

[Translation]

## Cover Page

Document filed	Tender Offer Registration Statement
Filed to	Director-General of the Kanto Finance Bureau
Date of filing	July 28, 2021
Name of filing party (Tender Offeror)	Sakai Textile Co., Ltd.
Address of filing party (Tender Offeror)	2-15-1 Hanandoh Naka, Fukui City, Fukui
Nearest contact location	Osaka Securities Exchange Building, 1-8-16 Kitahama, Chuo-ku, Osaka City Kitahama Partners
Telephone number	06-6202-1088
Name of contact person	Attorney-at-Law, Toru Miki, Takuya Tome
Name of attorney-in-fact	N/A
Address of attorney-in-fact	N/A
Nearest contact location	N/A
Telephone number	N/A
Name of contact person	N/A
Place where a copy of the tender offer registration statement is available for public inspection	Sakai Textile Co., Ltd. (2-15-1 Hanandoh Naka, Fukui City, Fukui) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Note 1: The term “**Tender Offeror**” means Sakai Textile Co., Ltd.

Note 2: The term “**Target Company**” means SAKAI OVEX CO., LTD.

Note 3: Where the figures have been rounded or truncated, the amount indicated as the total may not always be equal to the sum of the relevant figures.

Note 4: The term “**Act**” means the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

Note 5: The term “**Enforcement Order**” means the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended).

Note 6: The term “**Cabinet Ordinance**” means the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers (the Ordinance of the Ministry of Finance No. 38 of 1990, as amended).

Note 7: The term “**Tender Offer**” means the tender offer regarding the filing of this Statement.

Note 8: The term “**Share Certificates, Etc.**” means a right or interest in shares and the like.

Note 9: Unless otherwise specified, any reference to the number of days or the date and time means the number of days or the date and time in Japan.

Note 10: The term “**Business Day(s)**” means any day(s) other than those set forth in Article 1, paragraph (1) of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended).

Note 11: The Tender Offer is applicable to the common shares of the Target Company, a company established in Japan (the “**Target Company Shares**”). While the Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the Act, these procedures and information disclosure standards are not necessarily identical to the procedures and information disclosure standards in the United States. In particular, Section 13 (e) or 14 (d) of the U.S. Securities Exchange

Act of 1934 (as amended), and the rules prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards.

Note 12: Unless otherwise described in this Statement, all procedures relating to the Tender Offer will be conducted entirely in Japanese. While some or all of the documentation relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

Note 13: This Statement includes 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. Actual results might be substantially different from the express or implied predictions set forth herein as “forward-looking statements” due to known or unknown risks, uncertainties, or other factors. Neither the Tender Offeror nor its affiliates assure that such express or implied predictions included as “forward-looking statements” will be achieved. The forward-looking statements contained herein have been prepared based on the information held by the Tender Offeror as of the date of this Statement, and, unless otherwise required under applicable laws and regulations, neither the Tender Offeror nor its affiliates assume any obligation to update or revise that statement to reflect any future events or circumstances. The financial information contained in this Statement has been prepared in accordance with Japanese accounting standards, which is not necessarily equivalent to financial information of U.S. companies. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Tender Offeror is incorporated outside the United States, and some or all of its directors are non-U.S. residents. It may not be possible to commence legal proceedings against a non-U.S. company and its directors in a non-U.S. court for violations of the U.S. securities laws. In addition, it may not be possible to compel a non-U.S. company and its subsidiaries and affiliates to subject themselves to a U.S. court’s jurisdiction.

Note 14: The Tender Offeror, each financial advisor to the Tender Offeror and the Target Company, and the Tender Offer Agent (including their affiliates) may, within their ordinary course of business and to the extent permitted under Japan’s financial instruments and exchange law system and other applicable laws and regulations and in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934, prior to the commencement of, or during the tender offer period in the Tender Offer (“**Tender Offer Period**”), engage in the purchase, or arrangement to purchase, of shares of the Target Company for its account or its customers’ accounts by means other than pursuant to the Tender Offer. Such purchase may be conducted at a market price in the market, or a price decided by the negotiation outside the market. If any information concerning any such purchases is disclosed in Japan, corresponding disclosure will be made on the English homepage of the financial advisor or the Tender Offer Agent (or through other public disclosure methods).

## No.1 [Outline of the Tender Offer]

### 1. [Target Name]

SAKAI OVEX CO., LTD.

### 2. [Type of Share Certificates, Etc. Subject to the Tender Offer]

#### (1) Common shares

#### (2) Share options

- I. Share Options issued based on the resolution of the Board of Directors Meeting of the Target Company held on June 20, 2014 ("**Series 1 Share Options.**") (The exercise period is from July 26, 2014, to July 25, 2044)
- II. Share Options issued based on the resolution of the Board of Directors Meeting of the Target Company held on June 19, 2015 ("**Series 2 Share Options.**") (The exercise period is from July 25, 2015, to July 24, 2045)
- III. Share Options issued based on the resolution of the Board of Directors Meeting of the Target Company held on June 24, 2016 ("**Series 3 Share Options.**") (The exercise period is from July 23, 2016, to July 22, 2046)
- IV. Share Options issued based on the resolution of the Board of Directors Meeting of the Target Company held on June 23, 2017 ("**Series 4 Share Options,**" and the Series 1 Share Options, the Series 2 Share Options, the Series 3 Share Options, and the Series 4 Share Options are collectively referred to as "**Share Options.**") (The exercise period is from July 29, 2017, to July 28, 2047)

### 3. [Purpose of Purchase etc.]

#### (1) Outline of the Tender Offer

The Tender Offeror is a stock company established by Shintaro Matsuki ("**Mr. Matsuki**"), Representative Director and President of the Target Company, on January 15, 2021, for the main purposes of acquisition and ownership of the Target Company Shares and Share Options through the Tender Offer. As of the date of submission of this Statement, Mr. Matsuki owns 100% of the issued shares of the Tender Offeror and serves as Representative Director. As of the submission date of this Statement, the Tender Offeror does not own the Target Company Shares or the Share Options. As part of a series of transactions ("**Previous Transaction**") for the purpose of acquiring all of the Target Company Shares (includes shares issued upon the exercise of Share Options, but excludes the treasury shares owned by the Target Company) which are listed on the First Section of the Tokyo Stock Exchange, Inc. ("**TSE**") and Share Options, delisting the Target Company Shares, and the Tender Offeror becoming the sole shareholder of the Target Company, the Tender Offeror conducted a tender offer (period for purchase etc. from February 9, 2021 through March 24, 2021, purchase etc. price ("**Previous Tender Offer Price**") 3,000 yen per share for Target Company Shares, one (1) yen per unit for Share Options, "**Previous Share Option Offer Price,**" "**Previous Tender Offer**"), however it was unsuccessful since the minimum number of shares planned to be purchased in the Previous Tender Offer was 4,127,800 shares, and the total number of share certificates, etc. tendered in the Previous Tender Offer was 3,939,239 shares, which did not meet the minimum 4,127,800 shares.

As part of a series of transactions (“**Transactions**”) for the purpose of acquiring all of the Target Company Shares (includes shares issued upon the exercise of Share Options, but excludes treasury shares owned by the Target Company, and the Agreed Non-tendering Shares (defined below, and the same shall apply hereinafter.) owned by the Target Company’s largest shareholder City Index Eleventh Co., Ltd. (number of shares owned: 515,600 shares, Ownership Ratio (Note 1): 8.33% (“**CIE**”)) which are listed on the First Section of TSE and Share Options, delisting the Target Company Shares, and the Tender Offeror and the largest shareholder CIE becoming the sole shareholders of the Target Company (Note 2). the Tender Offeror has decided to conduct the Tender Offer on July 27, 2021. The Transactions fall under the category of a management buyout (MBO) (Note 3), and Mr. Matsuki plans to continue to manage the Target Company after the Transaction. There is no special agreement between the Tender Offeror and other Directors of the Target Company (including Audit and Supervisory Committee Members) regarding their appointment as officers after the Tender Offer.,

- Note 1 “**Ownership Ratio**” is the ratio of Target Company Shares owned divided by the number of shares (6,191,133 shares, “**Basis Number of shares**”) which is obtained by adding the number of Target Company Shares which are the subject of 313 units of Share Options (Note 4) listed in the Target Company’s 128th Securities Report (“**Target Company Securities Report**”) as of March 31, 2021 (31,300 shares), submitted by the Target Company on June 28, 2021 (6,467,558 shares), to the total number of shares issued and outstanding in the Target Company Securities Report as of March 31, 2021 (6,436,258 shares), then deducting the number of treasury shares owned by the Target Company listed in the Target Company Securities Report as of March 31, 2021 (276,425 shares) (rounded off to two decimal places; the same applies to Ownership Ratio hereinafter.)
- Note 2 However, after the Tender Offer, in the event that there are shareholders who own equal shares or more than the Agreed Non-tendering Shares owned by CIE, the Tender Offeror, CIE, and the said shareholders would have a consultation on the improvement of the corporate value of the Target Company and their respective roles (“**Trilateral Consultation**”). After careful and due consultation, if they fail to reach an agreement at the Trilateral Consultation, the Tender Offeror will consider another course, including making itself the sole shareholder of the Target Company, and CIE will support a decision made by the Tender Offeror (“**Support (CIE)**.” A series of procedures to have consultations and gain the Support (CIE) in the case of their failure to reach an agreement, “**Procedures for Consultations and Support**”).
- Note 3 “Management buyout (MBO)” generally refers to a transaction where the management team of a target company contributes all or part of the acquisition funds to purchase the shares of the target company based on the premise of continuing the business of the target company.
- Note 4 The table below shows the breakdown of 313 units of Share Options. The holders of Share Options (“**Share Options Holders**”) are Directors and executive employees of the Target Company. It is provided that the Share Option Holders may exercise their allotted Share Options on or after the day following the day when they lose their position as Director or Corporate Officer of the Target Company, respectively, within the exercise period for Share Options.

Name of Share Options	Number of units as of March 31, 2021 (units)	Number of subject Target Company Shares (shares)
Series 1 Share Options	61	6,100
Series 2 Share Options	60	6,000
Series 3 Share Options	96	9,600
Series 4 Share Options	96	9,600
Total	313	31,300

For conducting the Tender Offer, the Tender Offeror has executed an agreement with CIE on July 27, 2021, under which CIE will not tender all the Target Company Shares owned (number of shares owned: 515,600 shares, Ownership Ratio: 8.33%, “**Agreed Non-tendering Shares**”) in the Tender Offer (“**Non-Tender Agreement**”). In addition to the above agreement, the Tender Offeror plans to conclude a shareholders’ agreement in consultation with CIE separately, but as of the date of submission of this Statement, the specific timing and details of the agreement have not been decided. For the outline of the Non-Tender Agreement and the matters that may be provided for in the shareholders’ agreement, please see “(6) Important Agreements relating to the Tender Offer,” “I Non-Tender Agreement” and “VI Others” below.

At the same time, the Tender Offeror has executed an agreement dated July 27, 2021, with Toray Industries, Inc. (number of shares owned: 464,530 shares, Ownership Ratio: 7.50%, “**Toray**”), the second-largest shareholder of the Target Company. Also, it has executed the same dated July 26, 2021, with The Fukui Bank, Ltd. (number of shares owned: 165,000 shares, Ownership Ratio: 2.67%, “**Fukui Bank**”), the tenth-largest shareholder of the Target Company, under which Toray and Fukui Bank will tender all Target Company Shares owned, respectively, (shares owned by Toray and Fukui Bank are collectively referred to as “**Agreed Tendering Shares**” (total number of shares owned: 629,530 shares, total Ownership Ratio: 10.17%) in the Tender Offer (agreement with Toray “**Tender Agreement (Toray)**,” and agreement with Fukui Bank “**Tender Agreement (Fukui)**.”)

For an overview of these agreements, please see “(6) Material Agreements on the Tender Offer,” “II Tender Agreement (Toray)” and “III Tender Agreement (Fukui)” below.

In addition, the Tender Offeror was informed from NIPPON ACTIVE VALUE FUND PLC (number of shares owned: 389,800 shares, Ownership Ratio: 6.30%, “**NAVF**”), the fourth-largest shareholder of the Target Company, that it has supported the intent of the Transactions and is positively considering tendering all Target Company Shares owned (number of shares owned: 389,800 shares, Ownership Ratio: 6.30%, all Target Company Shares owned by NAVF are referred to as “**Planned Tendering Shares**”) in the Tender Offer. For the Previous Tender Offer, on February 8, 2021, the Tender Offeror executed an agreement with NAVF under which NAVF would tender all its Target Company Shares (389,800 shares) in the Previous Tender Offer

**(“Previous Tender Agreement (NAVF).”** On February 8, 2021, the Tender Offeror also executed another agreement with NAVF under which it would allocate Class B Shares of the Tender Offeror (Note 5) to NAVF upon completion of a series of procedures to make the Tender Offeror the sole shareholder of the Target Company (**“Previous Investment Agreement (NAVF)”**). Besides, the Tender Offeror planned to execute a shareholders’ agreement with NAVF upon the consultation (as of February 9, 2021, the specific timing of execution and the details of the agreement have not been decided.) (The outline of the Previous Tender Agreement (NAVF) and the Previous Investment Agreement (NAVF) executed between the Tender Offeror and NAVF are as described below. (Note 6))

Meanwhile, regarding the existence of the agreement on the Tender Offer, no agreement exists between the Tender Offeror and NAVF other than the fact that the Tender Offeror was informed from NAVF that it has supported the intent of the Transactions and is positively considering tendering all the Target Company Shares owned (number of shares owned: 389,800 shares, Ownership Ratio: 6.30%) in the Tender Offer.

Note 5 Class B Shares of the Tender Offeror to be issued under the Previous Investment Agreement (NAVF) were non-voting shares, and it did not give a holder any rights to preference dividend, preference allotment of residual assets, nor put option (the right of a holder of Class B Shares to require the Tender Offeror to acquire Class B Shares in exchange for common shares of the Tender Offeror, monies, or equivalent).

Note 6 The outline of the Previous Tender Agreement (NAVF), the Previous Investment Agreement (NAVF), and the shareholders’ agreement to be executed in the Previous Tender Offer is as follows:

(i) Previous Tender Agreement (NAVF)

The Tender Offeror had executed the Previous Tender Agreement (NAVF) dated February 8, 2021, with NAVF, who was the third shareholder of the Target Company as of February 9, 2021, when the Previous Tender Offer was announced, under which NAVF would tender all the Target Company Shares owned, 389,800 shares (Ownership Ratio 6.30%) in the Previous Tender Offer. The Previous Tender Agreement (NAVF) provided for the following conditions precedents for NAVF to tender: (a) the Tender Offeror's representations and warranties (Note 7) are true and accurate in all material respects; (b) the Tender Offeror has performed or complied with its obligations under the Tender Agreement (NAVF) (Note 8) in all material respects; (c) a resolution has been adopted by the Board of Directors of the Target Company to express its opinion supporting the Previous Tender Offer and recommending that the Target Company's shareholders tender their shares in the Previous Tender Offer, and such a resolution has been publicly announced and not been changed or withdrawn; (d) the Previous Tender Offer has been lawfully commenced and not been withdrawn; and (e) no petition, lawsuit or proceedings that would limit or forbid the Previous Tender Offer or NAVF’s tender therein is pending with any judicial, administrative authority or other competent agencies, and there exists none of laws, regulations, and other rules, or none of orders, dispositions, or judgments issued by a judicial or administrative organ, or another similar authority that limits or forbids the Previous Tender Offer or NAVF’s participation therein. The execution of the Previous Investment Agreement (NAVF) and other matters regarding its capital contribution through subscribing for Class B Shares were not provided for as conditions precedents for tendering. Provided, however, that even if any or all of the above conditions precedent are not satisfied,

NAVF was not restricted to waive the said conditions and tender in the Previous Tender Offer at its discretion.

Note 7 Under the Previous Tender Agreement (NAVF), the Tender Offeror represented and warranted as follows: (a) due incorporation and valid existence; (b) that it has the power and authority required to execute and perform the Previous Tender Agreement (NAVF), and it has performed the necessary procedures; (c) the enforceability; (d) that it has obtained all the licenses, approvals, and other permits relating to the execution and performance of the Previous Tender Agreement (NAVF) required to obtain from judicial and administrative agencies on or before the execution or performance thereof; (e) the absence of conflicts between the execution and performance of the Previous Tender Agreement (NAVF) and laws, regulations, other rules, the articles of incorporation, internal rules, agreements, and the like; and (f) the absence of any relationship with antisocial forces, and the like.

Note 8 Under the Previous Tender Agreement (NAVF), the Tender Offeror assumed obligations to NAVF for (a) indemnification and (b) confidentiality.

Furthermore, under the Previous Tender Agreement (NAVF), NAVF would tender its shares in the Previous Tender Offer and not cancel any agreements related to the purchase of Target Company Shares to be formed by its tendering of shares. However, in the event that, after the date of execution of the Previous Tender Agreement (NAVF), another tender offer for the Target Company Shares was commenced by a third party with a purchase price higher than the Previous Tender Offer Price, NAVF might choose not to tender its shares in the Previous Tender Offer or withdraw its tender therefrom.

Additionally, on November 27, 2020, Mr. Matsuki had received an exploratory offer from Rising Sun Management Ltd., the investment advisor for NAVF (“**RSM**”), to consider an MBO by the management team of the Target Company under the support from other investors to be invited by RSM and the capital contribution in part from NAVF, subject to the completion of due diligence, its securing of funding, and other conditions (“**Approach for Consideration of MBO (RSM)**.”) However, under the Previous Tender Agreement (NAVF), NAVF confirmed that it had withdrawn the Approach for Consideration of MBO (RSM) offered to Mr. Matsuki, the Representative Director of the Tender Offeror on or before the date of execution of the Previous Tender Agreement (NAVF).

(ii) Previous Investment Agreement (NAVF)

On February 8, 2021, the Tender Offeror executed the Previous Investment Agreement with NAVF under which NAVF would subscribe for Class B Shares to be allotted by the Tender Offeror (450 shares) at 4,950,000 yen in total (11,000 yen per share) upon the completion of a series of procedures to make the Tender Offeror the sole shareholder of the Target Company, subject to the completion of the Previous Tender Offer, and the satisfaction of other particular requisites. The above conditions were not particularly advantageous compared with the same for subscribing for common shares of the Target Company (49,990,000 yen) to be additionally contributed by Mr. Matsuki on or before two Business Days preceding the commencement date of settlement of the Previous Tender Offer. The conditions precedent for NAVF to subscribe for the above common shares were provided for in the agreement: (a) the Tender Offeror's

representations and warranties (Note 9) are true and accurate in all material respects; (b) the Tender Offeror has performed or complied with its obligations under the Previous Investment Agreement (NAVF) (Note 10) in all material respects; (c) the Previous Tender Offer has been completed; (d) all the licenses, approvals, and other permits required for the implementation of the Previous Tender Offer have been obtained from judicial and administrative agencies and other authorities, not been withdrawn; and (e) none of the recommendations, orders, or other dispositions that require the change or cancellation of all or a part of the issuance of Class B Shares or the implementation of the Previous Tender Offer have been issued.

Note 9 Under the Previous Investment Agreement (NAVF), the Tender Offeror represented and warranted as follows: (a) due incorporation and valid existence; (b) that it has the power and authority required to execute and perform the Previous Investment Agreement (NAVF), and it has performed the necessary procedures; (c) the enforceability; (d) that it has obtained all the licenses, approvals, and other permits relating to the execution and performance of the Previous Investment Agreement (NAVF) required to obtain from judicial and administrative agencies on or before the execution or performance thereof; (e) the absence of conflicts between the execution and performance of the Previous Investment Agreement (NAVF) and laws, regulations, other rules, the articles of incorporation, internal rules, agreements, and the like; and (f) the absence of any relationship with antisocial forces, and the like.

Note 10 Under the Previous Investment Agreement (NAVF), the Tender Offeror assumed obligations to NAVF for (a) issuance of Class B Shares, in addition, (b) indemnification, and (c) confidentiality.

### (iii) Shareholders' Agreement

Besides the above agreements, for encouraging NAVF's active investment of management resources as necessary in the future, the Tender Offeror had continued negotiation with NAVF to execute a shareholders' agreement as of February 9, 2021. Under the shareholders' agreement, NAVF was expected to agree with the Tender Offeror that NAVF would be entitled to appoint one director of the Target Company, it would provide its management resources and the same of related persons and entities with the Tender Offeror and the Target Company without compensation during the period of holding Class B Shares of the Target Company, and no matters would require prior notification to NAVF or prior approval from NAVF regarding the business operation of the Tender Offeror or the Target Company. Also, NAVF verbally indicated its intent to consent to the management policy proposed by Mr. Matsuki and support the enhancement of the corporate value of the Target Company and the Tender Offeror. In addition, for the shareholders' agreement, the Tender Offeror proposed to NAVF the provision imposing on NAVF an obligation to consider its subscription for a capital increase if the Tender Offeror needs to raise funds in cases, such as where either of the Tender Offeror or the Target Company would be likely to go into bankruptcy, and NAVF verbally indicated its intent to assume the obligation. As of February 9, 2021, there was no fact that NAVF was considering any other capital contribution than subscribing for Class B Shares. Other details had not been decided as of February 9, 2021, and the Tender Offeror was going to continue the negotiation with NAVF.

In addition, the investment agreement executed between the Tender Offeror and Mizuho After-Corona Business Succession Assist Fund Investment Limited Partnership ("MBSF") provided for matters requiring prior notification to MBSF and matters requiring prior approval



from MBSF relating to the business operations of the Tender Offeror or the Target Company. However, the MBSF verbally confirmed that it did not intend to be positively involved in the management of the Tender Offer or the Target Company, and it was going to consent to the management policy proposed by Mr. Matsuki.

Through the Tender Offer, the Tender Offeror aims to acquire all the Target Company Shares (includes shares issued upon the exercise of Share Options but excludes the treasury shares owned by the Target Company, and the Agreed Non-tendering Shares) and Share Options, delist the Target Company Shares, and become the sole shareholders of the Target Company together with CIE (please see Note 2 above.) Thus, the minimum number of shares to be purchased is set at 3,611,900 shares (Ownership Ratio: 58.34%), and in the event the total number of share certificates, etc. tendered in the Tender Offer (“**Tendered Share Certificate, Etc.**”) does not meet the minimum number of shares to be purchased of 3,611,900 shares, the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. At the same time, for the same reason as above, the Tender Offer does not set an upper limit on the number of shares to be purchased. If the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased (3,611,900 shares), it will purchase all the Tendered Share Certificates, Etc. The minimum number of shares to be purchased (3,611,900 shares) is the number of shares resulting when the Basis Number of Shares (6,191,133 shares) is multiplied by two-thirds, and the number of shares constituting less than one (1) unit (100 shares) is rounded up (4,127,500 shares), less the number of the Agreed Non-tendering Shares (515,600 shares). Since the Transactions aim to delist the Target Company Shares and make the Tender Offeror and CIE the sole shareholders of the Target Company (see Note 2 above) when carrying out procedures for the consolidation of shares stated in “(4) Policy for organizational restructuring after the Tender Offer (matters related to the so-called two-step acquisition)” below, a special resolution at the general meeting of shareholders is required as stipulated in Article 309, paragraph 2 of the Companies Act (Act No. 86 of 2005, including subsequent amendments, the “**Companies Act**”). Therefore, the minimum number of shares to be purchased above is set to meet the said requirement. Also, the minimum number of shares to be purchased (3,611,900 shares) exceeds the number of shares (3,371,082 shares; Ownership Ratio 54.45%) obtained by adding (a) the number equivalent to a simple majority (2,304,452 shares, equivalent to a majority of the number of the Target Company Shares held by shareholders of the Target Company who do not have a material interest with the Tender Offeror, or in other words, the number equivalent to the so-called “majority of the minority,”) of shares (4,608,903 shares) obtained by subtracting the total number of the Agreed Tendering Shares (629,503 shares), the number of the Planned Tendering Shares (389,900 shares), the number of the Agreed Non-tendering Shares (515,600 shares), and the (deemed) total number of the Target Company Shares owned by Mr. Matsuki (Note 11, 47,300 shares) as of the submission date of this Statement, from the Basis Number of Shares (6,191,133 shares) and (b) the aggregate numbers of the Agreed Tendering Shares (629,530 shares), the Planned Tendering Shares (389,800 shares), and the (deemed) total number of the Target Company Shares owned by Mr. Matsuki (47,300 shares) as of the submission date of this Statement. Thereby, if approval of the majority of the Target Company’s shareholders who do not have a material interest in the Tender Offeror is not obtained, the Transactions, including the Tender Offer, will not be conducted, respecting the intentions of minority shareholders of the Target Company.

Note 11 The Target Company Shares owned by Mr. Matsuki (35,600 shares) include the shares with transfer restriction (5,500 shares) owned as restricted share-based compensation allotted to him as Director of the Target Company and the shares indirectly owned by

Mr. Matsuki (500 shares, truncated after the decimal point.) through the executive shareholding association of the Target Company. Besides, Mr. Matsuki owns Share Options, which consist of 27 units of the Series 1 Share Options (subject number of Target Company Shares: 2,700 shares, Ownership Ratio: 0.04%), 22 units of the Series 2 Share Options (subject number of Target Company Shares: 2,200, Ownership Ratio: 0.04%), 34 units of Series 3 Share Options (subject number of Target Company Shares: 3,400 shares, Ownership Ratio: 0.05%) and 34 units of Series 4 Share Options (subject number of Target Company Shares: 3,400, Ownership Ratio: 0.05%); thus the total subject number of Target Company Shares is 11,700 shares (total Ownership Ratio: 0.19%). By adding the above total subject number to the number of shares of the Target Company held as above (35,600 shares), Mr. Matsuki owns the Target Company Shares equivalent to 47,300 shares in total.

In the event that despite the consummation of the Tender Offer, the Tender Offeror cannot acquire all the Target Company Shares (includes shares issued upon the exercise of Share Options but excludes the treasury shares owned by the Target Company and Agreed Non-tendering Shares) and all the Share Options, after completion of the Tender Offer, the Tender Offeror is going to conduct a series of procedures (“**Squeeze Out Procedures**”) to make the Tender Offeror and CIE the sole shareholders of the Target Company as stated in “(4) Policy for organizational restructuring after the Tender Offer (matters related to the so-called two-step acquisition)” below.

