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January 28, 2026

To Whom it may concern:

Company Name	Star Micronics Co., Ltd.
Representative	Mamoru Sato Representative Director, President, and Executive Officer
Code Number	7718 TSE Prime
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Notice of Holding an Extraordinary Shareholders Meeting for Share Consolidation, Abolition of the Provision on Share Units, and Partial Amendments to the Articles of Incorporation

Star Micronics Co., Ltd. (the “Company”) hereby announces that, as resolved at its Board of Directors’ meeting held today (the “Board Resolution”), it has decided to convene an extraordinary shareholders meeting on February 26, 2026 (the “Extraordinary Shareholders Meeting”) and submit to the Extraordinary Shareholders Meeting proposals concerning share consolidation, abolition of the provisions on share units, and partial amendments to the Articles of Incorporation.

The common shares of the Company (the “Company Shares”) will come to fall under the delisting criteria provided for in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) in the course of the above procedures. As a result, the Company Shares are designated as a delisted issue during the period from February 26, 2026 to March 12, 2026, and will subsequently be delisted on March 13, 2026. Please note that after delisting, the Company Shares will no longer be tradable on the Prime Market of the Tokyo Stock Exchange.

Details

I. Share Consolidation

1. Purposes and reasons for share consolidation

As announced in the “Notice Regarding Expression of Opinion on the Tender Offer for the Company’s Share Certificates, etc. by Solsticia Corporation” (the “Opinion Press Release”) disclosed by the Company on November 12, 2025, Solsticia Corporation (the “Tender Offeror”) has implemented a tender offer (the “Tender Offer”) to acquire all of the Company Shares (including the restricted shares of the Company granted as restricted share remuneration to the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and Executive Managing Officers (hereinafter referred to as the “Restricted Shares”), as well as the Company Shares to be delivered upon the exercise of the Share Options, and excluding the treasury shares held by the Company and the Company Shares for which Taiyo Pacific Partners L.P. has the investment and voting authority (i.e. the Company Shares owned by Taiyo Unleash Acrux Holdings, LP (the “Fund”), a fund managed by Taiyo Pacific Partners L.P. and its group (collectively, “Taiyo Pacific Partners”)) and all of the Share Options (Note 1) (collectively, the “Company Share Certificate, etc.”). The Tender Offer was conducted as part of a series of transactions (the “Transaction”) aimed at privatizing the Company Shares, setting the tender offer period (the “Tender Offer Period”) as 30 business

days from November 13, 2025 to December 25, 2025.

Further, as stated in the “Notice Regarding Results of Tender Offer for Company’s Share Certificates by Solsticia Corporation and Changes in the Largest Shareholder and Major Shareholder” released by the Company on December 26, 2025, as a result of the Tender Offer, Solsticia Corporation came to own 24,789,003 Company Share Certificate, etc. (Voting rights ownership ratio (Note 2): 51.12%) as of January 6, 2026, which is the commencement of the settlement date of the Tender Offer.

(Note 1) “Share Options” collectively refers to the share options listed in items (1) through (13) below. In addition, “Stock Compensation-Type Share Options” collectively refers to the share options listed in items (1) through (7) below. Furthermore, the price for purchase, etc. per Share Option in the Tender Offer is collectively referred to as the “Share Option Purchase Price.”

- 1) The 1st stock compensation-type share options (the “1st Stock Compensation-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on May 22, 2014 (exercise period: from June 9, 2014 to June 8, 2044)
- 2) The 2nd stock compensation-type share options (the “2nd Stock Compensation-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on May 28, 2015 (exercise period: from June 15, 2015 to June 14, 2045)
- 3) The 3rd stock compensation-type share options (the “3rd Stock Compensation-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on May 26, 2016 (exercise period: from June 13, 2016 to June 12, 2046)
- 4) The 4th stock compensation-type share options (the “4th Stock Compensation-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on May 25, 2017 (exercise period: from June 12, 2017 to June 11, 2047)
- 5) The 5th stock compensation-type share options (the “5th Stock Compensation-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on May 24, 2018 (exercise period: from June 11, 2018 to June 10, 2048)
- 6) The 6th stock compensation-type share options (the “6th Stock Compensation-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on March 28, 2019 (exercise period: from April 15, 2019 to April 14, 2049)
- 7) The 7th stock compensation-type share options (the “7th Stock Compensation-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on March 26, 2020 (exercise period: from April 13, 2020 to April 12, 2050)
- 8) The share options (the “13th Ordinary-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on March 28, 2019 (exercise period: from June 1, 2021 to May 31, 2026)
- 9) The share options (the “14th Ordinary-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on March 26, 2020 (exercise period: from June 1, 2022 to May 31, 2027)
- 10) The share options (the “15th Ordinary-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on March 25, 2021 (exercise period: from June 1, 2023 to May 31, 2028)
- 11) The share options (the “16th Ordinary-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on March 24, 2022 (exercise period: from June 3, 2024 to June 2, 2029)
- 12) The share options (the “17th Ordinary-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on March 23, 2023 (exercise period: from June 2, 2025 to June 1, 2030)
- 13) The share options (the “18th Ordinary-Type Share Options”) issued pursuant to the resolution of the Company’s Board of Directors meeting held on March 28, 2024 (exercise period: from June 1, 2026 to May 31, 2031)

