC, having become the borrower in the Share Lending Transaction, unwinds the Share Lending Transaction and returns all of the Target Shares it borrowed to the lender.

An overview of the Tender Offer is as follows.

- (1) Name of Target
I-PEX Inc.
- (2) Type of Share Certificates etc. for Purchase etc.
Ordinary shares
- (3) Purchase etc. Period
From November 8, 2024 (Friday) until December 19, 2024 (Thursday) (30 business days)

(4) Purchase etc. Price

2,950 yen per 1 ordinary share

(5) Number of Share Certificates etc. planned for purchase

Type of share certificate etc.	Number of shares planned for purchase	Minimum number of shares planned for purchase	Maximum number of shares planned for purchase
Ordinary shares	11,225,506 (shares)	5,042,000 (shares)	- (shares)
Total	11,225,506 (shares)	5,042,000 (shares)	- (shares)

(6) Settlement Commencement Date

December 26, 2024 (Thursday)

(7) Tender Offer Agent

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
au Kabucom Securities Co., Ltd. (sub-agent)

1-9-2 Otemachi, Chiyoda-ku, Tokyo
3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo

For details of the Tender Offer, please refer to the Tender Offer Notification concerning the Tender Offer to be submitted on November 8, 2024 by Tender Offeror.

End

[Restrictions on Solicitation]

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. Shareholders wishing to make an offer to sell their shares should first read the Tender Offer Notification and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. Neither this press release (nor any part of it) nor the fact of its distribution shall form the basis of any agreement relating to the Tender Offer or be relied on in connection with execution of such agreement.

[Forward-Looking Statements]

This press release may contain forward-looking expressions, such as “expect,” “forecast,” “intend,” “plan,” “believe,” “anticipate,” including expressions regarding future business of Tender Offeror or other companies. These expressions are based on Tender Offeror’s current business outlook and are subject to change depending on future conditions. Tender Offeror assumes no obligation to update forward-looking expressions in this press release to reflect actual business performance, various future circumstances or change to terms and conditions.

[U.S. Regulations]

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as the procedures and information disclosure standards in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; the “U.S. Securities Exchange Act of 1934”) nor the rules stipulated under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures and standards. The financial information included in this press release and its reference material is not in line with U.S. generally accepted accounting principles. In addition, because the Tender Offeror and Target are corporations incorporated outside the United States, and some or all of their officers are non-U.S. residents, it may be difficult to exercise rights or make claims against them based on U.S. securities laws. It also may be impossible to initiate an action against a corporation or individual that is based outside of the United States in a court outside of the United States on the grounds of a violation of U.S. securities laws. Furthermore, there is no guarantee that a corporation or individual that is based outside of the United States or affiliates of such corporation may be compelled to submit themselves to the jurisdiction of a U.S. court.

Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. All or a part of the documentation relating to the Tender Offer will be prepared in the English language; however, if there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.

Tender Offeror and its affiliates, and the affiliates of the respective financial advisors to the Tender Offeror and Target, may purchase or arrange to purchase the shares of Target by means other than the Tender Offer, for their own account or for their client’s account, in their ordinary course of business and to the extent permitted under the financial instrument and exchange laws and regulations and any other applicable laws and regulations in Japan, in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, prior to commencement of the Tender Offer or during the period of Purchase etc. in the Tender Offer. In the event that information regarding such purchases is disclosed in Japan, such information will also be disclosed in English on the English website of the party conducting such purchases or its affiliate.

This press release and its reference material include statements that fall under “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Due to known or unknown risks, uncertainties or other factors, actual results may differ significantly from the predictions etc. indicated implicitly or explicitly in any “forward-looking statements.” The Tender Offeror, Target and their affiliates do not guarantee that the predictions etc. indicated implicitly or explicitly in any “forward-looking statements” will materialize. The “forward-looking statements” in this press release and its reference materials were prepared based on information held by the Tender Offeror as of the publication date of this press release, and unless required by laws or regulations, the Tender Offeror, Target and their affiliates shall not be obligated to update or revise such forward-looking statements to reflect future incidents or situations.

[Other Countries]

Some countries or regions may impose restrictions on the announcement, issuance or distribution of this press release. In such cases, please take note of such restrictions and comply with them. The announcement, issuance or distribution of this press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.