As stated below in “8 Funds required for Purchase, etc.” “(2) Deposits or borrowings, etc. that can be appropriated for Funds required for Purchase, etc.,” “III Funds planned to be borrowed on or after the notification date,” and “IV Other financing methods,” in the case of the successful consummation of the Tender Offer, the Tender Offeror plans to cover the funds required for the settlement of the Tender Offer by the following means: Specifically, borrowings of up to 15,360 million yen (“**Bank Loan (Mizuho)**”) from Mizuho Bank, Ltd. (“**Mizuho Bank**”) and the same up to 5,000 million yen (“**Bank Loan (Fukui)**”) from Fukui Bank, as well as the capital contribution of up to one (1) billion yen through a subscription for Series A Preferred Stock of the Tender Offeror by MBSF and the capital contribution of up to one (1) billion yen through the same by Fukui Bank. The details of the terms and conditions of Bank Loan (Mizuho) are to be provided in the loan agreement for Bank Loan (Mizuho) after separately consulting with Mizuho Bank. However, under the loan agreement for Bank Loan (Mizuho), the issued shares of the Tender Offeror held by Mr. Matsuki and the Target Company Shares to be acquired by the Tender Offeror through the Tender Offer are pledged as collateral. Also, after the completion of the Squeeze Out Procedure, shares of the Target Company Group companies held by the Target Company and its subsidiaries (to be defined below in “(2) Background leading up to the decision to conduct the Tender Offer, the reasons for the decision and the decision-making process, and management policy after the Tender Offer,” in which “I Business environment surrounding the Target Company, management issues of the Target Company, etc.,” and the same shall apply hereinafter.), deposit claims, and certain other assets of the Target Company and its subsidiaries are pledged as collateral. The Target Company and its subsidiaries are expected to become joint and several guarantors of the Tender Offeror. The details of the terms and conditions of the Bank Loan (Fukui) are to be provided in the loan agreement for Bank Loan (Fukui) after consulting separately with Fukui Bank. However, under the loan agreement for Bank Lon (Fukui), the issued shares of the Tender Offeror held by Mr. Matsuki and the Target Company Shares to be acquired by the Tender Offeror through the Tender Offer are pledged as collateral. Also, after the completion of the Squeeze Out Procedure,

shares of the Target Company Group companies held by the Target Company and its subsidiaries and deposit claims and certain other assets of the Target Company and its subsidiaries are pledged as collateral. The Target Company and its subsidiaries are expected to become joint and several guarantors of the Tender Offeror. In addition, the Series A Preferred Stock to be subscribed by MBSF and Fukui Bank is planned to be a class of shares with no voting rights for any matters to be resolved at a general meeting of shareholders of the Tender Offeror. Also, the Series A Preferred Stock does not give a holder the “put option” with the Tender Offeror's common shares as consideration. At the same time, matters requiring prior notification to MBSF/Fukui Bank and matters requiring prior approval from MBSF/Fukui Bank relating to the business operations of the Tender Offeror or the Target Company (Note 12) are provided in the investment agreements (investment agreement with MBSF, “**Investment Agreement (MBSF)**,” and investment agreement with Fukui Bank, “**Investment Agreement (Fukui)**,”) respectively. For the outlines of those agreements, please see “(6) Important Agreement relating to the Tender Offer”, in which “(VI) Tender Agreement (MBSF),” and “(V) Investment Agreement (Fukui)” below). The capital contribution through subscribing for the Series A Preferred Stock is a common type of “mezzanine” financing. Also, the Series A Preferred Stock is a financing method required for Purchase, etc., by the Tender Offeror and is not intended for MBSF to secure the management rights of the Tender Offeror or the Target Company.

Note 12 In the Investment Agreement (MBSF) and the Investment Agreement (Fukui), the retirement of Mr. Matsuki from the Target Company is provided as a matter requiring prior notification to MBSF/Fukui Bank, while the following matters are included in the main matters requiring prior approval from MBSF/Fukui Bank: (a) dividends and other actions equivalent to dividends to be paid for common shares held by parties other than the Tender Offeror, (b) payment of officer compensation or bonuses exceeding a specific limit, (c) the assumption of debt outside the scope permitted in advance, (d) the provision of collateral or guarantees, (e) investment restrictions exceeding a specific limit, (f) amendments to the articles of incorporation or organizational restructuring, etc. (of the Target Company), except as necessary for the Squeeze Out Procedure, (g) additional capital contribution from Mr. Matsuki, the issuance of shares, share options, or corporate bonds, except for the Series A Preferred Stock and those associated with the Squeeze Out Procedure, and (h) changes in important agreements related to the business operations of the Target Company.

According to the announcement by the Target Company “Notice of Conducting an MBO and Opinion in Support of the Tender Offer” dated July 27, 2021, (“**Target Company’s Press Release**”), the Target Company expressed its opinion in favor of the Tender Offer at the Board of Directors meeting held on the same day and recommended that shareholders of the Target Company tender their shares in the Tender Offer. At the same time, the Board of Directors resolved to leave the decision to the Share Option Holders as to whether or not they tender their Share Options in the Tender Offer because the purchase price per unit of Share Options (“**Share Option Offer Price**”) is set at one (1) yen.

For the details of resolutions of the Board of Directors meeting of the Target Company above, please see the Target Company’s Press Release and “4 Period of Purchase, etc., Purchase Price, and Number of Share Certificates, etc. Planned to be Purchased” “(2) Purchase Price,” in which “IV the approval of all directors who have no interest in the Target Company

(Including Audit and Supervisory Committee Members) of “(Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest)” of “Background leading up to the Calculation.”

## **(2) Background, reasons, and decision-making process leading up to the decision to conduct the Tender Offer, and management policy after the Tender Offer**

Background, reasons, and decision-making process leading up to the decision by the Tender Offeror to conduct the Tender Offer, and management policy after the Tender Offer, are as below. Among the statements below, those relating to the Target Company are based on the explanations and disclosed information provided by the Target Company. The descriptions of the following “I Business environment surrounding the Target Company, management issues of the Target Company, etc.” are the same and unchanged from the description regarding the Target Company, excepting for the accounting term for the sales revenues and numerical numbers of the Target Company Group, in “I Business environment surrounding the Target Company, management issue of the Target Company, etc.” of (2) Background, reasons, and decision-making processes leading up to the decision to conduct the Tender Offer, and management policy after the Tender Offer” under “No.1 Outline of the Tender Offer, 3. Purpose of Purchases, etc.” of the “Tender Offer Registration Statement” regarding the Previous Tender Offer submitted by the Tender Offeror on February 9, 2021.

### **I Business environment surrounding the Target Company, management issues of the Target Company, etc.**

According to the Press Release of the Target Company, as of the submission date of this Statement, the Target Company Group is comprised of the Target Company, its 16 consolidated subsidiaries, and one (1) equity-method affiliate (hereinafter collectively referred to as “**Target Company Group**”). Since the 1890s, the Target Company has been engaged in the textile sales business for manufacturing and selling fabrics and twisted yarn made mainly from raw materials hemp and silk under the trade name “Sakai Shoten” With the reorganization of the refining business in Fukui Prefecture, the Target Company established the Sakai Refining and Processing Plant for the refining and dye processing business in December 1929. After that, in October 1934, Ishiro Sakai, its first president, established Sakai Weaving Co., Ltd., the predecessor of the Target Company, for manufacturing and selling textiles and twist yarns through joint capital contribution with Mitsui & Co., Ltd. In April 1937, its trade name was changed to Sakai Textile Industries Co., Ltd. Further, by acquiring the Sakai Refining and Processing Plant, the Target Company realized an integrated production system of woven fabrics and refining and dye processing and grew to be the largest textile processing company in Hokuriku. In 1949, its shares were listed on the First Section of the Tokyo Securities Exchange (currently the Tokyo Stock Exchange) and the First Section of the Osaka Securities Exchange (currently Osaka Exchange Co., Ltd., which was delisted in May 2003), and in July of the same year, on the Kyoto Stock Exchange (which merged with Osaka Securities Exchange Co., Ltd. in March 2001). In 1952, the company executed a lease weaving contract with Toyo Rayon Co., Ltd. (currently Toray Industries, Inc.) to secure its position. Subsequently, the Target Company Group constructed a nylon textile plant (currently the Hanandoh Plant in Fukui City) for processing nylon fabrics and a Tetron plant (currently the Synthetic Fiber Plant in Fukui City) for processing Tetron fabrics, a type of polyester fiber, expanding the variation of products handled and strengthening production capacity.

However, entering the 1980s, exports of textile products decreased, imports of inexpensive textile products from overseas increased, and downstream companies, including the Target Company's business partners, increased their overseas production to manufacture products at locations closer to supplier companies and to use low-cost labor. As a result, the competitiveness of the Target Company Group, which had major production facilities in Japan, began to decline, with net sales of approximately 37.4 billion yen in the fiscal year from April 1, 1978 - March 31, 1979, decreasing to approximately 22.2 billion yen in the fiscal year from April 1, 1984 - March 31, 1985. In response to these changes in the business structure of the textile industry, the Target Company Group began exploring measures to stabilize its management through business diversification, and in April 1986, the Group established Sakai-Elcom Co., Ltd. (currently, SAKAI ELCOM Inc., "**Sakai Elcom**") for developing software, manufacturing and selling designs, and providing information processing services, starting operations in electronics-related business, and entering manufacturing of controller board devices. In April 1992, the Target Company changed its trade name from Sakai Textile Industries Co., Ltd. to the current trade name, Sakai Ovex Co., Ltd.

As of the date of submission of this Statement, the Target Company Group has engaged in the dyeing and processing business, the textile sales business, the control equipment business, and other businesses (mainly comprised of six businesses: cloth weaving, fishery materials, composite materials, sewing, construction, and real estate, and healthcare), and the summary of each business area is as follows.

(i) Dyeing and processing business

The Target Company, its consolidated subsidiaries Sakai Nagoya Co., Ltd., Futsukaichi Industrial Co., Ltd., Asahi Packaging Co., Ltd., and its equity-method affiliate Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd., are engaged in dyeing, finishing process, and packaging of various textile products. The Target Company has contracted out a part of the dyeing process to Sakai Nagoya Co., Ltd.

(ii) Textile sales business

The Target Company and its consolidated subsidiaries, Yasui & Co., Ltd., and Sakai Trading (Shanghai) Co., Ltd. plan, manufacture, and sell various textile products. The Target Company has sales transactions for textile products with Yasui & Co., Ltd.

(iii) Control equipment business

Sakai Elcom and Settsu Denki Industrial Co., Ltd. ("**Settsu Denki Industrial**"), consolidated subsidiaries of the Target Company, design, manufacture, sell and install various controller boards and power switching boards; develop, maintain and sell software; and design and perform electrical work. The Target Company and its consolidated subsidiaries place orders with Sakai Elcom, respectively, for system development, information equipment, facilities construction work, and other services.

(iv) Other businesses

(a) Cloth weaving division

The Target Company's consolidated subsidiaries, Marui Textile Co., Ltd., Sabae Synthetic Textile Co., Ltd., Ota Orimono Co., Ltd., and Target Company equity-method affiliate Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd., manufacture and sell various woven and knitted goods. The Target Company places orders for weaving and knitting (*amitate*) (manufacturing fabrics by making one stitch from a single thread and joining knitted loops together) with Marui Textile Co., Ltd., Sabae Synthetic Textile Co., Ltd., and Ota Orimono Co., Ltd.

(b) Fishery materials business

The Target Company designs, manufactures and sells floating fish reefs for luring and gathering fishes.

(c) Advance composite materials business

The Target Company manufactures and sells carbon fiber-related composite materials.

(d) Sewing business

The Target Company's consolidated subsidiaries, Itabashi Knit Co., Ltd. and Shanghai Itabashi-Knit Co., Ltd., plan, manufacture, and sell sewn products, and the Target Company places orders for sewn products with them.

(e) Construction and real estate business

The Target Company's consolidated subsidiary, Sakai Construction and Realty Co., Ltd., is engaged in building construction, civil engineering design, and construction, buying, selling, and handling real estate. The Target Company and its consolidated subsidiaries also place orders with the above company for construction work and related services.

(f) Healthcare business

The Target Company's consolidated subsidiary, LimFix Inc., is engaged in the planning and sales of medical textile products.

The Target Company Group aims to become a company group that enriches the people's livelihood and culture and contribute to creating an earth-conscious and highly civilized lifestyle by further developing textile-related processing technologies and electronic equipment and information system technologies of other business areas cultivated until now, with the dyeing process business as its core. Also, under the management philosophy of "Contribute to society through business," the Group companies are operating their businesses, respectively, focusing on maximizing corporate value as the Group not only through its economic activities but also by fulfilling its corporate social responsibility. Further promoting business innovation, the Group is working to establish a management base that can respond flexibly to changing business environments while building a competitive corporate structure to increase its corporate value. For its core dyeing process business, the Group aims to transform it into a more resilient business that is not affected by changes in the business environment through enhancing its competitiveness. Specifically, the Group pursues differentiation and specialization by strengthening advantageous business areas, advancing productivity, implementing strategic facilities and equipment investments, increasing cost competitiveness by forging ahead with procurement reforms, and promoting environmental and energy conservation measures. Also, in the dyeing process business, textiles sales business, and control equipment business, the Group is focusing management resources on extending and growing fields and areas with the competitive edge, and it has strived to increase market share by strengthening businesses in

priority fields, expand collaborative businesses among the Group companies, create new and growing businesses with a view toward the future, product planning for improving profitability, and enhancing material procurement functions.

Also, in the Target Company's medium-term management plan (April 1, 2017 - March 31, 2020, "**Target Company's Previous Medium-term Management Plan**"), the Target Company sets its company-wide policy, "Change and challenge toward the next level – structural reforms of business toward a new growth phase," and its five principal strategies; "Strengthen the competitiveness of core business," "Business expansion in growth fields," "Expanding business by strengthening Group collaboration," "Promotion of overseas business development," and "Reform of the management base." Following those strategies, the Target Company has achieved a certain level of results by striving to carry out various measures, strengthening its core businesses and peripheral businesses, and improving its financial position toward a more resilient and profitable corporate group. Given that result, the Target Company had planned to formulate and work on a new medium-term management plan starting in the fiscal year 2020 (April 1, 2020 - March 31, 2021). However, due to the spread of the COVID-19 pandemic, it was anticipated that the management and business environments would substantially change; therefore, the Target Company postponed formulation of the medium-term management plan, with top priority given to a drastic review of the Target Company's management base.

In terms of the business environment surrounding the Group, the dyeing and finishing (Note 1) industry, to which the core dyeing process business of the Group belongs, and the textile industry, to which textile sales business belongs, the domestic market has been shrinking due to the slump in the clothing market and the increase in cheap imported products. According to the Ministry of Economy, Trade and Industry's Industrial Statistics (industrial edition), total shipments of manufactured goods in both industries have fallen from 1998 (calendar year basis) 1,576.9 billion yen to 2018 (calendar year basis) 641.4 billion yen, less than half. Further, overall domestic demand is decreasing due to the aging of the population and the declining birthrate. It is expected that such a contraction of the domestic market will continue in the future. Additionally, in the fiscal year 2018 onward, there have been concerns that trade friction between the United States and China and the COVID-19 pandemic would impact the domestic and overseas economies; thus, the future outlook of the domestic economy is highly unpredictable. In the short term, at least, the sales of textiles, including apparel, will remain sluggish due to the stay-at-home advisories and business closure requests, and which is likely to affect the volumes of orders placed with textile processing companies, such as the Target Company. It is also anticipated that the Group's environment will worsen, given the continuing chronic rises of raw material prices and logistics costs. In particular, the pandemic will have a significant impact on the domestic and overseas economies, and the textile industry, which is the Group's main business area, could be seriously affected by long-term stagnation in consumption, stagnation of production, and supply activities caused by supply chain disruptions, and increased costs.

For the Group, cumulative sales in the dyeing process business for the fiscal year ended March 2021 decreased by 17.4% year on year, and cumulative sales in the textile sales business for the fiscal year ended March 2021 decreased by 36.9% year on year. In particular, since the dyeing process business accounts for approximately 46.1% of its total sales, the Group must promptly address the current situation. For the control equipment business, although business performance remains steady, its sales ratio to the Group's total sales was only about 15.8%; thus, it is difficult to call this area the Group's core business. Given the current sluggish growth

of the dyeing process and textile sales businesses, the Group must develop the control equipment business into one of its pillars.

Amid such a severe business environment, the Group is working to restructure its business strategies and business assets in light of changes in the market and business structure while striving to improve management efficiency and optimize its supply chain. At the same time, in order to achieve sustainable growth, the Group is forging ahead with further expanding the scope of areas in which it can maximize its advantages, creating growth businesses that can leverage its strengths, and enhancing its corporate competitiveness. Further, to increase its manufacturing capabilities from a medium- to long-term perspective, focusing on building a high-quality, cost-competitive production and sales system, the Group is developing risk management and crisis management system for disasters and infectious diseases.

Note 1 “Dyeing and finishing” refers to the dyeing and other processing of fibers and textile products, such as threads and fabrics, through a pre-process called “refining (scouring).” Through that process, natural impurities, dirt, oils, etc., stuck on fibers and textile products, such as threads and fabrics, are removed, dissolved, and decomposed using alkalis and surfactants.

Given the above business environment, the Group believes it necessary to challenge the following management issues.

(i) Dyeing process business

By further deepening the relationship with textile distributors who are its customers, the Group should accelerate product development by exploring customer needs and proposal sales to pursue its stable business growth. Also, the Group should strive to improve the on-site capabilities further, achieve optimum quality, cost, and delivery times, and strengthen the foundation of the production system through its dedicated efforts for improvement activities.

(ii) Textile sales business

In addition to promoting sales expansion into competitive markets vigorously, the Group should strive to diversify commercial distribution and expand sales channels by further enhancing collaboration between Textile (Note 2) and apparel businesses and reconstructing the supply chain unique to the Target Company with added planning functionality. It should also establish a less susceptible system to cost reductions and exchange rate fluctuations by making maximum use of overseas production bases, thereby drastically improving the profit structure.

Note 2 “Textile (business)” collectively refers to the business of manufacturing textile and fabric products engaged across the Group, specifically in its weaving division and dyeing division.



(iii) Control equipment business

As a business that supports the construction of social infrastructure, the Group should focus on finding potential customers in areas, such as the design and manufacture of automated control devices and factory automation systems (systems for automating the production process), and electric power construction projects, while aiming to enlarge its business scale by rebuilding its sales structure toward expanding into new business areas.

Also, the Group should develop core personnel for propelling business development and fostering a corporate culture where resourceful persons can play an active role. In addition, the Group should emphasize deploying business investments, such as facilities and equipment investment and M&A, and steadily push forward growth strategies. The Group recognizes the necessity to optimize personnel composition and challenge drastic improvement of profitability.

## **II Background leading up to the Previous Tender Offer**

As stated in “I Business environment surrounding the Target Company, management issues, etc. of the Target Company” above, the dyeing process business and textile sales business, which are the Target Company Group’s core businesses, have already become mature industries. Given such situation, since around 2017, when the Target Company’s Previous Medium-term Management Plan commenced, Mr. Matsuki has vaguely recognized that the Target Company has faced the following management issues: Although the market has been shrinking, it should avoid a situation that requires the reduction of its business scale in proportion to that market contraction. It should increase sales from existing business partners, let alone finding new business partners from the viewpoint of maintaining production efficiency and operating rates of factories. However, just before the end of the Target Company’s Previous Medium-term Management Plan in January/February 2020, the negative economic impact of the COVID-19 pandemic on the above businesses became visible, he reaffirmed the necessity of drastic structural reforms of business and raised awareness of the problems in the Target Company Group’s organizational structure and management structure. Thus, in around late April 2020, he began studying medium- to long-term measures to improve the corporate value of the Target Company Group.

While Mr. Matsuki was considering as above from the standpoint of managing the business of the Target Company as President and Representative Director, in mid-November 2020, the Target Company received an interview request from RSM, an investment advisor to NAVF (according to the large shareholding report submitted on November 17, 2020, the number of shares held was 321,900, which is equivalent to the Ownership Ratio of 5.20%) for discussing the Target Company’s business strategy. And the Target Company had a video conference with RSM. During the interview, the Target Company was informed that RSM considered an MBO worthy of consideration as a viable strategy for the Target Company, but it was not requested by RSM to purchase the Target Company Shares held by NAVF.

Since late April 2020, Mr. Matsuki has continued examining medium- to long-term measures to enhance corporate value. In addition, the interview with RSM stated above prompted him to start studying the effectiveness of taking the Target Company Shares private (or going-private transactions) through MBO as a management strategy. In mid-November 2020, in order to address the severe business environment surrounding the Target Company Group, he realized that, while continuing the implementation of the ongoing management

policies, the Target Company has no alternative but to respond to the intensifying business environment of the dyeing process and textile sales businesses, which are already mature industries, and to advance structural reforms of the Target Company's business from a medium-to long-term perspective. With regard to reform of the Target Company's business structure, Mr. Matsuki recognized that although the Target Company is currently working to enhance and transform its business structure based on its Previous Medium-term Management Plan, it has adopted a conservative strategy of avoiding measures that entail large-scale facilities and equipment investment and temporary falling of profits as it placed too much emphasis on averting adverse effects, such as a short-term decrease in earnings and a decline in the share price. Since listed companies are required to disclose business results on a quarterly basis, they receive requests from a wide range of shareholders, including institutional investors responsible to their customers as trustees, to improve corporate value over the medium-to- long term as well as secure short-term profits. However, there are limits to working on structural reforms of the business while responding to such a shareholders' request; then, Mr. Matsuki concluded that the Target Company must implement drastic structural reforms associated with certain business risks, regardless of short-term profits or share price trends. In addition, Mr. Matsuki has determined that by conducting a tender offer at a reasonable premium, it will be possible to gain a benefit for minority shareholders by providing them with an opportunity to sell the Target Company Shares at a certain price. As for specific measures to reform the business structure, he came to recognize the need to implement the following strategies (“**Restructuring Plan**”). Besides the specific measures of the business structure reforms of the Target Company, which the Tender Offeror considered it necessary to implement as of February 9, 2021, when the Previous Tender Offer was announced, there is no specific details and projects under consideration by the Tender Offeror as of the date of submission of this Statement.

- (i) Expanding sales channels in the dyeing process and textiles sales businesses and establishing new overseas production and procurement bases

In the dyeing process business, the Target Company Group established Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd., a joint venture with Toray in China in December 2000, and in the textile sales business, established Sakai Trading (Shanghai) Co., Ltd. in August 2011, and it has been aggressively pushing forward its entry into China until now. However, Sakai Trading (Shanghai) Co., Ltd., in particular, has been struggled to find new business partners locally. Mr. Matsuki recognizes the urgent need to expand overseas sales channels in the current shrinking domestic market. Therefore, he believes that it is necessary for the Target Company Group to implement drastic measures to strengthen sales capabilities, including business expansion through potential M&A transactions with local companies.

In addition, as China is achieving rapid economic development and its salary levels are rising, recently, an increasing number of companies are shifting their overseas production and procurement bases to Southeast Asia. Thus, the market size in Southeast Asia is rapidly expanding. In order to capture demand in those growing markets, he believes the Target Company should consider establishing new production and sales bases in Southeast Asia, including Thailand and Vietnam.

- (ii) Promotion of research and development in the dyeing process business and textile sales

business

In the textile industry, in which the dyeing process business and textile sales business of the Target Company Group belong, the competitive environment has intensified due to the increase in cheap imported products from emerging market countries. In response to growing environmental awareness, an increasing number of companies prioritize trading with companies that have introduced production facilities and processes consistent with SDGs (Sustainable Development Goals). Mr. Matsuki recognizes that in order to maintain its advantage in an increasingly competitive market environment, it is necessary to proactively promote research and development, including the recruitment of researchers and the introduction of equipment that enable the dyeing processing without emitting carbon dioxide in conformance to SDGs, and maintain high technological capabilities to realize a higher quality than before while considering SDGs.

(iii) Sales promotion of PB Brands in the textile sales business

The textile sales business of the Target Company Group is engaged in "OEM with software (original equipment manufacturer of other company brand products)," which covers the entire process from product planning to material procurement, pattern creation, sewing, inventory, and delivery. To utilize the know-how and increase sales, Mr. Matsuki considers it necessary to launch its brand in the textile field. Recently as demand for OEM manufacturing has been declining due to the COVID-19 pandemic, he believes it necessary to raise its brand awareness and increase sales by expanding distribution on e-commerce sites and strengthening sales promotion and advertising.

(iv) Acceleration of growth through M&A in the control equipment business

For Target Company Group's control equipment business, although business performance has been steady, its ratio to total Target Company Group sales remains low; thus, it is difficult to call this area its core business. In that business, Sakai Elcom and Settsu Denki Industrial belong. And Sakai Elcom has engaged mainly in design and system construction for control devices for large-scale plants; in contrast, Settsu Denki Industrial's main business is manufacturing and installing control devices for public works and small-scale plants. As they have different areas of specialty, it is difficult to materialize synergies between the two companies. In the Target Company Group, since the dyeing process business and textile sales business are sluggish, it urgently needs to grow the control equipment business into one of its pillars. Mr. Matsuki believes it necessary to implement M & A or similar transaction with companies that can close the gap between the two subsidiaries and materialize synergies not yet realized to propel the growth of the control equipment business.

(v) Investing in proactive human resource development and recruitment

Mr. Matsuki believes that in light of the recent service-oriented society, in order to maintain the competitiveness of the Target Company Group in the future, it will be necessary to have sales personnel who have expertise and knowledge in the manufacturing technology of the products they handle. For this reason, he believes it necessary to reform internal training and personnel systems and provide opportunities for current sales staff to learn manufacturing technology.

In terms of recruitment, the Target Company Group is generally recognized as a group engaged in the dyeing process business; thus, many applicants have knowledge of chemical technologies. At the same time, there is a shortage of personnel with in-depth knowledge of electrical and mechanical technologies required for plant maintenance and control equipment businesses. Accordingly, Mr. Matsuki believes it necessary to adopt a proactive recruitment strategy, such as disseminating information through various advertising media, including recruiting sites.

For implementing the Restructuring Plan in parallel, Mr. Matsuki is apprehensive of the following risks: the significant initial and continued investments will deteriorate cash flow and have a severe impact on the Target Company Group's financial position and earnings in the short-term; it is unclear whether the Group can generate expected returns, and it is unlikely to receive a favorable evaluation from the capital markets; thereby resulting in a decline in the Target Company's Share Price; accordingly the Group may not return profits to shareholders. However, given the current situation of the Target Company Group, it will be difficult for the Group to improve its corporate value over the medium- to long term without deploying measures that require significant initial and continued investments, such as the Restructuring Plan. Also, to carry out the business structural reform measures, it is necessary to make drastic and flexible decisions promptly and boldly from a medium- to long-term perspective, regardless of the short-term effects, and construct a management system that enables such decision-making.

Further, Mr. Matsuki anticipates that the costs for maintaining the listing of the Target Company Shares (expenses for continuous disclosure of information, such as annual securities reports, and the operation of shareholders meetings and the outsourcing of administrative work to an administrator of the shareholder registry) have increased in recent years. Such costs may become a further burden on the Group's operation in the future. Since being listed on the First Section of TSE and the Osaka Securities Exchange in 1949, the Group has enjoyed various advantages as a listed company; for example, it has secured talented human resources by improving its visibility and social credibility. On the other hand, given the Group's ongoing financial condition, in which it has secured enough funds to conduct ordinary business activities at present, and the current low-interest-rate environment in indirect financing, there is little need for the Group to raise large-scale funds by utilizing equity finance for the foreseeable future. Additionally, in recent years, the Group has gained and maintained its brand-width and social credibility partially through its business activities. Therefore, there seems little significance in maintaining the listing of the Target Company Shares in the future.