(Note 2) “Voting rights ownership ratio” is calculated using, as the denominator, the number of voting rights (484,879 voting rights) corresponding to 48,487,972 shares, which is derived by adding the total number of issued shares as of September 30, 2025 (48,481,334 shares), as stated in the “Fiscal 2025 Third-quarter Consolidated Earnings Report (Japanese GAAP)” announced by the Company on November 12, 2025, and the number of Company Shares underlying the total of 6,240 outstanding Share Options as of September 30, 2025 (624,000 shares), resulting in 49,105,334 shares, and then subtracting the number of treasury shares held by the Company as of September 30, 2025 (617,362 shares). Figures are rounded to the nearest third decimal place. The same shall apply hereinafter.

As announced in the Opinion Press Release, details of the purpose and background of the Transactions, including the Tender Offer and the Share Consolidation (as defined below), are as described therein, and a summary thereof is set forth below. Statements in the following description relating to the Offeror are based on explanations provided by the Offeror.

The Company entered into a capital and business alliance agreement (the “Capital and Business Alliance Agreement,” and the capital and business alliance based on the Capital and Business Alliance Agreement, the “Capital and Business Alliance”) with the Fund and Taiyo Pacific

Partners on April 7, 2025, with the aim of achieving a significant improvement in the corporate value of the Company Group. As part of the Capital and Business Alliance, the Company has received support including the objective and substantive examination of medium- to long-term business strategy options, the strengthening of business investment strategy, and the enhancement of capital allocation policies, with the aims of 1) sustainable growth in business profit, 2) the deepening of competitive advantages, and 3) the maintenance of a high return on capital. Subsequently, on August 8, 2025, the Company received a Letter of Intent from Taiyo Pacific Partners, which included a proposal for the Transaction and a request to conduct formal due diligence. In mid-August 2025, in order to carefully consider the proposal, the Company, by taking into consideration, based on public disclosures made by other companies regarding similar going-private transactions conducted through tender offers, the number of cases in which each advisor had been involved and the timing thereof, and after examining the expertise and track record of potential advisors, decided to appoint SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as an independent financial advisor and third-party valuation institution, and Hibiya Park Law Offices as its legal advisor, taking into account the fact that the Company had also received legal advice from such advisor in connection with the execution of the Capital and Business Alliance Agreement. Both advisors are independent of the Company, the Tender Offeror, Taiyo Pacific Partners, and the Fund (collectively, the "Tender Offer Related Parties"). Subsequently, on August 22, 2025, the Company notified Taiyo Pacific Partners that it viewed the proposal as a sincere one and would conduct a sincere review. The Company also requested the provision of necessary information and notified its intention to proceed with specific discussions toward the implementation of the Transaction and accept due diligence.

In addition, as stated in "3) Establishment of an independent special committee in the Company and acquisition of reports from the special committee" in "(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest" under "3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation" below, on August 13, 2025, the Company established a Special Committee independent of the Tender Offer Related Parties consisting of four independent Outside Directors independent from the parties related to the Tender Offer (the "Special Committee"), namely, Mr. Seiichi Nishikawa (full-time Audit and Supervisory Committee Member), Mr. Mikio Katayama, Mr. Motoki Sugimoto (Audit and Supervisory Committee Member and certified public accountant) and Ms. Itsue Miyata (Audit and Supervisory Committee Member and attorney) to ensure the fairness and appropriateness of the Company's decision-making process with respect to the Transaction as well as to strengthen the Company's framework for conducting deliberations and negotiations concerning the Transaction (for details regarding the establishment of the Special Committee, the process of its review and deliberation, and the content of its recommendations, please refer to "3) Establishment of an independent special committee in the Company and acquisition of reports from the special committee" in "(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest" under "3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation" below).