Based on the consideration above, Mr. Matsuki believes that, in order to improve the corporate value of the Group through the Restructuring Plan, it is appropriate to establish a management system that enables prompt and bold implementation of drastic and flexible decision-making from a medium- to long-term perspective, while averting adverse effects of going-private transactions on shareholders of the Target Company, such as a decline in the share price that may occur along with the implementation of the Restructuring Plan. Also, given that Mr. Matsuki has complete knowledge of the business details of the Group, in order to establish such a management system, it is most effective to implement a management buyout (MBO) under the leadership of Mr. Matsuki to ensure integrating ownership and management of the Group to a certain extent, and to have Mr. Matsuki take charge of the Group's management. Accordingly, in mid-November 2020, Mr. Matsuki made a proposal to the Target Company to hold discussions and negotiations for the implementation of the Previous Transaction.

Meanwhile, on November 26, 2020, on the home page of a financial news website, an article was posted stating that on the same day, RSM had sent the Target Company a request for consideration of an MBO by the current management team of Target Company with support from NAVF, including partial capital contribution. Immediately after the news was posted, on November 27, 2020, Mr. Matsuki received an exploratory offer from RSM to consider an MBO by the current management team of the Target Company with support from other investors invited by RSM, the same from NAVF, including partial capital contribution, subject to the completion of due diligence and securing funds (“**Approach for Consideration of MBO (RSM)**”). The Approach for Consideration of MBO (RSM) intends to take the Target Company Shares private at the proposed price of 2,350 yen per share of the Target Company. This price was obtained by adding a premium of 11.90% (rounded off to two decimal places) to the closing stock price of the Target Company Shares on the First Section of TSE on November 25, 2020, 2,100 yen (the same shall apply to the calculation of the premium rate hereinafter.) On December 8, 2020, Mr. Matsuki received another letter from RSM regarding the Approach for Consideration of MBO (RSM), and on December 9, 2020, he submitted a formal proposal to the Target Company regarding the management buyout (MBO) led by himself to advance the measures that he had mulled over since late April 2020. At the same time, Mr. Matsuki expected the possibility of obtaining from RSM helpful information for the Target Company's business strategy and management strategy in the future. On December 18, 2020, he sent RSM a letter of inquiry to ask for the following information as the premise of considering the Approach for Consideration MBO (RSM) and deepening understanding of RSM: the past MBOs or similar projects of RSM; the investment track record of RSM in a company operating the same or similar business as the Target Company; the investment track record of RSM in a company operating in Japan; the purpose and reason of the Approach for Consideration of MBO (RSM), its view on the Target Company's management environment; and its envisioned policies and measures of the Target Company after MBO. Subsequently, on January 15, 2021, Mr. Matsuki established the Tender Offeror mainly for acquiring and holding the Target Company Shares and Share Options through the Previous Tender Offer.

On January 20, 2021, Mr. Matsuki entered into a non-disclosure agreement with RSM, and on January 22, 2021, through an interview with RSM, he received an oral response to the letter of inquiry sent on December 18, 2020. In that interview, Mr. Matsuki was provided the following information about RSM: RSM is an investment advisor of a Cayman Islands Corporation established in October 2019; since RSM is an investment advisor for NAVF, RSM itself does not have an investment track record; however, it has a vast network of consulting companies and private equity funds in Japan and overseas; thus it can provide management and financial advice, including the introduction of experts; and NAVF, which employs RSM as an investment advisor, has a track record of investing in approximately 20 listed companies in Japan and has knowledge on management improvement through capital policy and corporate governance improvement. In response, Mr. Matsuki conveyed to RSM his views on the Target Company's business environment, management environment, and the objectives of MBO; however, he withheld his answer to the Approach for Consideration of MBO (RSM) for the moment. Also, he requested that RSM tender all of the Target Company Shares held by NAVF for the Previous Tender Offer in order to proceed with MBO led by himself, and RSM responded that it was possible to consider the request, but it should be negotiated separately. Further, RSM expressed its thoughts that since March 2020, NAVF had paid attention to the latent growth potential of the Target Company's financial and business aspects through analysis of the Target Company's industry and business environment; thus, it wished to make capital contributions to both the Target Company and Tender Offeror after the Previous Tender Offer and maintain the relationship with the Target Company through medium- to long-term

investments. Also, RSM had the intention to support enhancing corporate value over the medium- to long-term through its provision of advice to the Target Company on financial measures and improving corporate governance. Furthermore, if requested by the Tender Offeror, it would be ready to help build a support system in several ways, including dispatching specialists with abundant experience in business strategy and M & A as Directors. Mr. Matsuki confirmed the above statements of RSM at the meeting.

In the meantime, Mr. Matsuki proceeded with his considerations on various terms and conditions of the Previous Transaction, including the Tender Offer Price, and based on due diligence on the Target Company conducted from mid-December 2020 to mid-January 2021, and he presented to the Target Company an initial proposal on January 14, 2021, with the Previous Tender Offer Price of 2,500 yen. And, after the establishment of the Tender Offeror, on January 19, 2021, the Tender Offeror received a request from the Target Company to reconsider the Previous Tender Offer Price. In respect of Share Options, it is provided that the Share Option Holders may exercise their allotted Share Options on or after the day following the day when they lose their position as Director or Corporate Officer of the Target Company, respectively, within the exercise period for Share Options. Thus, even if the Tender Offeror acquires the Share Options, it is understood that the Tender Offeror may not exercise them. Accordingly, on January 19, 2021, the Tender Offeror proposed to the Target Company the Share Option Offer Price of one (1) yen per unit of Share Options in the Previous Transaction.

In parallel with negotiations with the Target Company above, after the interview with RSM on January 22, 2021, the Tender Offeror also sounded out NAVF about the sale of the Target Company Shares in the Previous Tender Offer. The Tender Offeror and NAVF discussed the terms and conditions of an agreement, including the Previous Tender Offer Price, toward the execution of the tender agreement. Then, on January 26, 2021, the Tender Offeror informed NAVF that it was considering setting the purchase price of 2,850 yen, which was higher than the purchase price of 2,350 yen indicated by NAVF in the Approach for Consideration of MBO (RSM), as the Previous Tender Offer Price. (On March 8, 2021, during the purchase period of the Previous Tender Offer, the said Tender Offer Price was changed to 3,000 yen, so the Previous Tender Offer Price before that was changed is hereinafter “**Previous Tender Offer Price Before the Change.**”) In response, NAVF answered that there was room to consider tendering in the Previous Tender Offer at the said price. And on January 27, 2021, the Tender Offeror received a reply from NAVF that it would withdraw its Approach for Consideration of MBO (RSM) once it decided to tender in the Previous Tender Offer. Also, it would consider concluding the Previous Tender Agreement (NAVF) related to the Previous Tender Offer with the Tender Offer Price of 2,850 yen, and it stated that its response was not made on the premise of reinvestment in the Tender Offeror. On the same day, the Tender Offeror again received a proposal from NAVF stating that NAVF would make a capital contribution to the Tender Offeror after the Previous Tender Offer as a scheme to maintain the relationship with the Target Company through medium-to-long-term investment in the Target Company or the Tender Offeror and provide its support for enhancing corporate value over the medium-to-long term through the provision of advice and proposals to the Target Company on financial policies and improving corporate governance. The Tender Offeror confirmed with NAVF that the said proposal was a completely different negotiation matter from NAVF’s tendering of the Target Company Shares and not related to the positive consideration toward the conclusion of the Previous Tender Agreement (NAVF) for the Previous Tender Offer with Previous Tender Offer Price Before the Change of 2,850 yen. Then, on January 28, 2021, the Tender Offeror received a response from NAVF stating that if the Previous Tender Offer Price Before the Change was

2,850 yen or more, it would execute the Previous Tender Agreement (NAVF) for the Previous Tender Offer. In the said response, NAVF's tendering was not subject to reinvestment from NAVF in the Tender Offeror.

On the same day, the Tender Offeror made another careful consideration and concluded that NAVF's capital contribution in the Tender Offeror would surely help the acceleration of business structural reforms, given that the knowledge and highly specialized network of RSM and NAVF related to business improvement would not hinder the objective of the MBO as viewed by Mr. Matsuki, and the Tender Offeror and the Target Company would be provided management resources that they do not have.

Subsequently, on January 29, 2021, the Tender Offeror made a final proposal to the Target Company to set the Previous Tender Offer Price Before the Change at 2,850 yen. On February 4, 2021, the Target Company informed the Tender Offeror that it was continuing internal discussions on the appropriateness of the Previous Tender Offer Price Before the Change. Meanwhile, in parallel with the said negotiations with the Target Company, the Tender Offeror was consulting with NAVF on measures to enhance the corporate value of the Target Company, and they confirmed on February 4, 2021, as follows: NAVF consents to Mr. Matsuki's management policy and will support the enhancement of the corporate value of the Target Company; it does not intend to specify any matter requiring its prior notification or its prior approval regarding the business operations of the Tender Offeror or the Target Company. Accordingly, the Tender Offeror formally decided to move on for executing the Previous Investment Agreement (NAVF), under which the Tender Offeror would allocate its non-voting shares to NAVF.

Based on the above background and discussions, on February 9, 2021, as part of the Previous Transaction, the Tender Offeror decided to make the Previous Tender Offer with the Previous Tender Offer Price Before the Change set at 2,850 yen and the Previous Share Option Offer Price set at one (1) yen and implemented the same with the purchase period until March 24, 2021. Also, on February 8, 2021, the Tender Offeror executed the Previous Tender Agreement (NAVF) with NAVF for all the Target Company Shares held by NAVF (389,800 shares), and on the same day, executed the Previous Investment Agreement (NAVF) effective upon the completion of a series of procedures to make the Tender Offeror the sole shareholder of the Target Company.

The Tender Offeror considered its act to execute the Previous Investment Agreement (NAVF) and allocate Class B Shares to NAVF would not violate the intent of uniformity of the Tender Offer Price (Article 27-2, Paragraph 3 of the Act).

For the Previous Tender Offer Price Before the Change, it was decided based on financial information materials disclosed by the Target Company, the results of the due diligence on the Target Company conducted from mid-December 2020 through mid-January 2021, actual examples of premium rates in MBO cases conducted for going-private in the past 10 years, and consultations and negotiations with the Target Company. The Tender Offeror did not obtain a Share Valuation Report from a Third-Party Valuation Agent. Also, in determining the Previous Share Option Offer Price, the Tender Offeror did not obtain any Valuation Report from a Third-Party Valuation Agent.

### **III Results of the Previous Tender Offer, and background, reasons, and decision-making process leading up to the decision to conduct the Tender Offer**

As described in the “Tender Offer Registration Statement” regarding the Previous Tender Offer submitted by the Tender Offeror on February 9, 2021 (including “Partial Correction of Tender Offer Registration Statement” submitted by the Tender Offeror on February 10, 2021, and March 8, 2021) the Tender Offeror commenced the Previous Tender Offer on February 9, 2021. However, it comprehensively considered and carefully reviewed the situation in which the market price of the Target Company Shares was trading above the Previous Tender Offer Price Before the Change of 2,850 yen after the start of the Previous Tender Offer, the tendering status of the Target Company's shareholders to the Previous Tender Offer, and the outlook for tendering going forward. As a result, the Tender Offeror decided to change the Previous Tender Offer Price from 2,850 yen to 3,000 yen on March 8, 2021, during the purchase period of the Previous Tender Offer, to provide the Target Company's shareholders with the opportunity to sell their Target Company Shares at a price higher than the Previous Tender Offer Price Before the Change and increase the probability of successful consummation of the Previous Tender Offer. It also decided to leave the Previous Share Option Offer Price unchanged at one (1) yen and make the Previous Tender Offer Price final and not change the same after that time.

However, even after the Tender Offeror raised the Previous Tender Offer Price to 3,000 yen, the market price of the Target Company Shares on the First Section of TSE (excluding March 10, 2021, and the period from March 18, 2021, through March 24, 2021, the final day of the purchase period of the Previous Tender Offer) remained above the Previous Tender Offer Price (3,000 yen) on a closing price basis (Note 1). And as described in the “Tender Offer Report” submitted by Tender Offeror on March 25, 2021, relative to the minimum number of shares planned to be purchased of 4,127,800 shares, the total number of Share Certificates Etc. tendered in the Previous Tender Offer was 3,939,239 shares, which failed to meet the minimum number of shares planned to be purchased of 4,127,800 shares; therefore, the Previous Tender Offer was not successfully consummated. Accordingly, the Previous Tender Agreement (NAVF) became null and void due to the failure of the Previous Tender Offer (provided, however, that the provisions for the Tender Offer’s obligations to NAVF for indemnification and confidentiality and agreed jurisdiction described in “Note 6” of “(1) Outline of Purchase, etc.” above have remained effective.) In respect of the Previous Investment Agreement (NAVF), although the consummation of the Previous Tender Offer and the satisfaction of other specific matters were the conditions precedent for the issuance of Class B Shares thereunder, those conditions were not accomplished due to the failure of the Previous Tender Offer; therefore the Tender Offeror was no longer required to issue Class B Shares to NAVF (provided, however, that the provisions for the Tender Offeror’s obligations to NAVF for indemnification and confidentiality and agreed jurisdiction have remained effective.)

Note 1 For the transition of the market stock price of the Target Company, the stock quotations regarding the Target Company Shares provided by Quick Corp. are used as reference.

Also, according to the Target Company Press Release, on March 18, 2021, and the following day the 19th, the Target Company received contact from CIE and Yoshiaki Murakami (“**Mr. Murakami**”), who is a shareholder of CIE’s parent companies Reno, Co., Ltd. and ATRA Co., Ltd. (At the time when the Target Company received that contact, CIE identified itself as merely



one of the shareholders of the Target Company, having less than 5% in terms of the Ownership Ratio of the Share Certificates, Etc., and it didn't refer to the specific number of shares owned and the Ownership Ratio of the Share Certificates, Etc.) Mr. Murakami informed the Target Company that CIE would not tender its Target Company Shares in the Previous Tender Offer because it believed the Previous Tender Offer Price could not be evaluated as sufficiently returning profits to existing shareholders; however, in the case of the successful consummation of the Previous Tender Offer, it would follow a series of procedures to make the Tender Offeror the sole shareholder of the Target Company ("**CIE's Intention**"). Although the Tender Offeror was informed from the Target Company about the CIE's Intention on March 18 and 19, 2021, it did not receive any contact from Mr. Murakami or CIE during the purchase period of the Previous Tender Offer. There were no negotiations related to the terms and conditions of the Previous Tender Offer, including the Previous Tender Offer Price.

Subsequently, according to the Target Company, on March 25, 2021, after the completion of the Previous Tender Offer, it received the request from CIE for a discussion about the Target Company's thoughts on how to improve its corporate value to maintain its listing for the future in light of the failure of the Previous Tender Offer. Then, in terms of having a constructive dialogue with its shareholders, the Target Company had a telephone conference with Mr. Murakami and CIE on March 26, 2021 ("**Telephone Conference of March 26, 2021**"). At that meeting, Mr. Murakami and CIE expressed their views that as far as the Target Company intends to maintain its listing, it should strive to improve its corporate value and shareholder value, including an increase in the market value of the Target Company Shares; otherwise, another MBO would likely be an option. In addition, the "Report on Large Shareholders" with the same date submitted by CIE revealed that CIE started to acquire the shares of the Target Company on February 24, 2021, during the purchase period of the Previous Tender Offer, and holds 399,200 shares of the Target Company Shares (Share Certificates, Etc. Ownership Ratio 6.20%) as of March 19, 2021. Further, the subsequent "Change Report No. 1" dated March 29, 2021, revealed that CIE holds 510,300 shares of the Target Company Shares (Share Certificates, Etc. Ownership Ratio 7.93%) as of March 22, 2021.

Even after the failure of the Previous Tender Offer, the Tender Offeror has believed it necessary to carry out the Restructuring Plan to resolve the management issues facing the Target Company and mulled over MBO as an effective means therefor as described in "I Business environment surrounding the Target Company, management issues of the Target Company, etc." above. Meanwhile, after the Previous Tender Offer, Mr. Matsuki, the Representative Director of the Tender Offeror, has continued performing his duties as the Representative Director of the Target Company. However, during daily business affairs, he recognized that there had been no change in the Target Company's business environment and its management issues to tackle; thus, the Target Company should implement the Restructuring Plan, the details of which are the same as prepared at the time of the Previous Tender Offer.

(i) Dyeing process business

By further deepening the relationship with textile distributors who are its customers, the Target Company Group should accelerate product development by exploring customer needs and proposal sales to pursue its stable business growth. Also, the Group should strive to improve the on-site capabilities further, achieve optimum quality, cost, and delivery times, and strengthen the foundation of the production system through its dedicated efforts for improvement activities.

(ii) Textile sales business

In addition to promoting sales expansion into competitive markets vigorously, the Group should strive to diversify commercial distribution and expand sales channels by further enhancing collaboration between Textile and apparel businesses and reconstructing the supply chain unique to the Target Company with added planning functionality. It should also establish a less susceptible system to cost reductions and exchange rate fluctuations by making maximum use of overseas production bases, thereby drastically improving the profit structure.

(iii) Control equipment business

As a business that supports the construction of social infrastructure, the Group should focus on finding potential customers in areas, such as the design and manufacture of automated control devices and factory automation systems (systems for automating the production process), and electric power construction projects, while aiming to enlarge its business scale by rebuilding its sales structure toward expanding into new business areas.

Further, Mr. Matsuki has believed it necessary to consider the method of going-private transactions and the terms and conditions, including the Tender Offer Price, which can gain the understanding of as many shareholders as possible so that they would agree with the significance of implementation of MBO and tender their Target Company Shares.

In the course of considerations, on March 26, 2021, the Tender Offeror received information shared by the Target Company that in the Telephone Conference of March 26, 2021, the Target Company received a suggestion from Mr. Murakami and CIE to conduct another MBO as a possible choice for the Target Company. Following that suggestion, on April 6, 2021, the Tender Offeror received a request from CIE for a discussion. Then, on April 8, 2021, the Tender Offeror held a telephone conference with CIE, Aya Nomura, Representative Director of CIE's parent company ATRA Co., Ltd. ("**Ms. Nomura**"), and Mr. Murakami (collectively referred to as "**CIE, Etc.**") and exchanged their opinions on the management policy contemplated by the Tender Offeror. By exchanging views with CIE, Etc. on a wide range of issues and the business environment of the Target Company recognized by the Tender Offeror, it received from CIE, Etc. various opinions and recommendations that would contribute to improving the corporate value and shareholder value of the Target Company. Through that telephone conference, the Tender Offeror and CIE, Etc. came to have a common recognition as follows: the dyeing process business and textile sales business engaged by the Target Company are mature industries, the market size of which has been shrinking as stated in "I Business environment surrounding the Target Company, management issues of the Target Company, etc." above; the Target Company has been surrounded by the harsh environment; thus, the drastic reforms, including the Restructuring Plan, are critical for resolving management issues facing the Target Company, which are recognized by the Tender Offeror, and improving the business operation of the Target Company; and for that purpose, going-private transactions for the Target Company Shares would realize the enhancement of its corporate value.

Meanwhile, on April 9, 2021, the Tender Offeror also received a request from NAVF to implement another MBO promptly and execute with NAVF an agreement similar to the Previous Investment Agreement (NAVF), under which NAVF wishes to receive the allotment of Class B Shares of the Tender Offeror, which were not issued due to the failure of the Previous

Tender Offer, and support the enhancement of the corporate value of the Target Company after going-private transactions are completed. At that point in time, the Tender Offeror could confirm the intentions of CIE and NAVF as to going-private of the Target Company Shares; it decided to take the initiative in proceeding full-scale with going-private transactions

Subsequently, on April 26, 2021, the Tender Offeror executed a non-disclosure agreement with CIE and in videoconferences with CIE, Etc. held on April 30, 2021, and May 7, 2021, the Tender Offeror received a proposal in relation to the consolidation of the Target Company Shares in accordance with Article 180 of the Companies Act, which had been scheduled by the Tender Offeror after the Previous Tender Offer. Specifically, the Tender Offeror and CIE, Etc. discussed the suggestion from CIE, Etc. on the method of going-private transactions not through the tender offer but by submitting it to a general meeting of shareholders of the Target Company. The Tender Offeror considered that since more than two months have passed after February 9, 2021, the announcement date of the Previous Tender Offer, up to April 30, 2021, naturally it is deemed that some shareholders traded the Target Company Shares in the market after the announcement of the Previous Tender Offer; thus, the composition of shareholders of the Target Company might have changed after the Previous Tender Offer. Therefore, it believed it necessary to take the following steps; firstly, conduct another tender offer and gain the tender of the Target Company Shares from shareholders; after that, confirm the total number of voting rights pertaining to the Target Company Shares held by the Tender Offeror and the shareholders who agreed with going-private transactions for the Target Company by the Tender Offeror exceeds two-thirds of the total voting rights of the Target Company; emphasize the shareholders' intentions, and finally submits a proposition for the share consolidation to a general meeting of shareholders of the Target Company. And the Tender Offeror presented the above proposal to CIE, Etc. on May 7, 2021. As a result, the Tender Offeror received a suggestion from CIE on another scheme of going-private transactions for the Target Company Shares. That is the method to take the Target Company Shares private by following steps: firstly, the Tender Offeror conducts another tender offer; and if, besides the Tender Offeror, CIE and NAVF, there are other shareholders who wish to remain shareholders after going-private transactions, including business partners and employees of the Target Company ("**Shareholders Wishing to Remain,**" (Note 2)) and when the total number of voting rights pertaining to the Target Company Shares held by the Tender Offeror, CIE, NAVF, and the Shareholders Wishing to Remain after the Tender Offer exceeds two-thirds of the total voting rights of the Target Company, the Tender Offeror, CIE, and the Shareholders Wishing to Remain will remain as common shareholders of the Target Company; and finally going-private transactions for the Target Company Shares are completed. ("**Scheme Proposed by CIE**"). Since that scheme coincides with the method considered by the Tender Offeror above, they agreed to adopt the Scheme Proposed by CIE as the basic approach to the contemplated transactions. At that videoconference, CIE did not make any specific proposal regarding the Tender Offer Price and indicated its intention not to tender its 515,600 shares of the Target Company Shares in the Tender Offer and to leave the management of business aspects of the Target Company to the management team of the Target Company. Also, CIE expressed its thought that it would support the Target Company on financing and financial strategy leveraging its investment experience in many companies and experience in helping managements of both listed and unlisted companies. And it proposed that if required by the Tender Offeror, it would be possible to provide equity and debt financing. At the end of the meeting, both parties confirmed to have constructive discussions on an ongoing basis. At this moment, the Tender Offeror has not received from CIE any specific proposal regarding CIE's support in financing and financial strategy for the Target Company. Further, in the Transactions, it is expected to make the Tender Offeror and CIE the sole shareholders of the Target Company unless there is a shareholder who

holds equal shares or more than the Agreed Non-tendering Shares owned by CIE (number of shares owned: 515,600 shares, Ownership Ratio: 8.33%) after the Tender Offer. According to the Target Company, as of the date of submission of this Statement, it has not received contact from any of its shareholders, other than CIE, who wish to remain as a shareholder of the Target Company after the completion of going-private transactions.

Note 2 The Tender Offeror has not been informed about the intention of any other shareholders of the Target Company than CIE to remain as a common shareholder of the Target Company after the Transactions; thus, the Tender Offeror has assumed there is no particular third party as a Shareholder Wishing to Remain. Accordingly, the Tender Offeror has determined to employ the scheme to implement the Squeeze Out Procedure for the shareholders of the Target Company, other than the Tender Offeror and CIE (and other shareholders who hold equal shares or more than the Target Company Shares owned by CIE, if any.)

On May 13th, 14th, 19th, and 20th, 2021, the Tender Offeror consulted with NAVF regarding the Scheme Proposed by CIE and asked whether NAVF had the intention to remain as a shareholder of the Target Company after going-private transactions. NAVF expressed its basic stance to tender all its Target Company Shares in another tender offer as in the Previous Tender Offer. NAVF also wished to execute an agreement similar to the Previous Investment Agreement (NAVF) to receive the allotment of Class B Shares of the Tender Offeror while providing its support for improving the corporate value of the Target Company after going-private transactions.

Given the above consultations, on May 27, 2021, the Tender Offeror submitted to the Target Company a proposal letter on a management buyout (MBO) through the Tender Offer (“**Proposal Letter of May 27, 2021**”). In the Proposal Letter of May 27, 2021, as like in the Previous Investment Agreement (NAVF) that was contemplated by the Tender Offeror and NAVF at the time of the Previous Tender Offer, it was expected to adopt a method involving NAVF’s subscription for Class B Shares of the Tender Offeror, which were not issued due to the failure of the Previous Tender Offer. However, on June 7, 2021, CIE pointed out to the Tender Offeror that from the viewpoint of ensuring transparency of the transaction scheme, the investment agreement involving Class B Shares between the Tender Offeror and NAVF should be reconsidered, so that general shareholders feel it reasonable and acceptable. On the same day, the Tender Offeror discussed that point with the Target Company and learned from the Target Company that during the purchase period of the Previous Tender Offer, the Target Company had received multiple inquiries from its shareholders regarding the volume and details of the amount to be invested under the Previous Investment Agreement (NAVF). As the Tender Offeror intended to advance the Tender Offer by gaining the understanding of CIE, NAVF, and many other shareholders, on the same day, it requested NAVF for a discussion regarding the subscription for the Tender Offeror's Class B Shares, including reconsideration of the details, and on June 10, 2021, they consulted once again. According to CIE, it also directly communicated to NAVF three times, at least, from June 7, 2021, to June 9, 2021, that the subscription for Class B Shares should be avoided in terms of ensuring transparency of the transaction scheme.

After having a series of discussions above among the Tender Offeror, NAVF, and CIE from April 8, 2021, to June 10, 2021, NAVF notified the Tender Offeror on June 11, 2021, as follows:

Although it intended to support the enhancement of the Target Company's corporate value through its subscription for Class B Shares of the Tender Offeror after going-private transactions for the Target Company Shares, it would withdraw its proposal to provide the said support (after the completion of going-private transactions) while subscribing for Class B Shares of the Tender Offeror. The Tender Offeror had expectations for NAVF providing knowledge and a highly specialized network to improve management after the Target Company Shares goes private. However, it considered it would alternatively be practical to propel and realize business structural reforms after MBO, which the Tender Offer has mulled over so far, by leveraging the Target Company's resources and the support from CIE Etc., in aspects of finance and financial strategies. Therefore, it accepted NAVF's withdrawal above. On June 18, 2021, after a consultation between CIE and NAVF, the Tender Offeror reconfirmed NAVF did not consider remaining as a shareholder of the Target Company after going-private transactions.