Under the above structure, based on the negotiation policy confirmed in advance by the Special Committee as well as opinions, instructions and requests in important aspects of the negotiations, our company held multiple rounds of discussions and negotiations with Taiyo Pacific Partners on the pros and cons of the Transaction and the appropriateness of the terms and conditions, while receiving advice from SMBC Nikko Securities and Hibiya Park Law Offices. Specifically, on August 22, 2025, the Company submitted written questions to Taiyo Pacific Partners regarding Taiyo Pacific Partners' overview, the anticipated structure of the Transaction, and the anticipated schedule for the Transaction. The Company received written responses from Taiyo Pacific Partners regarding these questions on September 1 of the same year. Based on this response, on September 11, 2025, the Company submitted additional written questions to Taiyo Pacific Partners regarding the purpose and background of the Transaction, its preconditions, the method of financing, and the Company's management policies and structure following the transaction. On September 18, 2025, the Company received written responses from Taiyo Pacific Partners regarding these questions. Based on these responses, on September 19, the Special Committee conducted an interview with Taiyo Pacific Partners to confirm the significance of the Transaction, the content of measures anticipated after the Transaction's execution, the expected benefits and drawbacks of the Transaction, and the nature and extent of other impacts, including the treatment of the Company's trade name and business locations. Additionally, on September 16, 2025, the Company received written questions from the Special Committee regarding the Company's business environment and current situation, the progress of initiatives under the Capital and Business Alliance, and the purpose and background of the Transaction. The Company provided written responses to these questions on September 28. Furthermore, on September 29, the Company's senior management team underwent an interview with the Special Committee. In the course of these procedures, the Company, on October 8, 2025, received from the Special Committee additional written inquiries regarding the Company's current understanding based on the Capital and Business Alliance, the details of the initiatives the Company envisions implementing following execution of the Transaction, and the background to the formulation of the business plan, and provided written responses on October 21, 2025. Thereafter, on October 27, 2025, the Company received from the Special Committee additional written inquiries concerning the assumptions and other matters underlying the valuation of the Company's shares and provided written responses on November 1, 2025. In addition, on November

4, 2025, the Company's management was interviewed by the Special Committee. Through these exchanges of questions and answers, the Company confirmed its understanding of the purpose and significance of the Transaction and the initiatives expected to be implemented as a result thereof. Taking into account comments and observations received from the Special Committee in the course of the foregoing, the Company, on October 10, 2025, submitted written inquiries to Taiyo Pacific Partners regarding Taiyo Pacific Partners' current understanding based on the Capital and Business Alliance, as well as the details of the initiatives it envisions implementing following the execution of the Transaction, and received written responses on October 17, 2025. Further, with respect to matters such as methods of financing, the Company submitted additional written inquiries to Taiyo Pacific Partners on October 27, 2025, and on October 30, 2025, the Special Committee conducted an interview of Taiyo Pacific Partners and received written responses on November 4, 2025. Based on the foregoing, the Company discussed and considered whether the Transaction would contribute to the enhancement of the Company's corporate value. In parallel with this review, the Company commenced discussions and negotiations with Taiyo Pacific Partners regarding the Tender Offer Price from mid-October 2025 onward.

Regarding the Tender Offer Price, the Company received a proposal from Taiyo Pacific Partners on October 13, 2025 that (i) the Tender Offer Price be set at 1,900 yen (a premium of 13.43% over the closing price of 1,675 yen on October 10, 2025, the business day immediately preceding the date of the proposal, 12.63% over the simple average of the closing prices for the one-month period up to that date of 1,687 yen, 10.85% over the simple average of the closing prices for the three-month period up to that date of 1,714 yen, and 12.76% over the simple average of the closing prices for the six-month period up to that date of 1,685 yen). In response, on October 17, 2025, the Company requested Taiyo Pacific Partners to increase the Tender Offer Price, stating that the proposed Tender Offer Price was not at a level that takes into consideration the interests of the Company's minority shareholders. Thereafter, the Company received a second proposal from Taiyo Pacific Partners on October 20, 2025, in which following proposals were made: the Tender Offer Price is set at 1,970 yen (representing a premium of 17.19% over the closing price of 1,681 yen on October 20, 2025, the date of the proposal, 17.54% over the simple average of the closing prices for the one-month period up to that date of 1,676 yen, 15.20% over the simple average of the closing prices for the three-month period of 1,710 yen, and 16.50% over the simple average of the closing prices for the six-month period of 1,691 yen); and with respect to the Share Option Purchase Price, in the case of the 13th, 14th, 15th, 16th and 17th Ordinary-Type Share Options, because the exercise price per Company Share of each Share Option is below the proposed Tender Offer Price (1,970 yen) and the exercise period has commenced and the exercise conditions have been satisfied, (i) for the 13th Ordinary-Type Share Options, the Share Option Purchase Price is set at 22,500 yen, which equals the difference (225 yen) between 1,970 yen (the amount proposed as the Tender Offer Price) and 1,745 yen (the exercise price per Company Share of the 13th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 13th Ordinary-Type Share Option (100 shares); (ii) for the 14th Ordinary-Type Share Options, the Share Option Purchase Price is set at 85,900 yen, which equals the difference (859 yen) between 1,970 yen (the amount proposed as the Tender Offer Price) and 1,111 yen (the exercise price per Company Share of the 14th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 14th Ordinary-Type Share Option (100 shares); (iii) for the 15th Ordinary-Type Share Options, the Share Option Purchase Price is set at 30,700 yen, which equals the difference (307 yen) between 1,970 yen (the amount proposed as the Tender Offer Price) and 1,663 yen (the exercise price per Company Share of the 15th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 15th Ordinary-Type Share Option (100 shares); (iv) for the 16th Ordinary-Type Share Options, the Share Option Purchase Price is set at 49,800 yen, which equals the difference (498 yen) between 1,970 yen (the amount proposed as the Tender Offer Price) and 1,472 yen (the exercise price per Company Share of the 16th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 16th Ordinary-Type Share Option (100 shares); (v) for the 17th Ordinary-Type Share Options, the Share Option Purchase Price is set at 19,000 yen, which equals the difference (190 yen) between 1,970 yen (the amount proposed as the Tender Offer Price) and 1,780 yen (the exercise price per Company Share of the 17th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 17th Ordinary-Type Share Option (100 shares); and in the case of the Stock Compensation-Type Share Options, considering that such options may be exercised only upon satisfaction of the Position-Loss Exercise Conditions and that, even if the Tender Offeror acquires the Stock Compensation-Type Share Options, it would not be able to exercise them, and in addition, because the exercise period for the 18th Ordinary-Type Share Options has not yet commenced, the price for purchase, etc. per one such Share Option is set at 1 yen, respectively. In response, on October 21, 2025, the Company requested Taiyo Pacific Partners to increase the Tender Offer Price, based on the valuation of the Company's shares calculated by the Company and the results of consideration by the Company taking into consideration premiums offered in similar transactions conducted by other companies. Thereafter, the Company received a third proposal from Taiyo Pacific Partners on October 24, 2025, in which the following proposals were made: the Tender Offer Price is set at 2,020 yen (representing a premium of 17.37% over the closing price of 1,721 yen on October 24, 2025, the date of the proposal, 20.17% over the simple average of the closing prices for the one-month period up to that date of 1,681 yen, 18.27% over the simple average of the closing prices for the three-month period of 1,708 yen, and 19.17% over the simple average of the closing prices for the six-month period of 1,695 yen); and with respect to the Share Option Purchase Price, in the case of the 13th, 14th, 15th, 16th and 17th Ordinary-Type Share Options, because the exercise price per Company Share of