In response, on June 21, 2021, reflecting NAVF's withdrawal from subscribing for Class B Shares above, the Tender Offeror submitted to the Target Company another proposal letter regarding management buyout (MBO) through the Tender Offer, describing that CIE would remain as a shareholder of the Target Company and support the enhancement of the corporate value of the Target Company together with the Tender Offeror, as stated in the Proposal Letter of May 27, 2021 (“**Proposal Letter of June 21, 2021.**”)

Subsequently, the Tender Offeror proceeded with its consideration of the various terms and conditions of the Transactions, including the purchase price per share of the Target Company in the Tender Offer (“**Tender Offer Price**”). And based on the results of due diligence on the Target Company conducted from early June 2021 to late June 2021, on June 22, 2021, the Tender Offeror requested NAVF to accept the Tender Offer at a Tender Offer Price of 3,600 yen. And on July 2, 2021, the Tender Offeror received the response from NAVF that it would positively consider tendering all its Target Company Shares (number of shares owned: 389,800 shares, Ownership Ratio: 6.30%) in the Tender Offer

Also, given the failure of the Previous Tender Offer, for increasing the probability of successful consummation of the Tender Offer, since July 5, 2021, the Tender Offeror has had a series of negotiations with MBSF, Fukui Bank, and Mizuho Bank, from which it expects to receive funding for the Tender Offer. For setting the Tender Offer Price. 2021, the Tender Offeror took into consideration the following points: during the 82 trading days from March 25, 2021, the next Business Day after the last day of the Previous Tender Offer period, until July 26, 2021, the Business Day before the announcement of the Tender Offer, the market price of the Target Company Shares on the First Section of TSE on a closing price basis traded above the Previous Tender Offer Price Before the Change (2,850 yen) and the Previous Tender Offer Price (3,000 yen) for 81 trading days and 51 trading days, respectively (Note 3); the Target Company's recent financial information and book value per share (BPS) of 3,794 yen (rounded off below a decimal place. The same shall apply to the calculation of BPS hereinafter.). And on July 16, 2021, the Tender Offeror presented an offer with the Tender Offer Price of 3,810 yen to the Target Company. On July 21, 2021, it was asked by the Target Company if there is any room for raise in the Tender Offer Price, and on the same day, after its reconsideration, the Tender Offeror replied to the Target Company that the Tender Offer Price of 3,810 yen was its final proposal. And on July 26, 2021, it was informed by the Target Company that at the Board of Directors meeting of the Target Company to be held on July 27, 2021, the proposition for the Tender Offer at the Tender Offer Price of 3,810 yen would be deliberated. In respect of Share Options, it is stipulated that the Share Option Holders may exercise their allotted Share Options on or after the day following the day when they lose their position as Director or Corporate Officer of the Target Company, respectively, within the exercise period for Share Options. Thus,

even if the Tender Offeror acquires the Share Options, it is understood that the Tender Offeror may not exercise them. Therefore, on July 16, 2021, the Tender Offeror proposed to the Target Company the Share Option Offer Price of one (1) yen per unit

At the same time, the Tender Offer informed Toray on July 16, 2021, that it was considering the Tender Offer Price of 3,810 yen, which it already proposed to the Target Company. Also, on July 19, 2021, it informed Fukui Bank of the same. Subsequently, on July 21, 2021, the Tender Offeror was informed by Toray that Toray's internal procedures for approval of the execution of the Tender Agreement (Toray) with the Tender Offer Price of 3,810 yen were completed. Also, on the same day, the Tender Offeror was informed by Fukui Bank of the acceptance by Fukui Bank of the execution of the Tender Agreement (Fukui) with the Tender Offer Price of 3,810 yen.

Based on the above background and after discussions, on July 26, 2021, the Tender Offeror executed the Tender Agreement (Fukui) with Fukui Bank. and, on July 27, 2021, since the Tender Offeror was informed by the Target Company that at the Board of Directors meeting of the Target Company held on the same day, the Target Company would resolve the propositions to express its opinion in favor of the Tender Offer as stated in "IV The process and reason leading up to the Target Company's decision to support the Tender Offer" below and recommend its shareholders tender their shares in the Tender Offer, it has decided to conduct the Tender Offer as part of the Transactions, at the Tender Offer Price of 3,810 yen and the Share Option Offer Price of one (1) yen per unit. And on the same day, the Tender Offeror has determined as follows: CIE has been of interest to the management policy of the Target Company; it has intentions to continue to be a shareholder of the Target Company, as in past years, after going-private transactions and support Mr. Matsuki, the Representative Director of the Target Company and the same of the Tender Offeror, while respecting the current management structure by the existing management team of the Target Company to the maximum extent after the consolidation of shares; it is also ready to provide its assistance and support to the maximum extent toward enhancing the corporate value of the Target Company. Further, the Tender Offeror considers that it would help improve the corporate value of the Target Company to receive and enjoy the support from CIE, which has the above intentions and multiple investment records and can leverage its expertise in financing aspects. Accordingly, on July 27, 2021, the Tender Offeror has executed the Non-Tender Agreement with CIE, and the Tender Agreement (Toray) with Toray.

For implementing the Tender Offer and executing the Non-Tender Agreement above, the Tender Offeror has independently held discussions and negotiations with CIE and NAVF, respectively, and there have been no discussions or matters agreed upon among three parties, the Tender Offeror, CIE, and NAVF. Also, the Tender Offeror determined the Tender Offer Price based on financial information materials disclosed by the Target Company, results of the due diligence conducted with the Target Company from early June 2021 through late June 2021, actual examples of premium rates in MBO cases conducted for going-private in the past 10 years (about 5% - about 135%), and consultations and negotiations with the Target Company. Accordingly, the Tender Offeror has not obtained a Share Valuation Report from a Third-Party Valuation Agent. Also, in determining the Share Option Offer Price, the Tender Offeror has not obtained any Valuation Report from a Third-Party Valuation Agent.

Note 3 The days when the market price exceeded the Previous Tender Offer Price Before the Change (2,850 yen) are as follows. The numbers in parentheses are the lowest and the

highest of the closing price of the market stock price of the Target Company Shares during the applicable period or on the day described below.

(i) One (1) trading day of March 25, 2021 (2,986 yen)

(ii) 80 trading days from March 29, 2021, to July 26, 2021 (2,879 yen - 3,130 yen)

Days when the price exceeded the Previous Tender Offer Price (3,000 yen) are as follows.

(i) 17 trading days from March 29, 2021, to April 20, 2021 (3,005 yen -3,050 yen)

(ii) One (1) trading day of April 22, 2021 (3,005 yen)

(iii) One (1) trading day of April 26, 2021 (3,005 yen)

(iv) Three (3) trading days from May 7, 2021, to May 11, 2021 (3,005yen -3,080 yen)

(v) Seven (7) trading days from June 2, 2021, to June 10, 2021 (3,020yen -3,070 yen)

(vi) One (1) trading day of June 14, 2021 (3,005 yen)

(vii) Two (2) trading days from June 16, 2021, to June 17, 2021 (3,005 yen -3,045 yen)

(viii) Six (6) trading days from June 22, 2021, to June 29, 2021 (3,005 yen -3,075 yen)

(ix) Four (4) trading days from July 2, 2021, to July 7, 2021 (3,035 yen -3,080 yen)

(x) Nine (9) trading days from July 12, 2021, to July 26, 2021 (3,035 yen -3,130 yen)

#### **IV The process and reasons leading up to the Target Company's decision to support the Tender Offer**

According to the Target Company's Press Release, as stated in the "II Background leading up to the Previous Tender Offer" above, the Target Company received a request from Mr. Matsuki to hold discussions and negotiations for implementing the Previous Transaction in mid-November 2020. And to ensure the fairness of the Previous Transaction, including the fairness of the Previous Tender Offer Price and other aspects of the Previous Tender Offer, the Target Company appointed TMI Associates as a legal advisor independent of Mr. Matsuki, the Tender Offeror, the Target Company, and NAVF; KPMGFAS ("KPMG") as a financial advisor and a Third-Party Valuation agent independent of Mr. Matsuki, the Tender Offeror, the Target Company, and NAVF on December 10, 2020. And even after the close of the Previous Tender Offer, the Target Company has continuously received advice from TMI Associates and KPMG on necessary matters, such as points to keep in mind from a legal perspective when communicating to the Tender Offer telephone conferences with CIE and their details.

Subsequently, on May 27, 2021, after receiving from the Tender Offeror the Proposal Letter of May 27, 2021, the Target Company again appointed TMI Associates and KPMG as its legal advisors, financial advisors and Third-Party Valuation Agent, respectively. Further, in advance of the deliberations and resolutions on approval or non-approval of the Transactions by its Board of Directors meeting, the Target Company established a special committee as of June 1, 2021 ("Special Committee") and built a structure for consideration of the Transactions to make its decision thereon carefully, eliminate the possibility of arbitrariness and conflicts of interest in the decision-making process of the Target Company's Board of Directors, and to secure the

fairness of the Transactions. For the composition of the Special Committee and specific details of activities, please see “4 Purchase Period, Purchase Price and Number of Share Certificates, Etc. to be Purchased,” “(2) Purchase Price,” in which “Background to the Calculation,” “(Measures to Ensure Fairness of the Tender Offer Price, Measures to Avoid Conflicts of Interest and Measures to Ensure Fairness of the Tender Offer),” “III. Establishment of an independent special committee at the Target Company and obtainment of a report from the special committee” below. Also, on June 21, 2021, after the establishment of the Special Committee, the Target Company received from the Tender Offeror the Proposal Letter of June 21, 2021.

Under the above structure, the Target Company had repeated discussions and considerations with the Tender Offeror on multiple occasions following the negotiation strategy confirmed in advance by and the opinions, instructions, and requests from the Special Committee on essential points in the negotiations regarding the purpose of the Transactions, the management policy after the Transactions, and the terms and conditions of the Transactions, including the Tender Offer Price, while receiving the advice from TMI Associates and KPMG.

Accordingly, the Target Company concluded that the Transactions would contribute to enhancing the corporate value of the Target Company Group, given the following points.

- (i) As in the Previous Transaction, the Restructuring Plan stated in “II Background leading up to the Previous Tender Offer” above, which is contemplated by the Tender Offeror, aim to improve the profitability of the Target Company Group drastically from a medium-to-long-term perspective; its details are considered as reasonable; therefore, it is believed to be highly likely that the measures will contribute to resolving the management issues facing the Target Company Group stated in “II Background leading up to the Previous Tender Offer” above.
- (ii) At the same time, as in the Previous Transaction, the whole Restructuring Plan requires a large amount of initial investment or continued investments. Thus, carrying out these measures while keeping the Target Company listed on the stock exchange poses a risk of cash flow deterioration in the short term, and it is not always clear whether the Target Company can surely improve its earning capacity drastically in the medium-to-long term. Also, it is likely to impair the interests of the shareholders of the Target Company through a decline in the share price of the Target Company Shares without obtaining favorable evaluation from the capital market. Therefore, it is considered reasonable to take going-private procedures for the Target Company Shares to carry out the Restructuring Plan.
- (iii) In addition, as in the Previous Transaction, in the sense of a means of going-private transactions for the Target Company Shares, it is considered beneficial from the viewpoint of enhancing the effectiveness of the Restructuring Plan to implement a management buyout (MBO) under the leadership of Mr. Matsuki, who is most familiar with the business contents of the Target Company Group, integrate the ownership and management of the Target Company to a certain extent, and have him assume the management of the Target Company.
- (iv) As in the Previous Transaction, some disadvantages are associated with going-private transactions in general. Specifically, a company will no longer be able to raise funds through equity financing from the capital market or receive the



advantages it has enjoyed as a listed company, such as good publicity and social credibility. However, given the current financial condition of the Target Company Group and the current low-interest-rate environment for indirect financing, the need for raising funds through equity financing is not high, at least for the foreseeable future. Since the improvements in the Group's visibility and social credibility can be achieved through diligent business execution, the disadvantages associated with going-private transactions in the Group are considered limited.

- (v) Unlike in the Previous Transaction, CIE is expected to remain as a shareholder of the Target Company after the Transactions. On this point, as stated in "V Management Policy after the Tender Offer," the Tender Offeror has reached an agreement with CIE that: CIE respects the current management structure operated by the existing management team of the Target Company to the maximum extent; continue to provide maximum support and assistance for the enhancement of the corporate value of the Target Company as its shareholder at the request of the Tender Offeror or the Target Company even after the consolidation of shares; and not dissent to the management policy to be determined by the current management team of the Target Company. Given the above, it is considered that the remaining of CIE as a shareholder of the Target Company after the Transactions will never preclude any of the matters from (i) to (iv) above.

In the Transactions, in the case when there are shareholders who hold equal shares or more than the Agreed Non-tendering Shares owned by CIE (number of shares owned: 515,600 shares, Ownership Ratio: 8.33%) after the Tender Offer, the Procedures for Consultations and Support are to be conducted. On this point, as of July 27, 2021, the Target Company has not become aware of the existence of such shareholders and is unable to identify them; therefore, it is also unable to determine the role of such shareholders and their impact on enhancing its corporate value and make a decision on the assumption that the above shareholders will remain as shareholders of the Target Company. Accordingly, the Target Company has concluded that, as of July 27, 2021, it just has to determine whether the Tender Offer should be conducted on the assumption that only the Tender Offeror or the Tender Offeror and CIE alone become its shareholders after the Transactions. Therefore, the Target Company made its decision on the assumption above, and if it is predicted that any change might occur in that assumption, the Target Company will reconsider the matters described above.

In addition, after considering the points below, the Target Company concluded that the Tender Offer Price was a reasonable price that ensured the benefits to be enjoyed by general shareholders of the Target Company and that the Tender Offer provided a reasonable opportunity to sell their Target Company Shares.

- (i) The Tender Offer Price exceeds the upper limit of the calculation result gained using the market approach, also it exceeds the upper limit of the range set using the discounted cash flow analysis method ("**DCF method**"). Both methods are employed by KPMG for the valuation of the Target Company Shares as described in "4 Purchase Period, Purchase Price and Number of Share Certificates, Etc. to be Purchased," "(2) Purchase Price," "Background to the Calculation," "(Measures to Ensure Fairness of the Tender Offer Price, Measures to Avoid Conflicts of Interest and Measures to Ensure Fairness of the Tender Offer)," and "I Acquisition of a

Share Valuation Report by the Target Company from an independent Third-Party Valuation Agent” below.

- (ii) The Tender Offer Price represents a premium of 25.54% over 3,035 yen, the closing price of the Target Company Shares on the First Section of TSE on July 26, 2021, the Business Day before the announcement date of the Tender Offer, and a premium of 25.00% over 3,048 yen, the simple average of the closing prices for the one-month period up to the same date (rounded off below a decimal place. The same shall apply to the calculation of the simple average of the closing price hereinafter), a premium of 26.62% over 3,009 yen, the simple average closing price for the three-months period up to the same date, and a premium of 30.26% over 2,925 yen, the simple average closing price for the six-months period up to the same date, respectively. And the above premiums are considered reasonable compared to the premium level in cases of tender offers for going-private transactions conducted (recent cases of tender offers conducted as part of so-called MBOs) in the past five (5) years.
- (iii) The Tender Offer Price exceeds the offer price of 2,350 yen proposed in the Approach for Consideration of MBO (RSM), which Mr. Matsuki received on November 27, 2020, and the Previous Tender Offer Price of 3,000 yen.
- (iv) The Tender Offer Price exceeds the Target Company’s book value per share (BPS) of 3,794 yen as of March 31, 2021.
- (v) In determining the Tender Offer Price, the measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest have been taken as described in “4 Purchase Period, Purchase Price and Number of Share Certificates, Etc. to be Purchased,” “(2) Purchase Price,” “Background to the Calculation,” “(Measures to Ensure Fairness of the Tender Offer Price, Measures to Avoid Conflicts of Interest and Measures to Ensure Fairness of the Tender Offer)” below. Thus, it is deemed that due consideration has been given to the interests of minority shareholders.
- (vi) After taking the above measures, the Tender Offer Price was set at a price proposed as a result of negotiations and discussions conducted sincerely and continuously between the Target Company and the Tender Offeror, in the same manner as in arm’s-length transactions.
- (vii) As described in “4 Purchase Period, Purchase Price and Number of Share Certificates Etc. to be Purchased,” “(2) Purchase Price,” “Background to the Calculation,” “(Measures to Ensure Fairness of the Tender Offer Price, Measures to Avoid Conflicts of Interest and Measures to Ensure Fairness of the Tender Offer),” “III Establishment of an independent special committee at the Target Company and obtainment of a report from the special committee,” the report (*toshin*) submitted from the Special Committee to the Target Company as of July 27, 2021 (“**Report**”) also determined that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable.

From the points above, at the Board of Directors meeting held on July 27, 2021, the Target Company resolved to express its opinion in support of the Tender Offer, recommend its

shareholders tender their shares in the Tender Offer, and leave the decision to the Share Option Holders as to whether or not they tender their Share Options in the Tender Offer, respectively, as the purchase price per unit of Share Options is set at one (1) yen.

## V Management Policy after the Tender Offer

The Transaction falls under the category of a so-called management buyout (MBO), and even after the completion of the Tender Offer, Mr. Matsuki expects to continue to manage the Target Company as President and Representative Director of the Target Company and propel the business activities of the Target Company as described in "(2) Background leading up to implementation the Previous Tender Offer" above. There is no special agreement between the Tender Offeror and other Directors of the Target Company (including Audit and Supervisory Committee Members) regarding their appointment as officers after the Tender Offer. And for details of the management structure of the Target Company after the Tender Offer, including the composition of its officers, the Tender Offeror will determine in consultation with the Target Company after the successful consummation of the Tender Offer. Maintaining the current management structure of the Target Company is also one of the possible options. In addition, both the Investment Agreement (MBSF) and the Investment Agreement (Fukui) provide for several matters requiring prior notification to MBSF/Fukui Bank and matters requiring prior approval from MBSF/Fukui Bank respectively. However, neither of them expects to be actively involved in the management of the Tender Offeror or the Target Company, and they have verbally confirmed that they would consent to the management policy proposed by Mr. Matsuki.

At the same time, the Tender Offeror will seek advice and support from CIE to improve the Target Company's corporate value as necessary in the future. However, in the Non-Tender Agreement, CIE has agreed to respect the current management structure operated by the existing management team of the Target Company to the maximum extent, continue to provide support and assistance for the improvement of the Target Company's corporate value as its shareholder at the request of the Tender Offeror or the Target Company even after the consolidation of shares, and not dissent to the management policies determined by the current management team of the Target Company. Other than the above agreements, there is no matter expressly agreed between CIE and the Tender Offeror regarding CIE's stance on its involvement in the Target Company's management. In addition, according to CIE, there is a possibility that it considers the sale of the Target Company Shares at the timing when it prospects that corporate value of the Target Company would increase to some extent after providing its support for that purpose, and at the same time, there is another possibility that it continues to hold the Target Company Shares over the medium-to-long term. Assuming the case where CIE sells the Target Company Shares in the future, the Tender Offeror has verbally agreed with CIE to discuss a possible sale price of the Target Company Shares to be received by CIE as consideration for that sale on the following premise, and they are currently advancing discussions. Given that the Tender Offer Price is confirmed as a fair price per share of the Target Company Shares at the time immediately after the consolidation of shares becomes effective ("**Time of Completion of MBO**"), if CIE sells the Target Company Shares at some point in the future, it will not receive, as consideration for that sale, any amount exceeding the amount that properly reflects an increase or decrease in the corporate value of the Target Company on or after the Time of Completion of MBO in terms of money for per share of the Target Company Shares to the Tender Offer Price. For calculating that sale price of the Target Company Shares, the Tender Offeror has envisaged that firstly it employs the calculation method to be deemed reasonable and agreed by and between the Tender Offeror and CIE and assesses the corporate value of the

Target Company; compares that value with the corporate value of the Target Company assessed based on the Target Share Price at the time of completion of MBO, and compute the amount equivalent to an increase or decrease in the corporate value of the Target Company after the Time of Completion of MBO. However, as of the date of submission of this Statement, the details have not been agreed upon. At the same time, as stated in “4. Period and Price of the Tender Offer and Number of Share Certificates to be Purchased, Etc.,” “(2) Price of Tender Offer,” in which “Background of valuation” “(Measures to Ensure Fairness of the Tender Offer such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest),” “V Setting by the Tender Offeror the minimum number of shares to be purchased exceeding a number equivalent to the majority of minority” below, for the Tender Offer, the Tender Offeror has taken the measures to ensure fairness of the Tender Offer Price, including setting a minimum number of shares to be purchased exceeding a number equivalent to the majority of minority. In other words, the Tender Offer intends not to conduct the Transactions, including the Tender Offer, unless obtained approval from the majority of shareholders of the Target Company who do not have a material interest with the Tender Offeror. Accordingly, the Tender Offeror believes that once the Tender Offer is successfully consummated with approval from the majority of shareholders of the Target Company who do not have a material interest with the Tender Offeror, the Tender Offer Price can be confirmed as a fair price per share of the Target Company approved by general shareholders. However, at present, the prospective buyer and specific timing of such sale have not been agreed upon, and CIE has verbally agreed with the Tender Offeror that it may not sell the Target Company Shares without the consent of the Tender Offeror.

The Tender Offeror has not made any arrangement with CIE regarding the dispatch of officers from CIE to the Target Company after the Tender Offer.

Also, the Tender Offeror does not plan to merge with the Target Company after the Squeeze Out Procedures are completed.

### **(3) Measures to Ensure Fairness of the Tender Offer, such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest**

Since the Tender Offer will be conducted as part of the Transactions for a management buyout (MBO), structural conflicts of interest and information asymmetry may arise as typical issues. Thus, the Tender Offeror and the Target Company have taken the measures described below to ensure the fairness of the Transactions, including the Tender Offer, from the viewpoint of ensuring the fairness of the Tender Offer Price and eliminating arbitrariness and avoiding conflicts of interest in the decision-making process leading to the decision to conduct the Tender Offer.

Among the following descriptions, the statements about the measures implemented by the Target Company are based on the explanations provided by the Target Company.

- I Obtainment by the Target Company of a Share Valuation Report from an independent Third-Party Valuation Agent
- II Obtainment by the Target Company of Advice from an independent law firm
- III Establishment of an independent special committee at the Target Company and obtainment of a report from the special committee

- IV Obtainment by the Target Company of Approval of all its non-interested Directors (including Audit and Supervisory Committee Members)
- V Setting by the Tender Offeror the minimum number of shares to be purchased exceeding a number equivalent to the majority of minority
- VI Measures taken by the Tender Offeror to secure objectivity for ensuring the fairness of the Tender Offer

For details of each measure above, please see “4 Purchase Period, Purchase Price and Number of Share Certificates Etc. to be Purchased,” “(2) Purchase Price,” “Background to the Calculation,” “(Measures to Ensure Fairness of the Tender Offer Price, Measures to Avoid Conflicts of Interest and Measures to Ensure Fairness of the Tender Offer),” below.

#### **(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)**

As stated in “(1) Outline of the Tender Offer” above, in the event that the Tender Offeror fails to obtain all of the Target Company Shares (including the Target Company Shares to be issued upon the exercise of the Share Options, but excluding the treasury shares held by the Target Company and the Agreed Non-tendering Shares) and Share Options through the Tender Offer, after the successful consummation of the Tender Offer, the Tender Offeror plans to implement the Squeeze Out Procedure by using the following method.

Specifically, the Tender Offeror intends to request that the Target Company hold an extraordinary shareholders’ meeting in mid-November 2021 (“**Extraordinary Shareholders’ Meeting**”) to resolve the following propositions: to implement the consolidation of shares of the Target Company Shares pursuant to Article 180 of the Companies Act (“**share consolidation**”); and to make a partial amendment to the Target Company’s Articles of Incorporation to abolish the provision of share unit number, conditional upon the share consolidation becomes effective. The Tender Offeror and CIE intend to vote in support of each of the propositions above at the Extraordinary Shareholders’ Meeting. If the proposition for the Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved thereat. If owing to the Share Consolidation, fractions of less than one share arise, each shareholder of the Target Company for whom fractional shares arise will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of fractional shares (if such total number includes fractions of less than one share, that fractions will be rounded down, and the same applies hereunder) to the Target Company or the Tender Offeror, as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. With regard to the sale price of the Target Company Shares equivalent to the total number of fractional shares, the Tender Offeror will compute the amount of money to be delivered, as consideration for that sale of the Target Company Shares, to each shareholder of the Target Company who did not tender in the Tender Offer (excluding the Tender Offeror, CIE, and the Target Company if the shareholders of the Target Company are the Tender Offeror and CIE, and excluding the Tender Offeror and Target Company if the shareholder of the Target Company is the Tender Offeror only) to become equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each shareholder. After that, the Tender Offeror plans to request the Target Company to file a petition for permission of

voluntary sale with the court. The ratio of the consolidation of the Target Company Shares has not been determined as of the submission date of this Statement. However, to ensure that the Tender Offeror and CIE (for the procedures to be taken in the case where there are shareholders who own equal shares or more than the Agreed Non-tendering Shares held by CIE (number of shares owned: 515,600 shares, Ownership Ratio: 8.33%), please see “Note 2” of “(1) Outline of the Tender Offer” above.) own all the Target Company Shares (excluding the treasury shares held by the Target Company), it is intended that shareholders (excluding the Tender Offeror, CIE, and the Target Company if the shareholders of the Target Company are the Tender Offeror and CIE, and excluding the Tender Offeror and Target Company if the shareholder of the Target Company is the Tender Offeror only) who did not tender in the Tender Offer will have any Target Company Shares classified as fractional shares of less than one share. In this connection, as described in “(6) Important Agreements relating to the Tender Offer” in which “I Non-Tender Agreement” below, the Tender Offeror has reached an agreement with CIE that, after the completion of the Squeeze Out Procedure, CIE respects the current management structure operated by the existing management team of the Target Company to the maximum extent; continue to provide its maximum support and assistance for the improvement of the Target Company's corporate value as a shareholder of the Target Company at the request of the Tender Offeror or the Target Company; and not dissent to the management policy to be determined by the current management team of the Target Company. In the event that the shareholders of the Target Company are not limited to the Tender Offeror and CIE, the Tender Offeror, CIE, and other shareholders will have a consultation on the policies for improving the corporate value of the Target Company and their respective roles. Even when they fail to reach an agreement, CIE will consent to the decision of the Tender Offeror as provided for in the Non-Tender Agreement.

In the interest of protecting the rights of minority shareholders in connection with the procedures above, the Companies Act provides that in cases where fractional shares are included in the number of shares when a stock company consolidates shares, the shareholders of the target company may demand that the stock company purchase, at a fair price, all of the fractional shares from among shares that they hold, and they may file a petition for the court to determine the price in accordance with its Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. As stated above, the number of Target Company Shares held by its shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror, CIE, and the Target Company if the shareholders of the Target Company are the Tender Offeror and CIE, and excluding the Tender Offeror and Target Company if the shareholders of the Target Company is the Tender Offeror only) are expected to be classified as fractional shares of less than one share as a result of the Share Consolidation; therefore, shareholders of the Target Company who dissent the Share Consolidation may file the above petition. In the event that a petition is filed as above, the acquisition price of the Target Company Shares will ultimately be determined by the court.