each Share Option is below the proposed Tender Offer Price (2,020 yen) and the exercise period has commenced and the exercise conditions have been satisfied, (i) for the 13th Ordinary-Type Share Options, the Share Option Purchase Price is set at 27,500 yen, which equals the difference (275 yen) between 2,020 yen (the amount proposed as the Tender Offer Price) and 1,745 yen (the exercise price per Company Share of the 13th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 13th Ordinary-Type Share Option (100 shares); (ii) for the 14th Ordinary-Type Share Options, the Share Option Purchase Price is set at 90,900 yen, which equals the difference (909 yen) between 2,020 yen (the amount proposed as the Tender Offer Price) and 1,111 yen (the exercise price per Company Share of the 14th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 14th Ordinary-Type Share Option (100 shares); (iii) for the 15th Ordinary-Type Share Options, the Share Option Purchase Price is set at 35,700 yen, which equals the difference (357 yen) between 2,020 yen (the amount proposed as the Tender Offer Price) and 1,663 yen (the exercise price per Company Share of the 15th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 15th Ordinary-Type Share Option (100 shares); (iv) for the 16th Ordinary-Type Share Options, the Share Option Purchase Price is set at 54,800 yen, which equals the difference (548 yen) between 2,020 yen (the amount proposed as the Tender Offer Price) and 1,472 yen (the exercise price per Company Share of the 16th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 16th Ordinary-Type Share Option (100 shares); (v) for the 17th Ordinary-Type Share Options, the Share Option Purchase Price is set at 24,000 yen, which equals the difference (240 yen) between 2,020 yen (the amount proposed as the Tender Offer Price) and 1,780 yen (the exercise price per Company Share of the 17th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 17th Ordinary-Type Share Option (100 shares); and in the case of the Stock Compensation-Type Share Options, considering that such options may be exercised only upon satisfaction of the Position-Loss Exercise Conditions and that, even if the Tender Offeror acquires the Stock Compensation-Type Share Options, it would not be able to exercise them, and in addition, because the exercise period for the 18th Ordinary-Type Share Options has not yet commenced, the price for purchase, etc. per one such Share Option is set at 1 yen, respectively. In response, on October 27, 2025, the Company requested Taiyo Pacific Partners to increase the Tender Offer Price, stating that, in light of the valuation results obtained by the Company and comparable transactions involving other companies, the proposed Tender Offer Price was not considered to be at a level that takes into account the interests of the Company's minority shareholders, and that, as stated in the "Announcement Regarding Measures to Realize Management Conscious of Capital Costs and Stock Price" disclosed on February 12, 2025, the Company's PBR has consistently remained below 1.0 times since the fiscal year ended December 2021, and the Company recognizes that improving PBR is an important management issue in order to enhance corporate value; however, based on the proposed Tender Offer Price, the calculated PBR would be below 1.0 times, and from that perspective as well, the Company was unable to determine that the proposed price level was reasonable. Thereafter, the Company received a forth proposal from Taiyo Pacific Partners on October 29, 2025, in which the following proposals were made: the Tender Offer Price is set at 2,065 yen (representing a premium of 24.47% over the closing price of 1,659 yen on October 29, 2025, the date of the proposal, 22.77% over the simple average of the closing prices for the one-month period up to that date of 1,682 yen, 21.04% over the simple average of the closing prices for the three-month period of 1,706 yen, and 21.76% over the simple average of the closing prices for the six-month period of 1,696 yen); and with respect to the Share Option Purchase Price, in the case of the 13th, 14th, 15th, 16th and 17th Ordinary-Type Share Options, because the exercise price per Company Share of each Share Option is below the proposed Tender Offer Price (2,065 yen) and the exercise period has commenced and the exercise conditions have been satisfied, (i) for the 13th Ordinary-Type Share Options, the Share Option Purchase Price is set at 32,000 yen, which equals the difference (320 yen) between 2,065 yen (the amount proposed as the Tender Offer Price) and 1,745 yen (the exercise price per Company Share of the 13th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 13th Ordinary-Type Share Option (100 shares); (ii) for the 14th Ordinary-Type Share Options, the Share Option Purchase Price is set at 95,400 yen, which equals the difference (954 yen) between 2,065 yen (the amount proposed as the Tender Offer Price) and 1,111 yen (the exercise price per Company Share of the 14th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 14th Ordinary-Type Share Option (100 shares); (iii) for the 15th Ordinary-Type Share Options, the Share Option Purchase Price is set at 40,200 yen, which equals the difference (402 yen) between 2,065 yen (the amount proposed as the Tender Offer Price) and 1,663 yen (the exercise price per Company Share of the 15th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 15th Ordinary-Type Share Option (100 shares); (iv) for the 16th Ordinary-Type Share Options, the Share Option Purchase Price is set at 59,300 yen, which equals the difference (593 yen) between 2,065 yen (the amount proposed as the Tender Offer Price) and 1,472 yen (the exercise price per Company Share of the 16th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 16th Ordinary-Type Share Option (100 shares); (v) for the 17th Ordinary-Type Share Options, the Share Option Purchase Price is set at 28,500 yen, which equals the difference (285 yen) between 2,065 yen (the amount proposed as the Tender Offer Price) and 1,780 yen (the exercise price per Company Share of the 17th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 17th Ordinary-Type Share Option (100 shares); and in the case of the Stock Compensation-Type Share Options, considering that such options may be exercised only upon satisfaction of the Position-Loss Exercise

Conditions and that, even if the Tender Offeror acquires the Stock Compensation-Type Share Options, it would not be able to exercise them, and in addition, because the exercise period for the 18th Ordinary-Type Share Options has not yet commenced, the price for purchase, etc. per one such Share Option is set at 1 yen respectively. In response, on October 31, 2025, the Company informed Taiyo Pacific Partners that, in light of the valuation results obtained by the Company and comparable transactions involving other companies, the proposed Tender Offer Price was not considered to be at a level that takes into account the interests of the Company's minority shareholders, and that although the business of the Company Group (the machine tool industry) is, by its nature, susceptible to cyclical fluctuations in business performance due to economic cycles, at present the market has passed the trough of demand fluctuations and demand for automatic lathes is on an expansionary trend (cyclical growth) and is entering an upward phase, and given that the share price has generally been formed in a manner correlated with business performance that fluctuates on a roughly three-to five-year cycle, the proposed Tender Offer Price was below 2,172 yen (closing price basis), which was the highest share price in the past five years when considering such cycle from the current point in time, and therefore, from that perspective as well, the Company was unable to determine that the proposed price level was sufficiently considerate of the interests of minority shareholders, and accordingly requested that the Tender Offer Price be increased. Thereafter, the Company received a fifth proposal from Taiyo Pacific Partners on November 4, 2025, in which the following proposals were made: the Tender Offer Price is set at 2,175 yen (representing a premium of 30.71% over the closing price of 1,664 yen on October 31, 2025, the day preceding the date of the proposal, 29.39% over the simple average of the closing prices for the one-month period up to that date of 1,681 yen, 27.64% over the simple average of the closing prices for the three-month period of 1,704 yen, and 28.24% over the simple average of the closing prices for the six-month period of 1,696 yen); and with respect to the Share Option Purchase Price, in the case of the 13th, 14th, 15th, 16th and 17th Ordinary-Type Share Options, because the exercise price per Company Share of each Share Option is below the proposed Tender Offer Price (2,175 yen) and the exercise period has commenced and the exercise conditions have been satisfied, (i) for the 13th Ordinary-Type Share Options, the Share Option Purchase Price is set at 43,000 yen, which equals the difference (430 yen) between 2,175 yen (the amount proposed as the Tender Offer Price) and 1,745 yen (the exercise price per Company Share of the 13th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 13th Ordinary-Type Share Option (100 shares); (ii) for the 14th Ordinary-Type Share Options, the Share Option Purchase Price is set at 106,400 yen, which equals the difference (1,064 yen) between 2,175 yen (the amount proposed as the Tender Offer Price) and 1,111 yen (the exercise price per Company Share of the 14th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 14th Ordinary-Type Share Option (100 shares); (iii) for the 15th Ordinary-Type Share Options, the Share Option Purchase Price is set at 51,200 yen, which equals the difference (512 yen) between 2,175 yen (the amount proposed as the Tender Offer Price) and 1,663 yen (the exercise price per Company Share of the 15th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 15th Ordinary-Type Share Option (100 shares); (iv) for the 16th Ordinary-Type Share Options, the Share Option Purchase Price is set at 70,300 yen, which equals the difference (703 yen) between 2,175 yen (the amount proposed as the Tender Offer Price) and 1,472 yen (the exercise price per Company Share of the 16th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 16th Ordinary-Type Share Option (100 shares); (v) for the 17th Ordinary-Type Share Options, the Share Option Purchase Price is set at 39,500 yen, which equals the difference (395 yen) between 2,175 yen (the amount proposed as the Tender Offer Price) and 1,780 yen (the exercise price per Company Share of the 17th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 17th Ordinary-Type Share Option (100 shares); and in the case of the Stock Compensation-Type Share Options, considering that such options may be exercised only upon satisfaction of the Position-Loss Exercise Conditions and that, even if the Tender Offeror acquires the Stock Compensation-Type Share Options, it would not be able to exercise them, and in addition, because the exercise period for the 18th Ordinary-Type Share Options has not yet commenced, the price for purchase, etc. per one such Share Option is finally set at 1 yen. In response, on November 4, 2025, the Company requested Taiyo Pacific Partners to consider increasing the Tender Offer Price in order to adequately secure the interests of the Company's minority shareholders and with a view to expressing support for the Tender Offer and recommending shareholders to tender. Thereafter, the Company received a sixth proposal from Taiyo Pacific Partners on November 7, 2025, in which the following was stated: the fifth proposal price exceeded 2,172 yen (on a closing-price basis), the highest share price of the Company over the past five years, and was at a price level that sufficiently took into account the interests of the Company's minority shareholders; the conditions would be the same as in the fifth proposal; and the proposal would again be final. In response, on November 7, 2025, the Company requested Taiyo Pacific Partners to consider increasing the Tender Offer Price in order to adequately secure the interests of the Company's general shareholders and with a view to expressing support for the Tender Offer and recommending shareholders to tender. Subsequently, the Company received from Taiyo Pacific Partners on November 10, 2025 a proposal in which the following proposals were made: the Tender Offer Price is set at 2,210 yen (representing a premium of 33.13% over the closing price of 1,660 yen on November 7, 2025, the business day preceding the date of the proposal, 31.86% over the simple average of the closing prices for the one-month period up to and including that date of 1,676 yen, 30.61% over the simple average of the closing prices for the three-month period of 1,692 yen, and 30.31% over the simple average of the closing prices for the six-month period of 1,696 yen); and with respect to the Share Option Purchase Price, in the case of the 13th, 14th, 15th, 16th and 17th