Depending on amendments and enforcement of the relevant laws and regulations, the interpretation thereof by authorities, or other situations, the timing or methods of implementation of the above procedure may be altered. However, even in such a case, if the Tender Offer is successfully consummated, a method will be employed to deliver some amount of cash eventually to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror, CIE, and the Target Company if the shareholders of the Target Company are limited to the Tender Offeror and CIE, and excluding the Tender Offeror and Target Company if the shareholders of the Target Company are limited to the Tender Offeror), And the amount of cash to be delivered to each applicable shareholder will be computed to become equal to the amount obtained by multiplying the Tender Offer Price

by the number of Target Company Shares held by each applicable shareholder. In that case, the specific procedures, the timing of the implementation, and related matters are to be promptly announced by the Target Company, once determined after consulting with the Target Company.

In addition, if, despite the successful consummation of the Tender Offer, the Tender Offeror fails to acquire all of the Share Options in the Tender Offer and Share Options remain unexercised, the Tender Offeror will request that the Target Company acquires and cancels the Share Options or recommend that Share Option Holders waive their Share Options or implement other procedures reasonably necessary for the execution of the Transactions. According to the Target Company, it is going to cooperate in responding to the request above, if received.

It is further noted that the Tender Offer will never solicit the shareholders of the Target Company to vote for the propositions at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company and Share Option Holders are requested to confirm with certified public tax accountants or other experts on their own responsibility regarding the tax consequences or treatment of tendering their shares in the Tender Offer or each of the procedures outlined above.

## **(5) Prospects and Reasons for Delisting**

Although the Target Company Shares are listed on the First Section of TSE as of the submission date of this Statement, the Tender Offeror has not set an upper limit on the number of shares to be purchased in the Tender Offer, and therefore, depending on the results of the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set forth by TSE. In addition, even in the case where the applicable criteria are not met at the successful consummation of the Tender Offer if the Squeeze Out Procedure is implemented thereafter as stated in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” above, the Target Company Shares will be delisted following the prescribed procedure in accordance with the delisting criteria of TSE. Once delisted, the Target Company Shares will no longer be traded on the First Section of TSE.

## **(6) Important Agreements relating to the Tender Offer**

### **I Non-Tender Agreement**

The Tender Offeror has entered into a Non-Tender Agreement dated July 27, 2021, with CIE, the largest shareholder of the Target Company, for all of the Agreed Non-Tendering Shares (number of shares owned: 515,600 shares, Ownership Ratio: 8.33%) The Non-Tender Agreement provides for that: (a) CIE will not tender any Agreed Non-tendering Shares held by CIE in the Tender Offer; (b) in accordance with the request of the Tender Offeror, CIE will exercise its voting rights in favor of the proposition for the consolidation of shares (“**Share Consolidation**”) and any proposition related thereto, in order to make the Tender Offeror and CIE the shareholders of the Target Company; and (c) if it is reasonably expected that, even after the implementation of the Share Consolidation, there are shareholders who own equal shares or more than the Agreed Non-tendering Shares held by CIE (number of shares: 515,600 shares, Ownership Ratio: 8.33%), the Tender Offeror, CIE and said shareholders will have a consultation on the policies for enhancing the corporate value of the Target Company and their

respective roles. And if they fail to reach an agreement, CIE will consent to the decision of the Tender Offeror.

With respect to management policies, schemes, and other matters [for the Target Company] after the Tender Offer, it is provided for that: (d) CIE will respect, to the maximum possible extent, the current management systems conducted by the existing management team of the Target Company, and even after the Share Consolidation, provide assistance and support for the improvement of the Target Company's corporate value to the maximum extent possible as a shareholder of the Target Company at the request of the Tender Offeror or the Target Company, and not dissent to management policies set forth by the existing management team of the Target Company; and that (e) the Tender Offeror and CIE mutually confirm that after the Tender Offer and Share Consolidation, CIE expect to receive neither of any special interests nor special disadvantages compared with general shareholders in the Tender Offer nor to cause any disadvantage to general shareholders in the Tender Offer.

Also, it is provided for that: (f) in principle, CIE will not cancel the Non-Tender Agreement (as an exception, in the event that a tender offer is commenced by a third party with a purchase price exceeding the Tender Offer Price, the Tender Offeror and CIE shall hold discussions in good faith on the possibility of an increase in the Tender Offer Price or other changes to the terms of the Tender Offer, and if they fail to reach an agreement by a certain date, CIE may cancel the Non-Tender Agreement.); (g) CIE will not additionally acquire or dispose of any Target Company Shares (including transfer, creation of security rights, and the lending of shares) during the period until the Share Consolidation becomes effective; (h) CIE will not exercise the right to call a shareholders' meeting of the Target Company, the right to submit agenda items or submit a proposition thereat, during the period until the Share becomes effective; and (i) CIE will not make any proposal related to a tender offer for the Target Company Shares, the transfer or other disposal of the Target Company Shares or all or a material part of the of the Target Company's businesses, a capital partnership or merger with the Target Company, other organizational restructuring of the Target Company, or other action that substantially conflicts with the Tender Offer, nor any other similar proposal.

In addition to the above agreement, the Tender Offeror intends to enter into a separate shareholder agreement after consultation with CIE, but as of the date of submission of this Statement, the specific timing of execution and details of that agreement have not been determined. Further, according to CIE, there is a possibility that CIE considers the sale of the Target Company Shares at the timing when it prospects that the corporate value of the Target Company would increase to some extent after implementing its support for that purpose, at the same time, there is another possibility that it continues to hold the Target Company Shares over the medium-to-long term. Assuming the case where CIE sells the Target Company Shares in the future, the Tender Offeror has verbally agreed with CIE a possible sale price of the Target Company Shares to be received by CIE as consideration for that sale on the following premise and they are currently advancing discussions. Given that the Tender Offer Price is confirmed as a fair price per share of the Target Company Shares at Time of Completion of MBO, when CIE sells the Target Company Shares at some point in the future, it will not receive, as consideration for that sale, any amount exceeding the amount that properly reflects an increase or decrease in the corporate value of the Target Company on or after the Time of Completion of MBO in terms of money for per share of the Target Company Shares to the Tender Offer Price. For calculating that sale price of the Target Company Shares, the Tender Offeror has envisaged that firstly it employs the calculation method to be deemed reasonable and agreed by and between the Tender Offeror and CIE and assesses the corporate value of the Target Company; compares that value with the corporate value of the Target Company assessed based on the Target Share Price at the



time of completion of MBO, and compute the amount equivalent to an increase or decrease in the corporate value of the Target Company after the Time of Completion of MBO. However, as of the date of submission of this Statement, the details have not been agreed upon. At the same time, as stated in “4. Period and Price of the Tender Offer and Number of Share Certificates to be Purchased, Etc.,” “(2) Price of Tender Offer,” in which “Background of valuation” “(Measures to Ensure Fairness of the Tender Offer such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest),” “V Setting by the Tender Offeror the minimum number of shares to be purchased exceeding a number equivalent to the majority of minority” below, for the Tender Offer, the Tender Offeror has taken the measures to ensure fairness of the Tender Offer Price, including setting a minimum number of shares to be purchased exceeding a number equivalent to the majority of minority, In other words, the Tender Offer intends not to conduct the Transactions, including the Tender Offer, unless obtained approval from the majority of shareholders of the Target Company who do not have a material interest with the Tender Offeror. Accordingly, the Tender Offeror believes that once the Tender Offer is successfully consummated with approval from the majority of shareholders of the Target Company who do not have a material interest with the Tender Offeror, the Tender Offer Price can be confirmed as a fair price per share of the Target Company approved by general shareholders. However, at present, the specific timing of such sale has not been agreed upon, and CIE has verbally agreed with the Tender Offeror that it may not sell its Target Company Shares without the consent of the Tender Offeror.

## **II Tender Agreement (Toray)**

The Tender Offeror has entered into the Tender Agreement (Toray), dated July 27, 2021, with Toray, the second-largest shareholder of the Target Company, and agreed that Toray would tender 464,530 Target Company Shares held by it (Ownership Ratio: 7.50%) in the Tender Offer. The Tender Agreement (Toray) provides for the following conditions precedent for Toray to tender its shares in the Tender Offer: (a) the Tender Offeror's representations and warranties (Note 1) are true and accurate in all material respects; (b) the Tender Offeror has performed or complied with all its obligations under the Tender Agreement (Toray) (Note 2) in all material respects; (c) a resolution has been adopted by the Board of Directors of the Target Company to express its opinion supporting the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer, and such a resolution has been publicly announced and not been changed or withdrawn; (d) the Tender Offer has been lawfully commenced and not been withdrawn; (e) by the day immediately preceding the commencement date of the Tender Offer Period, the Special Committee established by the Target Company has submitted the Report that the resolution by the Board of Directors of the Target Company to express its opinion supporting the Tender Offer and recommend the shareholders of the Target Company to tender their shares in the Tender Offer and the Share Consolidation to be implemented after the Tender Offer will not cause any disadvantage to the minority shareholders of the Target Company; and (f) no petition, lawsuit or proceeding that would limit or forbid the Tender Offer or Toray's tender therein is pending with any judicial or administrative authority or other competent agencies and there exists none of laws, regulations, and other rules, or none of orders, dispositions, or judgments issued by a judicial or administrative organ, or another similar authority that limits or forbids the Tender Offer or Toray's participation therein. Provided, however, that even if any or all the above conditions precedent are not satisfied, Toray may, at its own discretion, waive such conditions and tender its shares in the Tender Offer.

- Note 1 Under the Tender Agreement (Toray), the Tender Offeror represents and warrants as follows: (a) due incorporation and valid existence; (b) it has the power and authority required to execute the Tender Agreement (Toray), and it has performed the necessary procedures; (c) the enforceability; (d) it has obtained all the licenses, approvals, and other permits relating to the execution and performance of the Tender Agreement (Toray) required to obtain from judicial and administrative agencies on or before the execution or performance thereof; (e) the execution and performance of the Tender Agreement (Toray) and the absence of conflicts with laws, regulations, other rules, its Articles of Incorporation, internal rules, and agreements, etc.; and (f) the absence of any relationship with antisocial forces, etc.
- Note 2 Under the Tender Agreement (Toray), the Tender Offeror assumes obligations to Toray for (a) indemnification and (b) confidentiality.

Furthermore, under the Tender Agreement (Toray), Toray will tender in the Tender Offer and not cancel an agreement related to the purchase of Target Company Shares to be formed by its tendering. However, if, after the conclusion of the Tender Agreement (Toray), a tender offer for the Target Company Shares is commenced by a third party with a purchase price higher than the Tender Offer Price, and when Toray reasonably determines that tendering its shares in the Tender Offer may constitute a breach of the duty of due care of a prudent manager by its directors, Toray may choose not to tender its shares in the Tender Offer or withdraw its acceptance of the Tender Offer.

### **III Tender Agreement (Fukui)**

The Tender Offeror has entered into the Tender Agreement (Fukui) dated July 26, 2021, with Fukui Bank, the tenth-largest shareholder of the Target Company, and agreed that Fukui Bank would tender 165,000 Target Company Shares held by it (Ownership Ratio: 2.67%) in the Tender Offer. The Tender Agreement (Fukui) provides for the following condition precedent for Fukui Bank to tender its shares in the Tender Offer: (a) the Tender Offeror's representations and warranties (Note 3) are true and accurate in all material respects; (b) the Tender Offeror has performed or complied with all its obligations under the Tender Agreement (Fukui) (Note 4) in all material respects; (c) a resolution has been adopted by the Board of Directors of the Target Company to express its opinion supporting the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer, and such a resolution has been publicly announced and not been changed or withdrawn; (d) the Tender Offer has been lawfully commenced and has not been withdrawn; (e) by the day immediately preceding the commencement date of the Tender Offer Period, the Special Committee established by the Target Company has submitted the report stating that the Transactions would not cause disadvantage to the minority shareholders of the Target Company and has not withdrawn that Report; (f) no petition, lawsuit or proceeding that would limit or forbid the Tender Offer or Fukui Bank's tender therein is pending with any judicial or administrative authority or other competent agencies, and there exists none of laws, regulations, and other rules, or none of orders, dispositions, or judgments issued by a judicial or administrative organ, or another similar authority that limits or forbids the Tender Offer or Fukui Bank's participation therein; (g) there is no undisclosed material facts about business affairs pertaining to the Target Company (as defined in Article 166-2, the Act); and (h) no emergency event has occurred, such as natural

disaster, trouble in the securities settlement system under which it is impossible to make the settlement, and other situation not attributable to Fukui Bank, and it is deemed impossible to tender shares according to social convention. Provided, however, that even if any or all the above conditions precedent are not satisfied, Fukui Bank may, at its own discretion, waive such conditions and tender its shares in the Tender Offer.

Note 3 Under the Tender Agreement (Fukui), the Tender Offeror represents and warrants as follows: (a) due incorporation and valid existence; (b) that it has the power and authority required to execute and perform the Tender Agreement (Fukui), and that it has performed the necessary procedures; (c) the enforceability; (d) that it has obtained all the licenses, approvals, other permits relating to the execution and performance of the Tender Agreement (Fukui) required to obtain from judicial and administrative agencies on or before the execution or performance thereof; (e) the execution and performance of the Tender Agreement (Fukui) and the absence of conflicts with laws, regulations, other rules, the articles of incorporation, internal rules and agreements, etc.; and (f) the absence of any relationship with antisocial forces, etc.

Note 4 Under the Tender Agreement (Fukui), the Tender Offeror assumes obligations to Fukui for (a) indemnification and (b) confidentiality.

Furthermore, under the Tender Agreement (Fukui), Fukui Bank will tender in the Tender Offer and not cancel an agreement related to the purchase of Target Company Shares to be formed by its tendering. However, if, after the conclusion of the Tender Agreement (Fukui), a tender offer for the Target Company Shares is commenced by a third party with a purchase price higher than the Tender Offer Price, and when Fukui Bank reasonably determines that tendering in the Tender Offer may constitute a breach of the duty of due care of a prudent manager by its directors, Fukui Bank may choose not to tender its shares in the Tender Offer or withdraw its acceptance of the Tender Offer.

#### **IV Investment Agreement (MBSF)**

The Tender Offeror and MBSF have agreed to conclude the Investment Agreement (MBSF) by the day following the last day of the Tender Offer Period, under which MBSF will subscribe for a total amount of up to one (1) billion yen of the Series A Preferred Shares to be allotted by the Tender Offeror. The principal conditions precedents for MBSF to make payment are as follows: (a) the Tender Offeror's representations and warranties (Note 5) are true and accurate in all material respects; (b) the absence of event and the specific threat thereof that adversely affects the Target Company's assets, management, financial position, and other conditions or future prospects; and (c) the procedures necessary for the issuance of the Series A Preferred Shares have been lawfully and effectively completed. For details, please see the capital contribution certificate that the Tender Offeror has obtained from MBSF attached to this Statement.

In addition, the Series A Preferred Shares to be subscribed to by MBSF are to be class shares with no voting rights for any matters to be resolved at the shareholders' meeting of the Tender Offeror. Furthermore, the Series A Preferred Shares will not give a holder the put option with the Tender Offeror's common shares as consideration. On the other hand, in the Investment Agreement (MBSF), matters requiring the prior notification to MBSF and matters requiring the

prior approval from MBSF regarding the business operations of the Tender Offeror or the Target Company (Note 6) are to be provided, but these provisions are general terms and conditions found in “mezzanine” financing. The Series A Preferred Shares are a method for raising funds required for the purchase, etc., by the Tender Offeror, and the purpose of MBSF is not to secure the right to manage the Tender Offeror or the Target Company.

Note 5 Under the Investment Agreement (MBSF), the main representations and warranties of the Tender Offeror are expected to be as follows: (a) due incorporation and valid existence; (b) that it has the power and authority required to execute and perform the Investment Agreement (MBSF), and that it has performed the necessary procedures; (c) the enforceability; (d) that it has obtained all the licenses, approvals, other permits relating to the execution and performance of the Investment Agreement (MBSF) required to obtain from judicial and administrative agencies on or before the execution or performance thereof; (e) the execution and performance of the Investment Agreement (MBSF) and the absence of conflicts with laws, regulations, other rules, the articles of incorporation, internal rules, and agreements, etc.; (f) the absence of any relationship with antisocial forces, etc.; and other matters stated in the capital contribution certificate. For details, please see the capital contribution certificate that the Tender Offeror has obtained from MBSF attached to this Statement.

Note 6 In the Investment Agreement (MBSF), the retirement of Mr. Matsuki is provided for as a matter requiring the prior notification to MBSF, while the matters requiring the prior approval from MBSF are as follows: (a) dividends and other actions equivalent to dividends to be paid for common shares held by parties other than the Tender Offeror; (b) payment of officer compensation or bonuses exceeding a certain amount; (c) the assumption of debt outside the scope permitted in advance; (d) provision of collateral or guarantees; (e) investment restrictions exceeding a certain amount; (f) amendments to the articles of incorporation or organizational restructuring, etc., except as necessary for the Squeeze Out Procedure; (g) additional capital contribution from Mr. Matsuki and the issuance of shares, share options, or corporate bonds, except for the Series A Preferred Shares and those related to the Squeeze Out Procedure; (h) changes to important agreements related to the business operations of the Target Company; and (i) direct transactions with the officers and employees of the Target Company and its affiliates.

## **V Investment Agreement (Fukui)**

The Tender Offeror and Fukui Bank have agreed to conclude the Investment Agreement (Fukui) by the day following the last day of the Tender Offer Period, under which Fukui Bank will subscribe for a total amount of up to one (1) billion yen of the Series A Preferred Shares to be allotted by the Tender Offeror. The principal conditions precedents for Fukui to make payment are as follows: (a) the Tender Offeror's representations and warranties (Note 7) are true and accurate in all material respects; (b) the absence of event and the specific threat thereof that adversely affects the Target Company's assets, management, financial position, and other conditions or future prospects; and (c) the procedures necessary for the issuance of the Series A Preferred Shares have been lawfully and effectively completed. For details, please see the capital contribution certificate that the Tender Offeror has obtained from Fukui Bank attached to this Statement.

In addition, the Series A Preferred Shares to be subscribed to by Fukui Bank are to be class shares with no voting rights for any matters to be resolved at the shareholders' meeting of the Tender Offeror. Furthermore, the Series A Preferred Shares will not give a holder the put option with the Tender Offeror's common shares as consideration. On the other hand, the Investment Agreement (Fukui) provides for matters requiring prior notification to Fukui Bank and matters requiring prior approval from Fukui Bank (Note 8). However, those provisions are general terms and conditions found in "mezzanine" financing. The Series A Preferred Shares are a method for raising funds required for the purchase, etc., by the Tender Offeror, and the purpose of Fukui Bank is not to secure the right to manage the Tender Offeror or the Target Company.

Note 7 Under the Investment Agreement (Fukui), the main representations and warranties of the Tender Offeror are expected to be as follows: (a) due incorporation and valid existence; (b) that it has the power and authority required to execute and perform the Investment Agreement (Fukui), and that it has performed the necessary procedures; (c) the enforceability; (d) that it has obtained all the licenses, approvals, other permits relating to the execution and performance of the Investment Agreement (Fukui) required to obtain from judicial and administrative agencies on or before the execution or performance thereof; (e) the conclusion and performance of the Investment Agreement (Fukui) and the absence of conflicts with laws, regulations, other rules, the articles of incorporation, internal rules, and agreements, etc.; (f) the absence of any relationship with antisocial forces, etc.; and other matters stated in the capital contribution certificate. For details, please see the capital contribution certificate that the Tender Offer has obtained from Fukui Bank attached to this Statement.

Note 8 In the Investment Agreement (Fukui), the retirement of Mr. Matsuki is provided for as a matter requiring the prior notification to Fukui, while the following matters are stipulated as matters requiring the prior approval from Fukui: (a) dividends and other actions equivalent to dividends to be paid for common shares held by parties other than the Tender Offeror; (b) payment of officer compensation or bonuses exceeding a certain amount; (c) the assumption of debt outside the scope permitted in advance; (d) provision of collateral or guarantees; (e) investment restrictions exceeding a certain amount; (f) amendments to the articles of incorporation or organizational restructuring, etc., except as necessary for the Squeeze Out Procedure; (g) additional capital contribution from Mr. Matsuki and the issuance of shares, share options, or corporate bonds, except for the Series A Preferred Shares and those related to the Squeeze Out Procedure; (h) changes to important agreements related to the business operations of the Target Company; and (i) direct transactions with the officers and employees of the Target Company and its affiliates.

## **VI Others**

In addition to the agreements described above, the Tender Offeror has still continued to hold discussions with CIE aimed at the execution of a shareholders' agreement as of the submission date of this Statement, but the details and timing of executing the agreement have not been determined. It is expected that the shareholders' agreement includes the provision to restrict the transfer and other disposals of the Target Company Shares by CIE, but does not include the provisions regarding any rights to preference dividend, preference allotment of residual assets,

“put option” (the right of CIE to require the Tender Offeror to acquire the Target Company Share held in exchange for monies or equivalent) and “call option” (the right of CIE to require the Tender Offeror to transfer or sell the Target Company Shares held by the Tender Offeror).

Also, as described above, assuming the case where CIE sells the Target Company Shares in the future, the Tender Offeror has verbally agreed with CIE to discuss a possible sale price of the Target Company Shares to be received by CIE as consideration for that sale on the following premise, and they are currently advancing the discussion. Given that the Tender Offer Price is confirmed as a fair price per share of the Target Company Shares at the Time of Completion of MBO, when CIE sells the Target Company Shares at some point in the future, it will not receive, as consideration for that sale, any amount exceeding the amount that properly reflects an increase or decrease in the corporate value of the Target Company on or after the Time of Completion of MBO in terms of money for per share of the Target Company Shares to the Tender Offer Price. For calculating that sale price of the Target Company Shares, the Tender Offeror has envisaged that firstly it employs the calculation method to be deemed reasonable and agreed by and between the Tender Offeror and CIE and assesses the corporate value of the Target Company; compares that value with the corporate value of the Target Company assessed based on the Target Share Price at the time of completion of MBO, and compute the amount equivalent to an increase or decrease in the corporate value of the Target Company after the Time of Completion of MBO. However, as of the date of submission of this Statement, the details have not been agreed upon. At the same time, as stated in “4. Period and Price of the Tender Offer and Number of Share Certificates to be Purchased, Etc.,” “(2) Price of Tender Offer,” in which “Background of valuation” “(Measures to Ensure Fairness of the Tender Offer such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest),” “V Setting by the Tender Offeror the minimum number of shares to be purchased exceeding a number equivalent to the majority of minority” below, for the Tender Offer, the Tender Offeror has taken the measures to ensure fairness of the Tender Offer Price, including setting a minimum number of shares to be purchased exceeding a number equivalent to the majority of minority, In other words, the Tender Offer intends not to conduct the Transactions, including the Tender Offer, unless obtained approval from the majority of shareholders of the Target Company who do not have a material interest with the Tender Offeror. Accordingly, the Tender Offeror believes that once the Tender Offer is successfully consummated with approval from the majority of shareholders of the Target Company who do not have a material interest with the Tender Offeror, the Tender Offer Price can be confirmed as a fair price per share of the Target Company approved by general shareholders.

Further, in each of the investment agreements to be entered into with MBSF and Fukui Bank, matters requiring prior notification to MBSF/Fukui Bank and matters requiring prior approval from MBSF/Fukui Bank are provided, respectively. However, neither MBSF nor Fukui Bank are expected to be actively involved in the management of the Tender Offeror or the Target Company, and each party has verbally confirmed that they will consent to management policies proposed by Mr. Matsuki.

**4. Period and Price of the Tender Offer and Number of Share Certificates to be Purchased, Etc.**

**(1) Period of the Tender Offer**

**I Initial period as of the registration**

Tender offer period	July28, 2021 (Wednesday) to September8, 2021 (Wednesday) (30 Business Days)
Date of public notice	July28, 2021 (Wednesday)
Name of newspaper in which public notice is to appear	An electronic public notice will be conducted, and a notice to that effect will be published in the Nikkei. (URL of the electronic public notice: <a href="https://disclosure.edinet-fsa.go.jp/">https://disclosure.edinet-fsa.go.jp/</a> )

**II Possibility of extension by request of the Target Company**

N/A

**III Person to contact for information about the extension of Tender Offer Period**

N/A

**(2) Price of Tender Offer**

Share certificates	3,810 yen per common share
Share option certificates	One (1) yen per Series 1 Share Option One (1) yen per Series 2 Share Option One (1) yen per Series 3 Share Option One (1) yen per Series 4 Share Option
Bonds with call options	—
Trust beneficiary certificates for Share Certificates, Etc. ( )	—

Deposit receipts for Share Certificates, Etc. ( )	—
Basis of valuation	<p>(A) Common shares</p> <p>In deciding the Tender Offer Price, the Tender Offeror conducted a comprehensive analysis of the Target Company's business and financial status based on the Target Company's disclosed financial information and other materials, as well as the results of due diligence conducted with respect to the Target Company from early June 2021 to late June 2021. In addition, in light of the fact that the Target Company Shares are traded on a financial instruments exchange, the Tender Offeror also referred to the closing price of the Target Company Shares on the First Section of TSE on July 26, 2021, the Business Day immediately preceding the announcement date of the Tender Offer (3,035 yen), as well as the simple average closing price of the Target Company Shares over the one-month, three-month, and six-month periods prior to the same date (3,048 yen, 3,009 yen, and 2,925 yen). Furthermore, the Tender Offeror comprehensively considered the prospects for the successful completion of the Tender Offer, taking into account examples of the premiums on tender offer prices paid in MBO cases conducted for going-private in the past 10 years (about 5% - about 135%), the results of discussions and negotiations with the Target Company, and the potential for support for the Tender Offer by the Target Company's Board of Directors, as well as the circumstances in which the Previous Tender Offer conducted at the Previous Tender Offer Price (3,000 yen) ended in failure, and as a result, the Tender Offeror ultimately decided on a Tender Offer Price of 3,810 yen on July 27, 2021. As stated above, the Tender Offeror determined the Tender Offer Price based on the financial information and other materials disclosed by the Target Company, the results of due diligence conducted in relation to the Target Company from early June 2021 to late June 2021, actual examples of the premiums in MBO cases conducted for going-private in the past 10 years, and consultations and negotiations with the Target Company. Accordingly, the Tender Offeror has not obtained a Share Valuation Report from a Third-Party Valuation Agent.</p> <p>The Tender Offer Price of 3,810 yen per share represents a premium of 25.54% on 3,035 yen, which is the closing price of the Target Company Shares quoted on the First Section of TSE on July 26, 2021, the Business Day immediately preceding the announcement date of the Tender Offer; a premium of 25.00% on 3,048 yen, which is the simple average closing price over the one-month period prior to the same date; a premium of 26.62% on 3,009 yen, which is the simple average closing price for the three-month period ended on the same day; and a premium of 30.26% on 2,925 yen, which is the simple average closing price for the six-month period ended on the same day.</p>



	<p>The Tender Offer Price of 3,810 yen also represents a premium of 26.37% on 3,015 yen, which is the closing price of the Target Company Shares quoted on the First Section of TSE on July 27, 2021, which is the Business Day immediately preceding the date of submission of this Statement.</p> <p>Furthermore, the difference of 810 yen between the Previous Tender Offer Price (3,000 yen) and the Tender Offer Price (3,810 yen) is attributable to the fluctuation in the share price of the Target Company Shares (the closing price of the Target Company Shares on the First Section of TSE on February 8, 2021, the Business Day before the submission date of the Tender Offer Statement in the Previous Tender Offer, was 2,183 yen, while the closing price on July 26, 2021, the Business Day before the announcement date of the Tender Offer was 3,035 yen), as well as the difference in the premium on the Tender Offer Price (the Previous Tender Offer Price (3,000 yen) represented a 37.43% premium over the closing stock price of the Target Company Shares of 2,183 yen on February 8, 2021, the Business Day before the submission date of the Tender Offer Statement, while the Tender Offer Price (3,810 yen) represents a premium of 25.54% over the closing stock price of the Target Company Shares of 3,035 yen on July 26, 2021, the Business Day prior to the announcement date of the Tender Offer.).</p> <p>(B) Share Options</p> <p>All of the Share Options were issued to the directors of the Target Company as stock options. It is provided that the Share Option Holders may exercise their allotted Share Options on or after the day following the day when they lose their position as Director or Corporate Officer of the Target Company, respectively, within the exercise period for Share Options. Thus, even if the Tender Offeror acquires the Share Options, it is understood that the Tender Offeror may not exercise them. Accordingly, on July 27, 2021, the Tender Offeror decided that the Share Option Offer Price would be one (1) yen for all series. Furthermore, the Tender Offeror determined the Share Option Offer Price as described above, and therefore has not acquired any Valuation Report from a Third-Party Valuation Agent.</p> <p>In addition, the Previous Share Option Offer Price was set at one (1) yen for all series, but the Share Option Offer Price was also set at one (1) yen for all series, so there is no difference between them.</p>
<p>Background of valuation</p>	<p>(Background of decisions on the Tender Offer Price and the Share Option Offer Price)</p> <p>As stated in “3. Purpose of the Tender Offer,” “(2) Background, Reasons, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy After the Tender Offer,” “(III) Results of the Previous Tender Offer and Background, Reasons, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer,” even after the failure of the Previous Tender Offer, the Tender Offeror has continued to consider MBO as an effective means of resolving</p>

the management issues facing the Target Company (for details, please see “3. Purpose of Purchase, etc.” “(2) Background, reasons, and decision-making process leading up to the decision to conduct the Tender Offer, and management policy after the Tender Offer” in which “I Business environment surrounding the Target Company, management issues of the Target Company, etc.”) And it has believed it necessary to consider the method of going-private transactions and the terms and conditions, including the Tender Offer Price, which can gain the understanding of as many shareholders as possible for the successful consummation of MBO.

And on June 21, 2021, the Tender Offeror submitted the Proposal Letter of June 21, 2021, to the Target Company as stated in “3. Purpose of the Tender Offer,” “(2) Background, Reasons, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer, and Management Policy After the Tender Offer,” “III Results of the Previous Tender Offer and Background, Reasons, and Decision-Making Process Leading to the Decision to Conduct the Tender Offer” above.

Subsequently, the Tender Offeror proceeded with consideration of the various terms and conditions of the Transactions, including the purchase price per share of the Target Company in the Tender Offer, and based on the results of due diligence conducted with the Target Company from early June 2021 to late June 2021, on June 22, 2021, the Tender Offeror requested NAVF to accept the Tender Offer at a Tender Offer Price of 3,600 yen, and on July 2, 2021, received the response from NAVF that it would positively consider tendering all the Target Company Shares owned (number of shares owned: 389,800 shares, Ownership Ratio: 6.30%) in the Tender Offer.

Also, given that the Previous Tender Offer was unsuccessful, since July 5, 2021, the Tender Offeror has repeatedly consulted with financial institutions, i.e., MBSF, Fukui Bank, and Mizuho Bank from which it plans to receive funding for the Tender Offer, regarding its fund procurement to increase the probability of consummation of the Tender Offer. And the Tender Offeror proposed on July 16, 2021, to the Target Company that the Tender Offer Price be set at 3,810 yen taking the following into consideration of the Tender Offer Price: During the 82 trading days from March 25, 2021, the next Business Day after the last day of the Previous Tender Offer period, until July 26, 2021, the Business Day before the announcement of the Tender Offer, the market price of the Target Company Shares on the First Section of TSE on a closing price basis traded above the Previous Tender Offer Price Before the Change (2,850 yen) and the Previous Tender Offer Price (3,000 yen) for 81 trading days and five (5) trading days, respectively; the Target Company’s recent financial information and book value per share (BPS) of 3,794 yen. On July 21, 2021, the Tender Offeror was asked by the Target Company if there is any room for raise in the Tender Offer Price, and on the same day, after its reconsideration, the Tender Offeror replied to the Target Company that the Tender Offer Price of 3,810 yen was its final proposal. And on July 26,

2021, it was informed by the Target Company that at the Board of Directors meeting of the Target Company to be held on July 27, 2021, the proposition for the Tender Offer at the Tender Offer Price of 3,810 yen would be deliberated. In respect of Share Options, it is stipulated that the Share Option Holders may exercise their allotted Share Options on or after the day following the day when they lose their position as Director or Corporate Officer of the Target Company, respectively, within the exercise period for Share Options. Thus, even if the Tender Offeror acquires the Share Options, it is understood that the Tender Offeror may not exercise them. Therefore, on July 16, 2021, the Tender Offeror proposed to the Target Company the Share Option Offer Price of one (1) yen per unit.

In addition, the Tender Offeror informed Toray on July 16, 2021, that it was considering the Tender Offer Price at 3,810 yen, which it already proposed to the Target Company, and on July 19, 2021, it informed Fukui Bank of the same. Subsequently, on July 21, 2021, the Tender Offeror was informed by Toray that the Toray's internal procedures for approval of the execution of the Tender Agreement (Toray) with the Tender Offer Price of 3,810 yen were completed. Also, on the same day, the Tender Offeror was informed by Fukui Bank of the acceptance by Fukui Bank of the execution of the Tender Agreement (Fukui) with the Tender Offer Price of 3,810 yen.

Based on the above background and after discussions, on July 27, 2021, since the Tender Offeror was informed by the Target Company that at the Board of Directors meeting of the Target Company held on the same day, the Target Company would resolve the propositions to express its opinion in favor of the Tender Offer described in "3. Purpose of Purchase, etc.," "(2) Background, reasons, and decision-making process leading up to the decision to conduct the Tender Offer, and management policy after the Tender Offer," in which "IV The process and reason leading up to the Target Company's decision to support the Tender Offer" above and recommend its shareholders tender their shares in the Tender Offer, it has decided to conduct the Tender Offer as part of the Transactions, at the Tender Offer Price of 3,810 yen and the Share Option Offer Price of one (1) yen per unit.

(Measures to Ensure Fairness of the Tender Offer such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)

Since the Tender Offer will be conducted as part of the Transactions for a management buyout (MBO), structural conflicts of interest and information asymmetry issues may arise as common issues. Given that fact, the Tender Offeror and the Target Company have taken the following measures to secure the fairness of the Transaction, including the Tender Offer, from the viewpoint of ensuring the fairness of the Tender Offer Price and eliminating arbitrariness, and avoiding conflicts of interest in the

decision-making process leading to the decision to conduct the Tender Offer.

Among the statements below, matters relating to the measures implemented by the Target Company are based on the explanations provided by the Target Company.

I. Obtainment by the Target Company of Share Valuation Report from an independent Third-Party Valuation Agent

According to the Target Company's Press Release, in order to ensure fairness and appropriateness in the decision-making process of the Board of Directors of the Target Company pertaining to the Transaction, including the Tender Offer, the Target Company appointed KPMG as a Third-Party Valuation Agent independent of Mr. Matsuki, the Tender Offeror, the Target Company, Toray, Fukui Bank, NAVF, CIE, Ms. Nomura, and Mr. Murakami (hereinafter, collectively referred to as the "**Tender Offer Related Parties**"), and obtained a Share Valuation Report ("**Target Company Share Valuation Report**") dated July 27, 2021 from KPMG. Furthermore, KPMG is not a related party of the Tender Offer Related Parties and has no material interest in the Tender Offer. In addition, KPMG will also receive a fixed amount of compensation for its services as a financial advisor and Third-Party Valuation Agent, regardless of the success or failure of the Transaction.

Furthermore, the Special Committee confirmed at its first meeting held on June 1, 2021, that since there are no issues related to the independence and expertise of the Third-Party Valuation Agent appointed by the Target Company, it has approved this institution as the Target Company's Third-Party Valuation Agent, and it also confirmed that it might receive expert advice itself as necessary.

After considering the valuation method to use for the analysis of the share value of the Target Company Shares from among methods for analyzing share value, and based on the belief that it is appropriate to value the Target Company Shares in a multifaceted manner on the premise that the Target Company is a going concern, KPMG analyzed the share value per Target Company Share using the market price method, because the Target Company Shares are listed on the First Section of TSE and have a market value, and the DCF method, in order to appropriately reflect the status of the Target Company's future business activities in the valuation. The Target Company subsequently obtained the Target Company Share Valuation Report from KPMG on July 27, 2021. Furthermore, KPMG did not use the comparable company method as a method of valuing the Target Company Shares in view of constraints on the similarity of comparable companies' businesses and profitability with those of the Target Company. KPMG also did not use the net asset method because the Target Company intends to continue its business as a going concern. In addition, the Target Company has not obtained a written opinion regarding the fairness of the Tender Offer Price (fairness opinion) from KPMG.

The range of the per-share value of the Target Company Shares valued based on each of the above methods is as follows.

Market price method	2,925 yen to 3,048 yen
DCF method	3,288 yen to 3,759 yen

Under the market price method, the range of the share value per Target Company Share is valued at between 2,925 yen and 3,048 yen, based on 3,035 yen, which is the closing price of the Target Company Shares on the First Section of TSE on the record date of July 26, 2021, 3,048 yen, which is the simple average of the closing prices of the Target Company Shares in ordinary trading for the most recent one-month period, 3,009 yen, which is a simple average of the closing prices of the Target Company Shares in ordinary trading for the most recent three-month period, and 2,925 yen, which is a simple average of the closing prices of the Target Company Shares in ordinary trading for the most recent six-month period.

Under the DCF method, the range of the share value per Target Company Share is valued at between 3,288 yen and 3,759 yen, as a result of valuing the enterprise value and share value of the Target Company by discounting free cash flows expected to be generated by the Target Company from the fiscal year ending March 31, 2022, onward to the present value at a certain discount rate, based on various factors such as earnings and investment plans in the business plan prepared by the Target Company for the period from the fiscal year ending March 31, 2022, to the fiscal year ending March 31, 2025, financial information of the Target Company for the fiscal year ended March 31, 2021, publicly available information, and other materials. A discount rate between 9.3% and 10.3% was used, and the perpetuity growth method was used to calculate the terminal value, with a perpetual growth rate of -0.5% to +0.5%.

The specific figures of the Target Company's business plan, which KPMG assumed in its valuation based on the DCF method, are as follows. The main changes between the business plan used in the valuation for the Tender Offer and the business plan used in the valuation for the Previous Tender Offer are the result of reflecting such factors as: (i) in the dyeing and textile sales businesses, orders for uniform applications have been recovering since the beginning of the fiscal year ending March 31, 2022, and the future outlook has improved; (ii) in the dyeing business, orders for automobile interiors have remained strong since the beginning of the fiscal year ending March 31, 2022; (iii) in the control equipment business, orders have been strong since the beginning of the fiscal year ending March 31, 2022, and production capacity has improved due to the expansion of factories; and (iv) the results of renewed reviews and analysis based on the fact that as of February 9, 2021 when the Previous Tender Offer was announced, a state of emergency had been declared as a result of the COVID-19 pandemic, and the prospect of a vaccine was unclear, but the

declaration of a state of emergency was subsequently lifted in Japan, and as vaccinations for COVID-19 progressed in North America and Europe, it became possible that improving economic sentiment in North American and Europe together with the early recovery of the Chinese economy would lead to an improvement in the outlook for the Target Company's operating results. According to the Target Company, it does not expect significant changes in profits in the following financial forecasts. Additionally, the effects of the various measures expected to be realized through the execution of the Transaction are not included in the following financial forecasts, as it is difficult to estimate the specific impact on earnings at this point in time.

Business plan used in the valuation for the Previous Tender Offer  
(Millions of yen)

	Fiscal year ended March 31, 2021 (six months)	Fiscal year ending March 31, 2022	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2024
Net sales	10,976	22,860	23,408	24,390
Operating income	397	1,043	1,176	1,393
EBITDA	666	1,609	1,733	1,940
Free cash flow	1,429	717	1,302	1,179

Business plan used in the valuation for the Tender Offer  
(Millions of yen)

	Fiscal year ending March 31, 2022	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2025
Net sales	24,836	25,073	25,906	26,786
Operating income	1,417	1,654	1,784	1,935

EBITDA	1,983	2,211	2,331	2,495
Free cash flow	585	1,497	1,442	1,513

Since the Share Option Offer Price is set at one (1) yen, the Target Company has not obtained any Valuation Report nor written opinion (fairness opinion) from the Third-Party Valuation Agent.

## II Obtainment by the Target Company of Advice from an independent law firm

According to the Target Company's Press Release, in order to ensure fairness and appropriateness in the decision-making process of the Board of Directors of the Target Company pertaining to the Transaction, including the Tender Offer, the Target Company appointed TMI Associates as a legal advisor who is independent of the Tender Offer Related Parties and received from TMI Associates necessary legal advice on the method and process for decision-making by the Board of Directors of the Target Company, including procedures concerning the Transaction, and other points of attention. Furthermore, TMI Associates is not a related party of the Tender Offer Related Parties and has no material interest in the Tender Offer. In addition, TMI Associates will only receive compensation based on the number of billable hours, regardless of the success or failure of the Transaction, and its compensation will not include any performance-based compensation subject to the completion of the Transaction.

As the Special Committee confirmed at its first meeting held on June 1, 2021, that there are no issues related to the independence and expertise of the legal advisor appointed by the Target Company, it has approved this institution as the Target Company's legal advisor, and it also confirmed that it might receive expert advice itself as necessary.

## III Establishment of an independent special committee at the Target Company and obtainment of a report from the special committee

According to the Target Company's Press Release, on June 1, 2021, the Target Company established the Special Committee consisting of members who are independent of the Tender Offer Related Parties, with the aim of paying careful attention to the decision-making of the Target Company in relation to the Transaction, including the Tender Offer, eliminating any possibility of arbitrariness and conflicts of interest in the decision-making process of the Board of Directors of the Target Company, and ensuring the fairness of the decision-making process. The Target Company has appointed three members of the Special Committee: Mr. Isao Ikeda (Professor Emeritus, University of Fukui) and Mr. Shinya Kawamura (Standing Statutory Auditor, DBJ Asset Management Co., Ltd.), who are Outside Directors and Audit and Supervisory Committee Members of the

Target Company, as well as Mr. Takashi Kokubo (Attorney, Kokubo Law Office), who is an outside expert. Mr. Isao Ikeda has been engaged in technical research as a university professor for many years and has deep insight into the business field of the Target Company. Mr. Shinya Kawamura has previously served at a financial institution and has a wide range of financial knowledge. Mr. Takashi Kokubo has abundant knowledge regarding M&A transactions as an attorney. Accordingly, the Target Company has appointed these three persons as members of the Special Committee. Furthermore, the Target Company initially selected these three persons as members of the Special Committee, and the members of the Special Committee have never been changed. In addition, when establishing the Special Committee, the Target Company determined in advance that it would respect the opinions of the Special Committee to the maximum extent when making any decisions concerning the Transaction and would not approve the Tender Offer if the Special Committee determined that the Transaction was inappropriate. Furthermore, regardless of the content of their report, a fixed amount of compensation will be paid to each member of the Special Committee as consideration for the execution of their duties, and the compensation for Mr. Isao Ikeda and Mr. Shinya Kawamura will be paid separately from their compensation as Outside Directors and Audit and Supervisory Committee Members.

Additionally, the Target Company also consulted the Special Committee on the following matters (hereinafter, the following matters (a) through (d) are collectively referred to as the “Matters Consulted Upon”): (a) matters related to the reasonableness of the purpose of the Transaction (including whether the Transaction will contribute to the improvement of the Target Company's corporate value); (b) matters related to the appropriateness of the terms of the Transaction (including the appropriateness of the method of conducting the Transaction and the type of consideration); (c) matters related to the fairness of the procedures for the Transaction (including an examination of what measures should be taken to ensure fairness); and (d) whether or not it would be disadvantageous to minority shareholders for the Board of Directors of the Target Company to make decisions concerning the implementation of the Transaction (including the expression of opinions regarding the Tender Offer), based on the above matters (a) through (c), and other matters.

The Special Committee had 10 sessions between June 1, 2021, and July 27, 2021, and carefully analyzed and discussed the Matters Consulted Upon. Specifically, the Tender Offeror explained the purpose and reasons for the Transaction, matters related to management policies, investment plans, etc., after the Transactions, and other matters and provided answers to questions. In addition, CIE, Etc. explained the purpose and reasons for CIE remaining a shareholder of the Target Company after the Transaction, whether CIE intends to be involved in the management policies of the Target Company after the Transaction, CIE's policies for disposing of the Target Company Shares after the Transaction, and other matters, and



provided answers to questions. In addition, the Target Company explained the details of the Target Company Group's businesses, the external environment, current management issues, the content of the business plan on which KPMG based its share valuation, the content of the Tender Offeror's proposal, and other matters, and answered questions, thereby verifying the reasonableness of its explanations. Furthermore, regarding discussions and negotiations related to the Transaction between the Tender Offeror and the Target Company, the Special Committee participated in negotiations with the Tender Offeror by, for example, holding discussions after receiving a timely report from the Target Company on the background, details, etc. of those discussions and negotiations, holding discussions at the Special Committee, and having the Target Company negotiate in accordance with the negotiation policies approved by the Special Committee. In addition, KPMG explained its methods for valuing the Target Company Shares and the results thereof and provided answers to questions concerning the valuation method and results from a financial perspective. TMI Associates also provided explanations concerning the Transaction as well as measures taken to mitigate and prevent conflicts of interest in the Transactions and answered questions related to the sufficiency of those measures and other matters. Furthermore, the Target Company provided explanations concerning the background leading up to the negotiation of the terms of the Transaction, the processes for the determination thereof, and other matters, and provided answers to questions. Based on the above, the Special Committee has discussed and analyzed the Matters Consulted Upon.

As a result of this careful deliberation and analysis of the Matters Consulted Upon, on July 27, 2021, the Special Committee submitted, with the unanimous consent of all members, its Report to the Board of Directors of the Target Company, with a summary of its contents as follows.

- (i) Reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to the improvement of the Target Company's corporate value)

The Special Committee received explanations from the Target Company, the Tender Offeror and CIE set forth in "3. Purpose of Purchase etc." "(2) Background, reasons, and decision-making process leading up to the decision to conduct the Tender Offer, and management policy after the Tender Offer" "III. Results of the Previous Tender Offer, and background, reasons, and decision-making process leading up to the decision to conduct the Tender Offer", "IV. The process and reasons leading up to the Target Company's decision to support the Tender Offer", "V. Management policy after the Tender Offer" above and checked them. In addition, the Special Committee conducted interviews with the Target Company, the Tender Offeror and CIE to identify the degree of risk involved in the implementation of the Restructuring Plan and the feasibility thereof, the possibility of improving corporate value by strengthening existing businesses and utilizing existing management resources, the changes in the business environment between the time of the Previous Transaction and the time of the Transactions, the necessity of addressing management

issues, the purpose and reasons for CIE to remain as a shareholder of the Target Company after the Transactions, whether or not CIE intends to be involved in the management policy of the Target Company after the Transactions, and CIE's policy for the disposal of the Target Company Shares after the Transactions, and examined them in detail.

As a result, no unreasonable points were found in the content of the Target Company's and the Tender Offeror's judgment that the Transactions will contribute to the improvement of the corporate value of the Target Company Group, and the Special Committee has come to the conclusion that the purpose of the Transactions is reasonable.

(ii) Appropriateness of the terms of the Transactions (including the appropriateness of the method of conducting the Transactions and the type of consideration)

(a) The Target Company Share Valuation Report from KPMG

According to the Share Valuation Report from KPMG, a Third-Party Valuation Agent independent of the Tender Offer Related Parties, the range of the share value per Company Share is valued at between 2,925 yen and 3,048 yen under the market price method and between 3,288 yen and 3,759 yen under the DCF method, and the Tender Offer Price (3,810 yen) exceeds the upper limit of the calculation results by the market price method and the DCF method

The Special Committee received explanations from KPMG that the method, etc. used in the valuation is basically the same as the method, etc. used in the Previous Transaction and conducted interview about changes in the Target Company's business plan, which is the basis of the valuation by the DCF method, and other changes between the Previous Transaction and the Transactions. As a result, no unreasonable points were found in light of general valuation practices.

In addition, the Tender Offer Price (3,810 yen) is a price with a 25.54% premium to the closing price of 3,035 yen of the Target Company Shares on the First Section of the TSE on July 26, 2021, a 25.00% premium to the simple average closing prices of 3,048 yen for the past 1 month up to the same day, a 26.62% premium to the simple average closing prices of 3,009 yen for the past 3 months up to the same day and a 30.26% premium to the simple average closing prices of 2,925 yen for the past 6 months up to the same day, and is considered to be the price with a not unreasonable premium in comparison with the premium level in similar cases (cases of tender offers conducted as part of so-called MBOs).

KPMG did not use the comparable company method as a method of valuing the Target Company's Shares in the Transactions as in the previous calculation of the value of the Target Company's shares in the Previous Transaction. According to KPMG, KPMG used SPEEDA (a corporate financial database operated by Uzabase, Inc.) to identify listed companies engaged in "textile processing (dyeing and finishing)" and, after

consultation with the Target Company, selected similar companies engaged in businesses relatively similar to the Target Company's business. However, considering their financial conditions, business characteristics, etc., none of the companies was appropriate to be listed as a similar company to the Target Company under the comparable company method. Then, no unreasonable points were found in not using the comparable company method.

The Tender Offer Price is also higher than the proposed price of 2,350 yen in the Approach for Consideration of MBO (RSM) made to Mr. Matsuki on November 27, 2020, which was independent of the Transactions, and the previous Tender Offer Price of 3,000 yen.

The Tender Offer Price is also higher than the net asset value per share (3,794 yen) calculated from the Target Company's consolidated book value of net assets as of March 31, 2021.

(b) Fairness of procedures in the negotiation process

As set forth in (iii) below, the procedures of the negotiation process for the Transactions, including the Tender Offer, can be recognized to be fair, and the Tender Offer Price can be recognized to have been determined based on the results of such negotiations.

(c) Consideration to be received in the procedures after the Tender Offer

The minority shareholders who did not tender their shares in the Tender Offer will eventually receive cash in the Squeeze Out Procedure to be implemented after the Tender Offer. The amount of cash to be received in the Squeeze Out Procedure will be calculated to be the same as the Tender Offer Price multiplied by the number of the Target Company's shares held by such shareholders, which will be clearly stated in the press release, etc.

(d) Consideration of Share Option

The Share Options were all issued as stock options to the Target Company's directors (excluding Outside Directors and directors who are audit and supervisory committee members) and executive officers, and as a condition for exercising the rights, the allotted Share Options may be exercised on and after the day following the day on which the director or executive officer of the Target Company loses his/her position. The Tender Offeror has determined the Share Option Offer Price to be one (1) yen for each of the Share Options, because it is understood that the Share Options cannot be exercised even if the Tender Offeror acquires the Share Options.

As stated above, from the standpoint of the Tender Offeror, it is understood that the Share Options may not be exercised even if the Share Options are acquired. From the standpoint of the Share Options Holders, the Share Options include a gratis acquisition provision to the effect that the Target Company may acquire the Share Options without consideration in the event of a merger, etc. in which the Target Company becomes an extinct company, and if the Target Company is delisted before the exercise of the Share Options, it is assumed the Target Company's shares may not be acquired through the exercise of the Share Options.

Therefore, it cannot be said that the Share Option Offer Price of 1 yen is unreasonable.

(e) Type of consideration

The consideration for the Transactions is set to be cash, and in considering that the Tender Offeror is an unlisted company, the type of consideration is recognized to be appropriate.

(f) Summary

In consideration of the above points, the Special Committee has determined that the terms and conditions of the Transactions, including the consideration and its type to be delivered to the minority shareholders of the Target Company through the Transactions, are appropriate after careful deliberation and analysis.

(iii) Fairness of the procedures for the Transactions (including an examination of what measures should be taken to ensure fairness

(a) Method of examination by the Target Company

In considering that Transactions will be conducted as part of a so-called MBO and that there are structural conflicts of interest, the Target Company has examined the Transactions from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading to the decision to conduct the Tender Offer, and avoiding conflicts of interest, the Target Company appointed KPMG as Third-Party Valuation Agent and financial advisor independent of the Tender Offer Related Parties, and TMI Associates as a legal advisor independent of the Tender Offer Related Parties, and established the Special Committee consisting of two independent Outside Directors (Members of the Audit and Supervisory Committee) and one independent outside expert of the Target Company.

Then, while obtaining advice and opinions, etc. from KPMG and TMI Associates, the Target Company has carefully examined the appropriateness of the terms and conditions of the Tender Offer, including the Tender Offer Price, and the fairness of the series of procedures for the Transactions, from the perspective of improving the corporate value of the Group and the common interests of its shareholders.

The Special Committee confirmed that there were no issues related to the independence and expertise of KPMG and TMI Associates and approved them as the Target Company's Third-Party Valuation Agent and financial and legal advisors, and the Special Committee also received their professional advice as necessary.

(b) Consultation and negotiation by the Target Company with the Tender Offeror

Pursuant to the request from the Special Committee, the Target Company has conducted substantive discussions and negotiations that CIE remain as a shareholder of the Target Company after the Transactions with the Tender Offeror to ensure the fairness of the Tender Offer from the perspective of

improving corporate value and protecting the interests of minority shareholders.

(c) Non-involvement of special interested parties in the negotiation process of the Transactions

None of the directors who will represent the Target Company in examining and negotiating the Transactions includes any person who has a special interest in the Transactions, and there is no other fact that would lead us to infer that the Tender Offeror or any other person who has a special interest in the Transactions has had undue influence on the Target Company's side in the process of discussion, examination and negotiation regarding the Transactions.