Ordinary-Type Share Options, because the exercise price per Company Share of each Share Option is below the proposed Tender Offer Price (2,210 yen) and the exercise period has commenced and the exercise conditions have been satisfied, (i) for the 13th Ordinary-Type Share Options, the Share Option Purchase Price is set at 46,500 yen, which equals the difference (465 yen) between 2,210 yen (the amount proposed as the Tender Offer Price) and 1,745 yen (the exercise price per Company Share of the 13th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 13th Ordinary-Type Share Option (100 shares); (ii) for the 14th Ordinary-Type Share Options, the Share Option Purchase Price is set at 109,900 yen, which equals the difference (1,099 yen) between 2,210 yen (the amount proposed as the Tender Offer Price) and 1,111 yen (the exercise price per Company Share of the 14th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 14th Ordinary-Type Share Option (100 shares); (iii) for the 15th Ordinary-Type Share Options, the Share Option Purchase Price is set at 54,700 yen, which equals the difference (547 yen) between 2,210 yen (the amount proposed as the Tender Offer Price) and 1,663 yen (the exercise price per Company Share of the 15th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 15th Ordinary-Type Share Option (100 shares); (iv) for the 16th Ordinary-Type Share Options, the Share Option Purchase Price is set at 73,800 yen, which equals the difference (738 yen) between 2,210 yen (the amount proposed as the Tender Offer Price) and 1,472 yen (the exercise price per Company Share of the 16th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 16th Ordinary-Type Share Option (100 shares); (v) for the 17th Ordinary-Type Share Options, the Share Option Purchase Price is set at 43,000 yen, which equals the difference (430 yen) between 2,210 yen (the amount proposed as the Tender Offer Price) and 1,780 yen (the exercise price per Company Share of the 17th Ordinary-Type Share Options) multiplied by the number of Company Shares that are the subject of one 17th Ordinary-Type Share Option (100 shares); and in the case of the Stock Compensation-Type Share Options, considering that such options may be exercised only upon satisfaction of the Position-Loss Exercise Conditions and that, even if the Tender Offeror acquires the Stock Compensation-Type Share Options, it would not be able to exercise them, and in addition, because the exercise period for the 18th Ordinary-Type Share Options has not yet commenced, the price for purchase, etc. per one such Share Option is finally set at 1 yen. Thereafter, the Company responded that it accepted setting the Tender Offer Price at 2,210 yen; 1 yen per Stock Compensation-Type Share Option; 46,500 yen per 13th Ordinary-Type Share Option; 109,900 yen per 14th Ordinary-Type Share Option; 54,700 yen per 15th Ordinary-Type Share Option; 73,800 yen per 16th Ordinary-Type Share Option; 43,000 yen per 17th Ordinary-Type Share Option; and 1 yen per 18th Ordinary-Type Share Option, and agreement was reached.

Throughout the above deliberation and negotiation process, the Special Committee exchanged views with the Company and its advisors as appropriate and provided confirmation and approval as appropriate. Specifically, first, the business plan presented by the Company to Taiyo Pacific Partners as well as the key assumptions and the rationale for its preparation, which SMBC Nikko Securities used as the basis for valuing the Company Shares, were reviewed and approved in advance by the Special Committee. Furthermore, SMBC Nikko Securities, the Company's financial advisor, conducted negotiations with Taiyo Pacific Partners in accordance with the negotiation policy previously deliberated and decided upon by the Special Committee. Upon receiving proposals regarding the Tender Offer Price from Taiyo Pacific Partners, SMBC Nikko Securities immediately reported each instance to the Special Committee. SMBC Nikko Securities received opinions, instructions, and requests from the Special Committee regarding the negotiation policy with Taiyo Pacific Partners and acted accordingly.

Furthermore, on November 11, 2025, the Company received from the Special Committee a written report (the "Report"). (For an outline of the Report, please refer to "(3) Establishment of an independent special committee in the Company and acquisition of reports from the special committee" in "(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest" under "3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation" below).

Based on the foregoing, at the Board of Directors meeting held on November 12, 2025, the Company, while giving full respect to the contents of the Report received from the Special Committee, carefully deliberated and examined, taking into account (i) the financial advice received from SMBC Nikko Securities from a financial perspective, (ii) the contents of the share valuation report obtained on November 11, 2025 (the "Company's Share Valuation Report"), and (iii) legal advice received from Hibiya Park Law Offices regarding the Company's decision-making process, the method of decision-making and other legal points to be noted in the Company's decision making concerning the Transaction, including the Tender Offer, whether the Transaction would contribute to enhancing the Company's corporate value and whether the terms of the Transaction are reasonable.