(d) Setting minimum number of shares to be purchased exceeding a number equivalent to majority of minority

The Tender Offeror has set a minimum number of shares to be purchased in the Tender Offer, and if the total number of Share Certificates, Etc. tendered is less than the minimum number of share certificates, etc., to be purchased, the Tender Offeror will not purchase all of the Share Certificates, Etc. tendered. and the number of the Target Company's shares held by Mr. Matsuki to the number of shares held by the Target Company's shareholders who do not have an interest in the Tender Offeror, i.e., the number of shares corresponding to the so-called "majority of minorities.

In this way, consideration is given to ensuring the fairness of the Tender Offer by placing importance on the intentions of the Target Company's minority shareholders and not conducting the Transactions, including the Tender Offer, if the approval of a majority of the shareholders other than interested parties of the Tender Offeror is not obtained.

(e) An opportunity for a counter purchase, etc.

The Tender Offeror has not entered into any agreement with the Company that would restrict contact between a counter offeror and the Company, such as an agreement that includes a deal protection clause that restricts the Target Company from contacting counter offerors. Further, the Tender Offeror has set a tender offer period of 30 Business days, which is longer than the statutory minimum period of 20 Business days. In this way, by setting a relatively long tender offer period, the Tender Offeror intends to secure an appropriate opportunity for the shareholders of the Target Company and Share Option Holders to make a decision as to whether or not to tender in the Tender Offer, as well as an opportunity for a counter purchase, etc. of the Target Company Shares and Share Options by parties other than the Tender Offeror, thereby taking into consideration the ensuring of the fairness of the Tender Offer.

(f) Summary

In consideration of the above, the Special Committee has carefully deliberated and examined the Transactions and has come to the conclusion that appropriate measures to ensure fairness have been taken in the Transactions, and that the procedures for the Transactions are fair.

(iv) whether or not it would be disadvantageous to minority shareholders for the Board of Directors of the Target Company to make decisions concerning the implementation of the Transactions (including the expression of opinions regarding the Tender Offer)

In light of (i) through (iii) and other matters described above, it is not disadvantage to the minority shareholders of the Target Company for the Board of Directors of the Target Company to (x) express an opinion in favor of the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the Tender Offer and leave it to the discretion of the Share Option Holders whether or not to tender their Stock Acquisition Rights in the Tender Offer, and (y) decide to implement the Squeeze Out Procedures using the method of a share consolidation after the Tender Offer.

According to the Tender Offeror, it plans to enter into the Non-Tender Agreement with CIE with respect to the Squeeze Out Procedures, and it is expected that CIE will remain as a shareholder of the Target Company after the execution of the Transaction. After the Tender Offer, in the event that there are shareholders who own equal shares or more than the Agreed Non-tendering Shares owned by CIE, the Tender Offeror, CIE, and the said shareholders would have a consultation on the improvement of the corporate value of the Target Company and their respective roles. If they fail to reach an agreement at the consultation, CIE will support a decision made by the Tender Offeror.

However, even if such shareholders will exist, it is not possible to identify them at the time of the above opinion, and it is not possible to discern the role of such shareholders or their impact on the improvement of the corporate value of the Target Company. Therefore, the above opinion is based on the assumption that only the Tender Offeror or only the Tender Offeror and CIE will become shareholders of the Target Company after the Squeeze Out Procedures.

IV Obtainment by the Target Company of Approval of all its non-interested Directors (including Audit and Supervisory Committee Members)

According to the Target Company's Press Release, the Target Company carefully considered the terms of the Transaction, including the Tender Offer, while respecting the contents of the Report to the maximum extent, based on Target Company Share Valuation Report obtained from KPMG and legal advice obtained from TMI Associates.

As a result, the Target Company's Board of Directors believed that the business structure reform plan aimed by the Tender Offeror would be likely to contribute to resolving managerial issues of the Target Company Group, and to realize the business structure reform plan, it is deemed reasonable to implement MBO by Mr. Matsuki's initiative and proceed with going-private transactions. And it determined that going-private transactions for the Target Company Shares through the Transactions, including the Tender

Offer, will contribute to the improvement of the corporate value of the Target Company Group; the Tender Offer Price is a reasonable price at which the interests to be enjoyed by the general shareholders of the Target Company are secured, and the Tender Offer provides opportunities for the reasonable sale of the Target Company Shares. Accordingly, at the Board of Directors meeting held on July 27, 2021, the following matters were resolved unanimously by all nine (9) Directors of the Target Company who participated in the deliberation and resolution (excluding Mr. Matsuki, Mr. Jun Matsuki, and Mr. Masayuki Kohta from among the total of twelve (12) directors of the Target Company, and including four (4) directors who are Audit and Supervisory Committee Members (including three outside directors); specifically, Mr. Masamoto Tsuchida, Mr. Hiromi Tsukamoto, Mr. Ken Nishimoto, Mr. Kenichi Honda, Mr. Kazuo Kadono, Mr. Makoto Koide, Mr. Isao Ikeda, Mr. Nobuya Kawamura, and Mr. Yuki Takashima.) that the board expresses its opinion in favor of the Tender Offer, thus recommend the shareholders of the Target Company to tender their shares in the Tender Offer and to leave the decision of the Share Option Holders as to whether or not to tender their shares in the Tender Offer with respect to the Share Options.

Since Mr. Matsuki, the President and Representative Director of the Target Company, is a Representative Director and shareholder of the Tender Offeror and plans to continue to manage the Target Company as President and Representative Director after the completion of the Tender Offer, Mr. Jun Matsuki, Director of the Target Company, is the eldest son of Mr. Matsuki, and Mr. Masayuki Hirata, Director of the Target Company, is an employee of Toray, the second-largest shareholder of the Target Company (number of share owned: 464,530 shares, Ownership Ratio:7.50%), they participated in neither of discussions or resolutions at the Board of Directors of the Target Company nor discussions or negotiations with the Tender Offeror on the side of the Target Company, from the perspective of avoiding any potential conflicts of interest.

V Setting by the Tender Offeror a minimum number of shares to be purchased exceeding a number equivalent to the majority of minority

The Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer at 3,611,900 shares (58.34% Ownership Ratio), and if the total number of Share Certificates, Etc. tendered is less than the minimum number of share certificates, etc., to be purchased (3,611,900 shares), the Tender Offeror will not purchase all of the Share Certificates, Etc. tendered. The minimum number of shares to be purchased (3,611,900 shares) is set at the number of shares that is calculated by deducting Agreed Non-Tendering Shares (515,600 shares) from the Basis Number of Shares (6,191,133 shares) multiplied by two-thirds and rounded up to the nearest whole unit of 100 shares (4,127,500 shares). The Transactions aim for going-private transactions for the Target Company Shares and making the Tender Offeror and CIE the sole shareholders of the Target Company (please see “3. Purpose of Purchase, etc.” Outline of the Tender Offer.”).

However, the above number has been set to ensure that the requirement of a special resolution at a shareholders' meeting, as specified in Article 309, Paragraph 2 of the Companies Act, can be fulfilled when implementing the procedures for the Share Consolidation set forth in the above "3. Purpose of the Tender Offer, etc.," "(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the "Two-Step Acquisition")." Also, the minimum number of shares to be purchased (3,611,900 shares) exceeds the total number of shares (3,371,082 shares; Ownership Ratio 54.45%) obtained by adding (a) the number equivalent to a simple majority (2,304,452 shares, equivalent to a majority of the number of the Target Company Shares held by shareholders of the Target Company who do not have a material interest with the Tender Offeror, or in other words, the number equivalent to the so-called "majority of the minority,") of shares (4,608,903 shares) obtained by subtracting the total number of Agreed Tendering Shares (629,503 shares), the number of Planned Tendering Shares (389,900 shares), the number of Agreed Non-tendering Shares (515,600 shares), and the deemed total number of the Target Company Shares owned by Mr. Matsuki (Note 11, 47,300 shares) as of the submission date of this Statement, from the Basis Number of Shares (6,191,133 shares) and (b) the aggregate numbers of the Agreed Tendering Shares (629,530 shares), the Planned Tendering Shares (389,800 shares), and the deemed total number of the Target Company Shares owned by Mr. Matsuki (47,300 shares) as of the submission date of this Statement. In this way, the Tender Offeror places an importance on the intentions of the minority shareholders of the Target Company and, if the consent of the majority of shareholders who do not have a material interest in the Tender Offeror is not obtained, the Tender Offeror will not conduct the Transaction, including the Tender Offer.

#### VI Measures taken by the Tender Offeror to secure objectivity for ensuring the fairness of the Tender Offer

The Tender Offeror has not entered into any agreement with the Target Company that would restrict contact between a counter offeror and the Target Company, such as an agreement that includes a deal protection clause that restricts the Target Company from contacting counter offerors. Further, the Tender Offeror has set a Tender Offer Period of 30 Business Days, which is longer than the statutory minimum period of 20 Business Days. In this way, by setting a relatively long Tender Offer Period, the Tender Offeror intends to secure an appropriate opportunity for the shareholders of the Target Company and Share Option Holders to make a decision as to whether or not to tender in the Tender Offer, as well as an opportunity for a counter purchase, etc. of the Target Company Shares and Share Options by parties other than the Tender Offeror, thereby taking into consideration the ensuring of the fairness of the Tender Offer.



(Note) When calculating the value of the Target Company Shares, KPMG used information received from the Target Company, information obtained through interviews, information disclosed to the public, and other materials as they were, in principle, and assumed that all such materials and information used were accurate and complete and that there were no facts that were not disclosed to KPMG that may have a material impact on the calculation of the share value of the Target Company Shares. KPMG also has not independently verified the accuracy and completeness of such information and materials. In addition, KPMG has not independently valued, appraised, or assessed the assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Target Company and its subsidiaries, including the analysis and valuation of individual assets and liabilities, and has not requested any valuations, appraisals, or assessments thereof from any Third-Party Valuation Agents. The calculation of the share value of the Target Company Shares by KPMG reflects information, economic conditions, etc. through July 26, 2021, and the business plan of the Target Company used by KPMG for valuation with the DCF method was assumed to have been reasonably prepared by the management of the Target Company based on their best forecasts and judgments as of the relevant record date. However, KPMG has held multiple question-and-answer sessions with the Target Company regarding the Target Company's business plan, which was used as the basis for the valuation, and has confirmed the reasonableness of the Target Company's business plan in so far as it does not contain any unreasonable assumptions, based on KPMG having understood the background of its preparation and the current status of the Target Company.

**(3) Number of Share Certificates, Etc. to be Purchased**

Type of Share Certificates, Etc.	Number of Share Certificates, Etc. to be purchased	Minimum number of Share Certificates, Etc. to be purchased	Maximum number of Share Certificates, Etc. to be purchased
Common Shares	5,675,533 shares	3,611,900 shares	– shares
Total	5,675,533 shares	3,611,900 shares	– shares

Note 1 If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (3,611,900 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of the Share Certificates, Etc. to be purchased (3,611,900 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

Note 2 No upper limit is set on the number of shares to be purchased under the Tender Offer. Therefore, the number of shares to be purchased in this table (5,675,533 shares) shows the Basis Number of Shares (6,191,133 shares), i.e., the maximum number of Target Company Shares available for purchase by the Tender Offeror in the Tender Offer, minus the number of Agreed Non-tendering Shares (515,600 shares).

- Note 3 Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.
- Note 4 There is a possibility that Share Options may be exercised by the last day of the Tender Offer Period, and the Target Company Shares that are issued or transferred through such the exercise of the Share Options are also subject to the Tender Offer.
- Note 5 The Tender Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

## 5. Ownership Ratio of Share Certificates, Etc. after Tender Offer

Details	Number of voting rights
Number of voting rights represented by the Share Certificates, Etc. to be purchased: (a)	56,755
Number of voting rights represented by the potential Share Certificates, Etc. included in (a): (b)	313
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (b): (c)	-
Number of voting rights represented by the Share Certificates, Etc. held by the Tender Offeror (as of July 28, 2021): (d)	-
Number of voting rights represented by the potential Share Certificates, Etc. included in (d): (e)	-
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (e): (f)	-
Number of voting rights represented by the Share Certificates, Etc. held by specially related parties (as of July 28, 2021): (g)	5,629
Number of voting rights represented by the potential Share Certificates, Etc. included in (g): (h)	117
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (h): (i)	-
Total number of voting rights of all shareholders, etc. of the Target Company (as of March 31, 2021): (j)	61,494
Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company (a/j) (%)	91.67
Ownership ratio of Share Certificates, Etc. after the Tender Offer ((a+d+g)/(j+(b-c)+(e-f)+(h-i))×100) (%)	100.00

Note 1: “Number of voting rights represented by the Share Certificates, Etc. to be purchased: (a)” is the number of voting rights represented by the number of Share Certificates, Etc. to be purchased (5,675,533 shares) in the Tender Offer.

Note 2: “Number of voting rights represented by the potential Share Certificates, Etc. included in (a)” is, out of the Number of voting rights represented by the Share Certificates, Etc. to be purchased, the number of voting rights represented by

the total number of the Target Company Shares (31,300 shares) to be issued upon the exercise of Share Options.

Note 3: “Number of voting rights represented by the Share Certificates, Etc. held by specially related parties (as of July 28, 2021) (g)” states the total number of voting rights represented by Share Certificates, Etc. held by each specially related party (however, excluding those to be excluded from specially related parties in accordance with Article 3, paragraph (2), item (i) of the Cabinet Ordinance in calculating the percentage of ownership of shares, as set forth in the respective items of Article 27-2, paragraph (1) of the Act.) Although Share Certificates, Etc. held by specially related parties are also subject to the Tender Offer, the Non-Tender Agreement has been executed with CIE, under which CIE is required to exercise its voting rights in favor of the propositions for the Share Consolidation and related propositions. Therefore, when calculating “Ownership ratio of Share Certificates, Etc. after the Tender Offer”, only the number of voting rights (5,156) pertaining to the Agreed Non-tendering Shares (515,600 shares) is added to the numerator of “Number of voting rights represented by the Share Certificates, Etc. held by specially related parties (as of July 28, 2021): (g).”

Note 4: “Total number of voting rights of all shareholders, etc. of the Target Company (as of March 31, 2021): (j)” is the number of voting rights (stated on the assumption that 1 unit is 100 shares) of all shareholders of the Target Company as of March 31, 2021, stated in the Target Company Securities Report. However, since shares less than one unit (excluding treasury shares less than one unit held by the Target Company) and the Target Company Shares to be issued upon the exercise of Share Options are also subject to the Tender Offer, when calculating “Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company” and “Ownership ratio of Share Certificates, Etc. after the Tender Offer,” the number of voting rights (61,911) represented by the Basis Number of Shares (6,191,133 shares) is used as the denominator.

Note 5: “Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company” and “Ownership ratio of Share Certificates, Etc. after the Tender Offer” have been rounded off to two decimal places.

## **6. Licenses, etc., concerning Acquisition of Share Certificates, Etc.**

N/A

## **7. Method of Tendering Shares in Response to the Tender Offer and Termination Thereof**

### **(1) Method of tendering shares in response to the tender offer**

(A) Tender Offer Agent

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

- (B) When Persons who tender in response to the Tender Offer (refers to the shareholders and the Share Option Holders; the “**Tendering Shareholders, Etc.**”), it is required to fill out the prescribed “Tender Offer Subscription Form” and submit it to the head office or any domestic branch of the Tender Offer Agent by 3:00 p.m. on the last day of the Tender Offer Period. In addition, no tender will be accepted through “Mizuho Securities NetClub,” which is an online trade service.
- (C) When accepting tender in response to the Tender Offer, it is required that the Tendering Shareholders, Etc. open a securities transaction account with the Tender Offer Agent and that Share Certificates, Etc. to be tendered are registered in that account. In the Tender Offer, tenders through a financial instruments business operator, etc., other than the Tender Offer Agent will not be accepted. In addition, Share Certificates, Etc. that are registered in a special account (*tokubetsu kouza*) established by Sumitomo Mitsui Trust and Bank Limited, which is the account management institution for the special account (*tokubetsu kouza*) designated by the Target Company, cannot be tendered in the Tender Offer. If Share Certificates, Etc. to be tendered are entered or registered in a securities transaction account opened by a financial instruments business operator, etc. other than the Tender Offer Agent or in a special account (*tokubetsu kouza*) established by an account management institution for the special account (*tokubetsu kouza*), the Tendering Shareholders, Etc. must complete the procedures to transfer such shares to a securities transaction account opened with the Tender Offer Agent before tendering such shares (see Note 1 below).
- (D) When accepting Share Options to be tendered in response to the Tender Offer, because the Share Options are restricted to transfer, it is required to submit that, together with the above “Tender Offer Subscription Form,” “a notice of approval of transfer for share options” issued by the Target Company upon request of the Share Options Holders. As the document to confirm the Share Options Holders, it is also required to submit that “a certificate stating the items described in the share option registry,” and a document necessary to request the change of the holders’ name of the share option in the registry subject to the successful completion of the Tender Offer issued by the Target Company upon request of the Share Options Holders.
- (E) The Tendering Shareholders, Etc. who have not opened a securities transaction account with the Tender Offer Agent is required to open a new securities transaction account. For opening a new securities transaction account, each Tendering Shareholder, Etc.’s individual number (My Number) or corporate number and identification documents (see Note 2 below) will be required, and a seal may be required.
- (F) Please note that the procedures to transfer the Tendered Share Certificates, Etc. described in (C) above, and opening a new account described in (E) might require a certain number of days.

- (G) Shareholders residing in foreign countries (including corporate shareholders) (“**Non-Resident Shareholders**”) must tender shares through a standing proxy in Japan.
- (H) In principle, individual shareholders residing in Japan will be subject to separate self-assessment taxation with respect to capital gains from the transfer of shares, etc., on the difference between the sale price and the acquisition cost of Share Certificates, Etc. purchased by the Tender Offeror. (see Note 3 below)
- (I) When the tendering of shares is accepted, the Tender Offer Agent shall deliver a receipt of acceptance of the Tender Offer to each Tendering Shareholder, Etc.

Note 1: Procedures for transferring the Share Certificates, Etc. from a special account (*tokubetsu kouza*) established by an account management institution for a special account (*tokubetsu kouza*) designated by the Target Company to a securities transaction account of the Tender Offer Agent:

If procedures for transferring the Share Certificates, Etc. from a special account (*tokubetsu kouza*) established by an account management institution for a special account (*tokubetsu kouza*) designated by the Target Company to a securities transaction account of the Tender Offer Agent are conducted through the Tender Offer Agent or conducted by an account management institution for a special account (*tokubetsu kouza*), an “application form for account transfer” that states information identical to the personal information submitted to the account management institution for the special account (*tokubetsu kouza*) is required to be filed. Please contact the Tender Offer Agent or the account management institution for your special account (*tokubetsu kouza*) for further details.

Note 2: Submission of individual number (My Number) or a corporate number and identification documents:

The following identification documents, etc., will be required when a Tendering Shareholder, Etc. intends to open a new securities transaction account with the Tender Offer Agent and when a Non-Resident Shareholder intends to tender shares through a standing proxy in Japan. Please contact the Tender Offer Agent for further details about number verification documents and identification documents.

Individual shareholders:

Any of the following individual number verification documents and identification documents set out in (A) through (C) of the table below will be required. Any individual shareholder who does not submit own individual number (My Number) cannot open an account with Mizuho Securities Co., Ltd. as the Tender Offer Agent. In addition, even

those who have already opened a securities transaction account with the Tender Offer Agent are also required to submit individual number verification documents and identification documents when changing their respective names, addresses, and individual numbers (My Number).

	(A)	(B)	(C)
Number verification documents	Individual Number Card (both sides) with a photo	Notification Card	Copy of the residence certificate which an individual number is stated  or Certificate of matters registered on the residence certificate  (* Each of these documents is deemed as one identification document)
		+	+
Identification documents		a. Any of the following documents (identification documents with a photo): ----- - driver's license; - certificate of driving history; - passport; - residence card ( <i>zairyu card</i> ); - rehabilitation certificate ( <i>ryoiku-techo</i> ); - physical disability certificate( <i>shintai-shogaisha-techo</i> ), etc.	a. Any of the following documents (identification documents with a photo): ----- - driver's license; - certificate of driving history; - passport; - residence card ( <i>zairyu card</i> ); - rehabilitation certificate ( <i>ryoiku-techo</i> ); - physical disability certificate( <i>shintai-shogaisha-techo</i> ), etc.
		or	or
		b. Any two of the following documents (if submission of the documents listed in a. above is difficult): -----	b. Any one of the following documents (if submission of the documents listed in a. above is difficult): -----

		<ul style="list-style-type: none"> <li>- copy of the residence certificate;</li> <li>- certificate of matters registered on the residence certificate;</li> <li>- various health insurance card such as national health insurance card;</li> <li>- seal registration certificate;</li> <li>- national pension book (<i>kokumin-nenkin-techo</i>), etc.</li> </ul>	<ul style="list-style-type: none"> <li>- various health insurance card such as national health insurance card;</li> <li>- seal registration certificate;</li> <li>- national pension book (<i>kokumin-nenkin-techo</i>), etc.</li> </ul>
--	--	---	--

- If you submit your individual number card (both sides), you will not be required to separately submit any identification document.
- You can utilize the notification card as an individual number and identification documents only in case your name and address, etc., described in the notification card are identical to the items described in your residence certificate.
- Please submit documents stating your name, address, and date of birth.
- Please submit identification documents that have not expired or, if they do not state the expiry date, please submit identification documents prepared within the past six months.

Corporate shareholders:

It is required to submit (i) a copy of a “notification of corporate number” or (ii) a document on which corporate number is printed based on the information provided on the Corporate Number Publication Site of the National Tax Agency and an identification document (a certificate of registered information (prepared within the past six months that can identify the name and the location of the head office or principal office and the details of business)). In addition to the identification documents of the corporation, personal identification documents of each person in charge of the transaction (or representative of the corporation if such representative affects the transaction) will be required. Furthermore, even corporations that have already opened a securities transaction account with the Tender Offer Agent are also required to submit corporate number verification documents and identification documents when changing their respective corporate names and location.

Non-Resident Shareholders:

Documents issued by a foreign government or a competent international organization, both of which requires to be approved by the Japanese government, or other documents equivalent to the identification documents required for Japanese residents (if Non-Resident Shareholders are natural persons, identification documents stating their name, address, and date of birth (\*1) are required, and if Non-Resident Shareholders are corporations, identification documents stating the name and the location of the head



office or principal office and the details of the business (\*2) are required. Identification documents for both natural persons and corporations are limited to those that are prepared within the past six months or limited to those that are valid if such documents have a period of validity or expiry date) and a power of attorney for the delegation agreement with a standing proxy or a copy of that agreement (\*3) is required.

- (\*1) In principle, shareholders who have Japanese nationality and reside outside of Japan are required to submit their passports.
- (\*2) If Non-Resident Shareholders are corporations, identifying the corporation's details of the business is required; therefore, if identification documents do not state the corporation's details of the business, other documents that can identify the details of the business (documents equivalent to the identification documents required for Japanese residents or documents stating the corporation's details of the business that are required to be prepared by the corporation pursuant to the provisions of foreign laws and regulations) are required to be submitted separately.
- (\*3) Limited to a copy of the agreement (i) stating the name and domicile outside of Japan of the Non-Resident Shareholders and also stating the date certified by a standing proxy and the name, address, and name and title of the representative or signatory of the standing proxy, and (ii) certified as a copy of the original with the registered seal for the securities transaction account of the Tender Offer Agent.

Note 3: Separate self-assessment taxation with respect to capital gains from the transfer of shares, etc. for Japanese residents (in the case of individual shareholders):

In principle, individual shareholders residing in Japan will be subject to separate self-assessment taxation with respect to capital gains from the transfer of shares, etc. The sale of shares through tender in response to the Tender Offer will be treated as an ordinary sale made through a financial instruments business operator. Please consult with tax experts such as a certified tax accountant when making any decision with respect to specific tax treatment.

## **(2) Method of termination of the agreement**

The Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, terminate their agreement under the Tender Offer. The Tendering Shareholders, Etc. who wish to terminate their agreements must deliver or send a termination notice stating that such Tendering Shareholder terminates its agreement under the Tender Offer ("**Termination Notice**"), with a receipt of acceptance of the Tender Offer attached, to the head office or any domestic branch of the Tender Offer Agent that received the application by 3:00 p.m. on the last day of the Tender Offer Period. The termination of

the agreement will take effect at the time when the Termination Notice is delivered to, or reaches, the Tender Offer Agent. Therefore, the Tendering Shareholders, Etc. should be aware that if the Termination Notice is sent by mail, the Tendering Shareholders, Etc. may not terminate the agreement unless the termination notice reaches the Tender Offer Agent by no later than 3:00 p.m. on the last day of the Tender Offer Period.

Party authorized to receive the Termination Notice:

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

(or any other domestic branch of Mizuho Securities Co., Ltd.)

### **(3) Method of return of Share Certificates, Etc.**

If a Tendering Shareholder, Etc. terminates an agreement under the Tender Offer in the manner described in “(2) Method of termination of the agreement” above, the Tendered Share Certificates, Etc. will be promptly returned following the completion of termination procedures by the method set out in “(4) Method of return of Share Certificates, Etc.” of “10. Method of Settlement” below.

### **(4) Name and address of the head office of financial instruments business operators/bank, etc., holding in trust and returning Share Certificates, Etc.**

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

## **8. Funds Required for Tender Offer**

### **(1) Funds, etc. required for the tender offer**

Purchase price (yen): (a)	21,623,780,730
Type of consideration other than cash:	-
Total amount of consideration other than cash:	-
Purchase commission: (b)	100,000,000
Others: (c)	7,100,000
Total (a)+(b)+(c):	21,730,880,730

Note 1 “Purchase price (yen): (a)” shows the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (5,675,533 shares) by the Tender Offer Price (3,810yen).

Note 2 “Purchase commission: (b)” consists of estimated commissions to be paid to the Tender Offer Agent.

Note 3 “Others: (c)” consists of the estimated amount of fees and expenses, including fees required for public notice of the Tender Offer and printing fees of the explanatory statement of the Tender Offer and other necessary documents.

Note 4 The above amounts are exclusive of consumption tax, etc.

Note 5 The actual amount of other expenses to be paid to the Tender Offer Agent and attorney’s fees, etc., will not be determined until after the completion of the Tender Offer.

**(2) Deposits or borrowings allocable for funds required for the tender offer**

(A) Deposits as of one day or two days preceding the date hereof

Type of deposit	Amount (thousands of yen)
-	-
Total (a)	-

(B) Borrowings before the date hereof

(a) Financial institutions

	Category of business of lender	Name of lender	Terms of contract	Amount (thousands of yen)
1	-	-	-	-
2	-	-	-	-
Total				-

(b) Others

Category of business of lender	Name of lender	Terms of contract	Amount (thousands of yen)
-	-	-	-
-	-	-	-
Total			-

## (C) Funds to be borrowed on or after the date hereof

## (a) Financial institutions

	Category of business of lender	Name of lender	Terms of contract	Amount (thousands of yen)
1	-	-	-	-
2	Bank	Mizuho Bank, Ltd. (1-5-5 Otemachi Chiyoda-ku, Tokyo)	<p>Loans to be applied to funds required for purchase etc. (Note 1)</p> <p>(1) Term Loan A Repayment date: September 14, 2027 (repayment in installments) Interest rate: Floating rates based on JBA Japanese Yen TIBOR Security: Target Company Shares, etc.</p> <p>(2) Term Loan B Repayment date: September 14, 2027 (lump-sum repayment) Interest rate: Floating rates based on JBA Japanese Yen TIBOR Security: Target Company Shares, etc.</p> <p>(3) Bridge Loan Repayment date: March 14, 2022 or 10 Business Days after the date of completion of the Squeeze Out Procedure, whichever is the earlier (lump-sum repayment) Interest rate: Floating rates based on short-term prime rates to be announced by Mizuho Bank Security: Target Company Shares, etc.</p>	<p>(1) Term Loan A 3,900,000</p> <p>(2) Term Loan B 6,600,000</p> <p>(3) Bridge Loan 4,860,000</p>

2	Bank	The Fukui Bank, Ltd.  (1-1-1, Junka, Fukui- shi, Fukui- ken)	Loans to be applied to funds required for purchase etc. (Note 2)	
			(1) Term Loan A Repayment date: September 14, 2027 (repayment in installments) Interest rate: Floating rates based on JBA Japanese Yen TIBOR Security: Target Company Shares, etc.	(1) Term Loan A  1,800,000
			(2) Term Loan B Repayment date: September 14, 2027 (lump-sum repayment) Interest rate: Floating rates based on JBA Japanese Yen TIBOR Security: Target Company Shares, etc.	(2) Term Loan B  3,200,000
Total (b)				20,360,000

Note 1 As evidence of a commitment to the loans described above, the Tender Offeror has obtained a loan certificate dated July 26, 2021, from Mizuho Bank, stating its intention of offering loans up to 15,360,000 thousand yen in total. As the conditions precedent to disbursements under these loans, the conditions described in the loan certificate as attached to this Statement are expected to be incorporated in the loan agreements.

Note 2 As evidence of a commitment to the loan described above, the Tender Offeror has obtained a loan certificate dated July 26, 2021, from Fukui Bank, stating its intention of offering loans up to 5,000,000 thousand yen in total. As the conditions precedent to disbursements under these loans, the conditions described in the loan certificate as attached to this Statement are expected to be incorporated in the loan agreements.

(b) Others

Category of business of lender	Name of lender	Terms of contract	Amount (thousands of yen)
-	-	-	-
-	-	-	-
Total (c)			-

(D) Other methods of financing

Method of financing	Amount (thousands of yen)
Capital contribution from MBSF in the form of subscription for Series A Preferred Shares (Note1)	1,000,000
Capital contribution from Fukui Bank in the form of subscription for Series A Preferred Shares (Note2)	1,000,000
Total (d)	2,000,000

Note 1 As evidence of a commitment to the investment described above, the Tender Offeror has obtained a capital contribution certificate dated July 26, 2021, from MBSF, for which Mizuho Capital Co., Ltd. (“**Mizuho Capital**”) is an unlimited liability partner, stating MBSF’s intention of capital contribution not exceeding 1,000,000 thousand yen to the Tender Offeror. As the condition precedent to this capital contribution, the conditions described in the capital contribution certificate as attached to this Statement are expected to be incorporated in the investment agreement. MBSF is a limited investment partnership established under the Limited Partnership Act for Investment.

The Tender Offeror has been informed by MBSF as follows. MBSF is comprised of Mizuho Capital as an unlimited liability partner and other domestic financial institutions as limited liability partners. These limited liability partners have promised to contribute cash to MBSF, subject to specified upper limits. The limited liability partners are obligated to make such cash contributions by the date to be designated by the unlimited liability partner when they receive a request for a contribution. Each limited liability partner’s contribution will be made at a certain amount within the range not exceeding the balance after deducting the amount already contributed by the partner from the upper limit specified for the partner. In this regard, MBSF has verified the limited liability partners’ financial capability by means of checking their most recent balance sheets and other financial information. As a result, MBSF concludes that there is no concern about these partners’ financial capability as well as their ability to perform the obligation to contribute cash. MBSF, therefore, determines that the capital contribution described above will most probably be realized based on these partners’ cash contributions.

The foregoing explanations, together with MBSF’s investment track record and other information, convince the Tender Offeror that MBSF will surely receive contributions from respective partners and materialize the investment based on the capital contribution certificate mentioned above.

Note 2 As evidence of a commitment to the investment described above, the Tender Offeror has obtained a capital contribution certificate dated July 26, 2021, from Fukui Bank, stating its intention to make investments up to 1,000,000 thousand yen in total. As the condition precedent to this capital contribution, the

conditions described in the capital contribution certificate as attached to this Statement are expected to be incorporated in the agreements.

Note 3 The Tender Offeror is a stock company established by Mr. Matsuki, Representative Director and President of the Target Company, for the main purposes of acquisition and ownership of the Target Company Shares and Share Options through the Tender Offer. Each of Mizuho Bank and Fukui Bank is one of the principal banking institutions for the Target Company. MBSF is a limited investment partnership operated by Mizuho Capital, contributed by Mizuho Bank and others.

(E) Total amount of deposits or borrowings allocable for funds required for purchase 22,360,000 thousand yen ((a)+(b)+(c)+(d))

**(3) Relationship between the Tender Offeror and the issuer of securities to be used as consideration for the tender offer**

N/A

**9. Conditions of the Issuer of Securities to be Used as Consideration for the Tender Offer**

N/A

**10. Method of Settlement**

**(1) Name and address of head office of financial instruments business operator, bank, etc. in charge of the settlement of the tender offer**

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

**(2) Commencement date of settlement**

September 15, 2021 (Wednesday)

**(3) Method of settlement**

A notice regarding the purchase under the Tender Offer will be mailed to the address of the Tendering Shareholders, Etc. (or the address of the standing proxy in the case of Non-Resident Shareholders) without delay after the expiration of the Tender Offer period. The purchase will be settled in cash. The Tender Offer Agent will, in accordance with the instructions given by the Tendering Shareholders, Etc. (or the standing proxy in the case of Non-Resident Shareholders) and without delay on or after the commencement date of settlement, remit the purchase price to the address designated by the Tendering Shareholders, Etc. or pay the purchase price into the Tendering Shareholder, Etc.'s account with the Tender Offer Agent through where the tender was accepted.

#### **(4) Method of return of Share Certificates, Etc.**

In the event that all of the Tendered Share Certificates, Etc. will not be purchased under the terms set forth in “(1) Conditions set forth in each item of Article 27-13, paragraph (4) of the Act and the details thereof” or “(2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in “11. Other Conditions and Methods of Purchase” below, the Tender Offer Agent will revert the relevant Share Certificates, Etc. promptly after the expiration of the Tender Offer.

The Tender Offer Agent will return by promptly reverting the relevant shares to their original condition at the time of the tender after 2 Business Days immediately after the last day of the Tender Offer Period (or the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer), and by delivering or mailing to the Tendering Shareholder, Etc., according to the instructions of the Tendering Shareholder, Etc., the documents that were submitted when the Share Options were tendered (the documents listed in item (D) of “(1) Method of tendering shares in response to the tender offer” in “7. Method of Tendering Shares in Response to the Tender Offer and Termination Thereof” above) after the commencement date of settlement in case of Share Options.

### **11. Other Conditions and Methods of Purchase**

#### **(1) Conditions set forth in each item of Article 27-13, paragraph (4) of the Act and the details thereof**

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (3,611,900 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of Share Certificates, Etc. to be purchased (3,611,900 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

#### **(2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.**

If any of the facts listed in items (i)(a) through (i)(j), items (i)(m) through (i)(s), items (iii)(a) through (iii)(h) and item (iii)(j) in Article 14, paragraph (1) and items (iii) through (vi) in Article 14, paragraph (2) of the Enforcement Order occurs, the Tender Offeror may withdraw the Tender Offer. “Facts equivalent to those set forth in (a) to (i)” referred to in Article 14, paragraph (1), item (iii)(j) of the Enforcement Order means the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated, and the Tender Offeror was neither aware of such false statement, etc. nor recognizable in spite of reasonable care.

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article



20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

**(3) Conditions to reduce purchase price, details thereof, and method of disclosure of reduction**

Under Article 27-6, paragraph (1), item (i) of the Act, if the Target Company conducts any act set out in Article 13, paragraph (1) of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the purchase price in accordance with the standards set out in the provision of Article 19, paragraph (1) of the Cabinet Ordinance.

If the Tender Offeror intends to reduce the purchase price, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement. If the purchase price is reduced, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice at the reduced purchase price.

**(4) Matters concerning the right of Tendering Shareholders, Etc. to terminate the agreement**

The Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, terminate their agreement under the Tender Offer in accordance with the method set out in “(2) Method of termination of the agreement” of “7. Method of Tendering Shares in Response to the Tender Offer and Termination Thereof” above.

The Tender Offeror will not make any claim for damages or a penalty payment due to the Tendering Shareholders, Etc.’s termination of their agreements. Further, the cost of returning Tendered Share Certificates, Etc. to the Tendering Shareholders, Etc. will be borne by the Tender Offeror. If a Tendering Shareholder, Etc. terminates an agreement, the Tendered Share Certificates, Etc. will be promptly returned following the completion of termination process by the method set out in “(4) Method of return of Share Certificates, Etc.” of “10. Method of Settlement” above.

**(5) Method of disclosure if the conditions of the Tender Offer are changed**

The Tender Offeror may change the conditions, etc., of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, paragraph (1) of the Act or Article 13 of the Enforcement Order. If the Tender Offeror intends to change any conditions, etc., of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement. If the conditions, etc., of the Tender Offer are changed, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

**(6) Method of disclosure if amendment statement is filed**

If an amendment statement is submitted to the Director-General of the Kanto Local Finance Bureau (unless otherwise provided for in the proviso in Article 27-8, paragraph (11) of the Act), the Tender Offeror will immediately make a public announcement of the content of that amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the Tendering Shareholders, Etc. who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to Tendering Shareholders, Etc. a document stating the reason for the amendments, the matters amended, and the details thereof.

**(7) Method of disclosure of results of the Tender Offer**

The results of the Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

## No.2 Conditions of the Tender Offeror

### 1. In the case of a Corporation

#### (1) Outline of the Tender Offeror

##### (A) History of the Tender Offeror

Date	Matter
January 2021	Established as a stock corporation under the corporate name of “Sakai Textile Co., Ltd.” with the head office located at 2-15-1 Hanandoh Naka, Fukui City, Fukui and with a capital of 10,000 yen.

##### (B) Business purpose of the Tender Offeror and the details of its business

###### Purpose of the Tender Offeror:

1. Control and management of business activity of the company through holding securities such as shares etc. and interest of such a company
2. All businesses incidental and relating to the above.

###### Details of business:

The Tender Offeror’s business is to acquire and hold the Target Company Shares and Share Options and control and manage the business activity of the Target Company.

##### (C) Amount of capital and the total number of issued shares of the Tender Offeror

(As of July 28, 2021)

Amount of capital (yen)	Total number of issued shares (shares)
10,000	One (1) share

Note: The Tender Offeror is scheduled to receive investments of up to 1,000,000 thousand yen from MBSF and up to 1,000,000 thousand yen from Fukui Bank, at least two Business Days prior to the commencement date of the settlement of the Tender Offer, as explained above (I. Summary of the Tender Offer >> 8. Funds Required for Tender Offer >> (2) Deposits or borrowings allocable for funds required for tender offer >> (D) Other methods of financing). Consequently, the amount of stated capital of the Tender Offeror is expected to increase by a maximum of 2,000,000 thousand yen. In addition, the Tender Offeror is scheduled to receive additional contribution from Mr. Matsuki at

50,000 thousand yen (in the form of subscription for common shares), at least two Business Days prior to the commencement date of the settlement of the Tender Offer, while this additional capital is not intended to be used as for purchasing under the Tender Offer.

(D) Major shareholders

(As of July 28, 2021)

Name	Address	Number of shares held(shares)	Ratio to the total number of issued shares (excluding treasury shares) (%)
Shintaro Matsuki	Fukui City, Fukui Prefecture	1	100.00
Total	-	1	100.00

(E) Employment histories of and number of shares held by officers

(As of July 28, 2021)

Title held	Position	Name	Date of birth	Employment history	Number of shares held	
Representative Director	-	Shintaro Matsuki	November 20, 1945	April 1968	Joined Target Company	1
				June 2001	Riji, Gosen Factory Manager	
				June 2004	Director, Target Company	
				June 2005	Managing Director, Target Company	
				June 2006	Senior Managing Director, Target Company	
				April 2007	President and Representative Director, Target Company (current position)	
				January 2021	Representative Director of the Tender Offeror (current position)	
					1	

## (2) Financial condition

### 1. Basis of preparation of financial statements

The Tender Offeror's financial statements for the first fiscal year (from January 15, 2021, to March 31, 2021) have been prepared based on the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, as amended).

### 2. Audit

The accompanying financial statements of the Tender Offeror for the first fiscal year (from January 15, 2021, to March 31, 2021) have not been audited by any audit corporation or certified public accountant. The Tender Offeror has not prepared consolidated financial statements for the said fiscal year.

### (A) Balance Sheet

	(Yen)
	1st fiscal year (ended March 31, 2021)
<hr/>	
Assets	
Current assets	
Cash and deposits	10,000
Total current assets	10,000
Total assets	10,000
<hr/>	
Net assets	
Shareholders' equity	
Capital stock	10,000
Capital reserve	
Capital surplus	
Other capital surpluses	
Retained earnings, beginning of the year	

Retained earnings, end of year	0
Total shareholders' equity	10,000
Total net assets	10,000
Total liabilities and net assets	10,000

(B) Statement of Operations

(Yen)

	1st fiscal year (from January 15 to March 31, 2021)
Net sales	0
Cost of sales	0
Gross profit	0
Selling, general and administrative expenses	0
Operating income	0
Non-operating income	0
Non-operating expenses	0
Ordinary income	0
Extraordinary income	0
Extraordinary loss	0
Net income before taxes	0
Income taxes	0
Income taxes-deferred	0
Net income	0

(C) Statement of Changes in Net Assets

	(Yen)
	1st fiscal year (from January 15 to March 31, 2021)
Shareholders' equity	
Capital stock:	
Balance, beginning of year	0
Changes during year	
Issuance of shares	10,000
Net change during the year	10,000
Balance, end of year	10,000
Capital reserve:	
Balance, beginning of year	0
Changes during year	
Issuance of shares	0
Net change during the year	0
Balance, end of the year	0
Total shareholders' equity	
Balance, beginning of the year	0
Changes during year	
Issuance of shares	10,000
Net change during the year	10,000
Balance, end of the year	10,000
Total net assets	
Balance, beginning of the year	0
Changes during year	

Issuance of shares	10,000
Net change during the year	<u>10,000</u>
Balance, end of the year	<u>10,000</u>

Notes to financial statements

(Significant accounting policies)

N/A

- (3) Matters concerning the Tender Offeror, which is a company subject to the continuous disclosure obligation

(A) Documents filed by the Tender Offeror

(a) Annual Securities Report and documents attached thereto

(b) Quarterly Securities Report or Semiannual Securities Report

(c) Amendment Report

(B) Place of public inspection of documents mentioned above

**2. In the case of an Entity other than a Corporation**

N/A

**3. In the case of an Individual**

N/A



**No.3 Breakdown of Share Certificates, Etc. Held and/or Traded by the Tender Offeror and Specially Related Parties**

**1. Breakdown of Ownership of Share Certificates, Etc.**

**(1) Total number of Share Certificates, Etc. held by the Tender Offeror and the specially related parties**

(As of July 28, 2021)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7(1)(ii) of the Enforcement Order	Number of Share Certificates, Etc. provided in Article 7(1)(iii) of the Enforcement Order
Share certificates	5,512	–	–
Certificates of share options	117	–	–
Certificates of corporate bonds with share options	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ( )	–	–	–
Deposit receipts for Share Certificates, Etc. ( )	–	–	–
Total	5,629	–	–
Total number of Share Certificates, Etc. held	5,629	–	–
(Total number of potential Share Certificates, Etc. held)	(117)	–	–

**(2) Share Certificates, Etc. held by the Tender Offeror**

(As of July 28, 2021)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7(1)(ii) of the Enforcement Order	Number of Share Certificates, Etc. provided in Article 7(1)(iii) of the Enforcement Order
Share certificates	–	–	–
Certificates of share options	–	–	–
Certificates of corporate bonds with share options	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ( )	–	–	–

Deposit receipts for Share Certificates, Etc. ( )	–	–	–
Total	–	–	–
Total number of Share Certificates, Etc. held	–	–	–
(Total number of potential Share Certificates, Etc. held)	(–)	–	–

**(3) Share Certificates, Etc. held by the Specially related parties (total shares held by specially related parties)**

(As of July 28, 2021)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7(1)(ii) of the Enforcement Order	Number of Share Certificates, Etc. provided in Article 7(1)(iii) of the Enforcement Order
Share certificates	5,512	–	–
Certificates of share options	117	–	–
Certificates of corporate bonds with share options	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ( )	–	–	–
Deposit receipts for Share Certificates, Etc. ( )	–	–	–
Total	5,629	–	–
Total number of Share Certificates, Etc. held	5,629	–	–
(Total number of potential Share Certificates, Etc. held)	(117)	–	–

**(4) Share Certificates, Etc. held by each specially related party (breakdown by each specially related party)**

(A) Specially related parties

(As of July 28, 2021)

Name or corporate name	Shintaro Matsuki
Address or location	2-15-1 Hanandoh Naka, Fukui City, Fukui (location of the Target Company)
Occupation or contents of business	President and Representative Director, SAKAI OVEX CO., LTD. Representative Director, Sakai Textile Co., Ltd.

Contact information	Contact person: Toru Miki, Attorney-at-Law Address: Osaka Securities Exchange Building, 1-8-16 Kitahama, Chuo-ku, Osaka City Kitahama Partners Telephone number: 06-6202-1088
Relationship with Tender Offeror	Officer of the Tender Offeror An individual who has a capital relationship with the Tender Offeror

(As of July 28, 2021)

Name or corporate name	City Index Eleventh Co., Ltd.
Address or location	3-22-14 Higashi, Shibuya-ku, Tokyo
Occupation or contents of business	Investment business, business management consulting, real estate brokerage and trading, real estate leasing, and all other business operations incidental to any of the foregoing
Contact information	Contact person: Mari Goto City Index Eleventh Co., Ltd. Address: 3-22-14 Higashi, Shibuya-ku, Tokyo Telephone number: 03-3486-5757
Relationship with Tender Offeror	A person who has agreed with the Tender Offeror to exercise voting rights as a shareholder of the Target Company jointly with the Tender Offeror after the successful completion of the Tender Offer.

(B) Number of Share Certificates, Etc. held

Shintaro Matsuki

(As of July 28, 2021)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7(1)(ii) of the Enforcement Order	Number of Share Certificates, Etc. provided in Article 7(1)(iii) of the Enforcement Order
Share certificates	356	—	—
Certificates of share options	117	—	—
Certificates of corporate bonds with share options	—	—	—
Beneficiary certificates of trust of Share Certificates, Etc. ( )	—	—	—
Deposit receipts for Share Certificates, Etc. ( )	—	—	—
Total	473	—	—
Total number of Share Certificates, Etc. held	473	—	—
(Total number of potential Share Certificates, Etc. held)	(117)	—	—

(Note) Since Mr. Matsuki indirectly owns 500 shares in the Target Company through the Target Company’s executive shareholding plan, the data under the column “Number of Share Certificates, Etc. held” include five (5) voting rights pertaining to those indirectly owned shares.

City Index Eleventh Co., Ltd.

(As of July 28, 2021)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7(1)(ii) of the Enforcement Order	Number of Share Certificates, Etc. provided in Article 7(1)(iii) of the Enforcement Order
Share certificates	5,156	—	—
Certificates of share options	—	—	—
Certificates of corporate bonds with share options	—	—	—
Beneficiary certificates of trust of Share Certificates, Etc. ( )	—	—	—
Deposit receipts for Share Certificates, Etc. ( )	—	—	—
Total	5,156	—	—
Total number of Share Certificates, Etc. held	5,156	—	—
(Total number of potential Share Certificates, Etc. held)	(—)	—	—

## 2. Trading of Share Certificates, Etc.

(1) Trading during the 60-day period prior to the date hereof

Name	Class of shares	Increase	Decrease	Balance
Shintaro Matsuki (Note)	Common shares	62 shares	—	62 shares

(Note) Mr. Matsuki acquired 26 shares in the Target Company (fractions less than one share rounded down) on May 31, 2021, and 36 shares in the Target Company (fractions less than one share rounded down) on June 30, 2021, respectively, by means of purchasing through the Target Company’s executive shareholding plan.

## 3. Important Agreements regarding the Share Certificates, Etc.

The Tender Offeror and its largest shareholder, CIE, executed a Non-Tender Agreement as of July 27, 2021 for all of its Agreed Non-tendering Shares (number of shares owned: 515,600 shares, Ownership Ratio: 8.33%). In addition, the Tender Offeror is going to

enter into a separate shareholders' agreement with CIE after mutual consultation. For details, please see the relevant explanation in this Statement (I. Summary of the Tender Offer >> 3. Purpose of the Tender Offer >> (6) Important Agreements relating to the Tender Offer>> (I) Non-Tender Agreement).

**4. Agreements of Purchase, etc. of Share Certificates, Etc. on and after the Date Hereof**

N/A

## **No.4 Transactions etc. between the Tender Offeror and the Target Company**

### **1. Transactions between the Tender Offeror and the Target Company or its Directors or Officers, and the Contents Thereof**

N/A

### **2. Agreements between the Tender Offeror and the Target Company or its Directors or Officers, and the Contents Thereof**

#### **(1) Opinion in favor of the Tender Offer**

According to the Target Company's Press Release, the Target Company's board of directors adopted a resolution to express an opinion in favor of the Tender Offer and to recommend shareholders to accept the Tender Offer at a board meeting held on July 27, 2021. On the other hand, this resolution leaves it up to the Share Option Holders to decide whether or not to tender their Share Options in the Tender Offer.

For details, please see the Target Company's Press Release and the relevant explanation in this Statement (I. Summary of the Tender Offer >> 4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased >> (2) Price of Tender Offer >> Background of Valuation >> Measures to Ensure Fairness of the Tender Offer such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest >> (D) Approval of All Disinterested Directors (including Audit and Supervisory Committee Members) of the Target Company).

#### **(2) Background, reasons, and decision-making processes for conducting the Tender Offer, and the business policy after the Tender Offer**

Please see the relevant explanation in this Statement (I. Summary of the Tender Offer >> 3. Purpose of the Tender Offer >> (2) Background, reasons, and decision-making processes for conducting the Tender Offer, and the business policy after the Tender Offer).

#### **(3) Measures to ensure fairness of the Tender Offer such as measures to ensure fairness of the Tender Offer Price and measures to avoiding conflicts of interest**

Please see the relevant explanation in this Statement (I. Summary of the Tender Offer >> 4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased >> (2) Price of Tender Offer >> Background of Valuation >> Measures to Ensure Fairness of the Tender Offer such as Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest).

## No.5 Conditions of the Target Company

### 1. Profit and Losses, etc. for the Past Three Years

#### (1) Profits and losses

Fiscal year	-	-	-
Net sales	-	-	-
Cost of Sales	-	-	-
Selling, general and administrative expenses	-	-	-
Non-operating income	-	-	-
Non-operating expenses	-	-	-
Net income (loss)	-	-	-

#### (2) Profit and loss per share

Fiscal year	-	-	-
Net income or loss per share	-	-	-
Dividend per share	-	-	-
Net assets per share	-	-	-

### 2. Share Price Information

(yen)

Names of financial instruments exchange or approved financial instruments dealers association	First Section of the Tokyo Stock Exchange
---	---

Month	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021
Highest share price	2,237	3,010	3,085	3,070	3,085	3,115	3,185
Lowest share price	1,934	2,081	2,623	2,950	2,846	2,900	2,960

Note: The figures for July 2021 are based on the data for July 27 and earlier.

### 3. Shareholder Information

#### (1) Breakdown by shareholder

As of [ ]

Description	Status of shares (Number of shares constituting one (1) share unit: shares)								Status of shares less than 1 unit(s) shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other entities	Foreign entities, etc.		Individuals or others	Total	
					Non-individuals	Individuals			
Number of shareholders	-	-	-	-	-	-	-	-	-
Number of shares held (units)	-	-	-	-	-	-	-	-	-
Proportion of number of shares held (%)	-	-	-	-	-	-	-	-	-

#### (2) Number of shares held by major shareholders, directors, and officers

##### (A) Major shareholders

As of [ ]



Name or corporate name	Address or location	Number of shares held	Ratio of the number of shares held to the total number of issued shares (excluding treasury shares) (%)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	-	-	-

(B) Directors and officers

As of [ ]

Name	Title	Job title	Number of shares held	Ratio of the number of shares held to the total number of issued shares (excluding treasury shares) (%)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
Total	-	-	-	-

**4. Matters concerning the Target Company, which is a Company Subject to the Continuous Disclosure Obligation**

(1) Documents filed by the Target Company

(A) Annual Securities Report and documents attached thereto

The Annual Securities Report and documents attached thereto for the 127th fiscal year (from April 1, 2019, to March 31, 2020) were filed with the Director-General of the Hokuriku Local Finance Bureau on June 29, 2020.

The Annual Securities Report and documents attached thereto for the 128th fiscal year (from April 1, 2020, to March 31, 2021) were filed with the Director-General of the Hokuriku Local Finance Bureau on June 28, 2021.

(B) Quarterly Securities Report or Semiannual Securities Report

The Quarterly Securities Report for the first quarter of the 129th fiscal year (from April 1, 2021, to June 30, 2021) is scheduled to be filed with the Director-General of the Hokuriku Local Finance Bureau on August 12, 2021.

(C) Extraordinary report

N/A

(D) Amendment report

N/A

- (2) Place of public inspection of documents mentioned above  
SAKAI OVEX CO., LTD.  
(2-15-1 Hanandoh Naka, Fukui City, Fukui)

Tokyo Stock Exchange, Inc.

(2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

**5. Details, etc. of Facts regarding Implementation of Tender Offer that have been Notified**

N/A

**6. Other Matters**

- (1) Release of “Notice of Change to expected year-end dividends (no dividends).”

The Target Company, at its board of directors meeting held on July 27, 2021, has resolved not to distribute year-end dividends for the business year ending in March 2022, subject to the successful consummation of the Tender Offer. For details, please see the release of “Notice of Change to expected year-end dividends for the year ending in March 2022 (no dividends)” announced by the Target Company on July 27, 2021.