As a result, the Company concluded that taking the Company private through the Transaction, including the Tender Offer by the Tender Offeror, will contribute to enhancing the Company's corporate value based on the following considerations.

As described in "(i) The Company's Business Environment and Management Issues" under "2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror's Implementation of the Tender Offer" of the Opinion Press Release, the business environment surrounding the Company is characterized by intensifying competition with rival companies in both the Machine Tool Business and the Special Products Business.

Under its Second Medium-Term Management Plan, the Company believes it is essential to swiftly and decisively implement structural reforms in existing businesses and launch new ventures, driven by the need to diversify revenue sources, to counter intensifying competition.

The Company believes that by implementing a fundamental reform of its management framework and resource allocation across its business portfolio, it will be able to achieve greater competitiveness than at present even amid an increasingly challenging competitive environment, accomplish the targets of its Second Medium-Term Management Plan, and ultimately evolve toward its Vision for 2030. However, given the Company's current status as a listed company with minority shareholders, the Company recognizes that, from the standpoint of protecting the interests of such minority shareholders, it is required to place considerable weight on short-term evaluations by the market when making management decisions, and that this imposes certain constraints on the flexible and prompt utilization of management resources and the speed and agility of decision-making. By taking the Company private through the Transaction, the Company believes that it will be able to accelerate its initiatives and decision-making from a medium- to long-term perspective without being constrained by short-term performance. In addition, the Company believes it can reallocate expenses associated with being a listed company such as the cost of maintaining its listing status as well as the management resources and expenses required for disclosure and audit compliance under the Financial Instruments and Exchange Act and for investor relations and other shareholder-related activities toward business investment. Furthermore, by leveraging the management expertise gained from investment in domestic and international companies, experience in supporting business reforms, and the management resources, particularly in terms of human and financial resources, held by Taiyo Pacific Partners, the Company believes it can improve matters it considers to be challenges, execute various initiatives including those toward its achieving its Medium-Term Management Plan, address management issues, and implement other measures. The Company has determined that by going private through the Transaction and enabling collaboration with Taiyo Pacific Partners, it will be possible to implement the measures described below in (a) - (c) and will contribute to enhancing the Company's corporate value.

(a) Strengthening of Investment Strategies

The machine tool industry has a strong correlation with global economic trends and experiences economic fluctuations in three-to-four-year cycles. Amid such an uncertain business environment, the Company recognizes that, as a machine tool manufacturer, the establishment of a sustainable management structure requires maintaining a certain level of investment discipline and financial soundness. At the same time, as part of its investment strategy to enhance corporate value, the Company believes that continued strategic investment will be necessary to further improve profitability and diversify revenue sources, not only in its existing Machine Tool and Special Products businesses, but also from the perspective of launching new businesses such as the Medical (medical equipment) Business set forth in the Second Medium-Term Management Plan. In particular, during the start-up and expansion phases, when considerable investment funds are required, it is essential to monitor diverse and ambitious business investments and make bold management decisions such as additional investment and withdrawal as necessary. Through the transaction, the Company expects to enhance its monitoring capabilities through the "enhancement of visibility of key management indicators" and "strengthening of investment discipline." This will enable it to execute bold management decisions, such as large-scale new or additional investments and withdrawals from unprofitable businesses, in a dynamic manner unhindered by concerns about the short-term impact on the share price.

(b) Promoting the Medical (Medical Equipment) Business as a New Business Area

The Company aims to promote promising new businesses such as the Medical Business as the third pillar of its Second Medium-Term Management Plan to achieve its Vision for 2030. In the new business area, as a result of the search for new segments and the formulation and promotion of commercialization plans undertaken in the First Medium-Term Management Plan (2022-2024), the Company plans to enter the Medical Business during the Second Medium-Term Management Plan and will accelerate open innovation activities by utilizing its own resources.

The Company recognizes the medical device industry as a highly important sector, particularly in Japan where the aging population and declining birthrate are especially pronounced, even among advanced nations. While the medical equipment industry is expected to experience high growth globally, the domestic market is projected to grow at a slower pace compared to the global market. Consequently, Japan's share of the global market has significantly declined. At the same time, the Japanese market is the world's third largest after Europe and the United States. Furthermore, considering the significant demographic challenges of a declining birthrate and aging population mentioned above, the Company believes the revitalization of the domestic medical device industry will continue to advance even further. The Company is advancing its entry into and promotion of the Medical Business domain with the aim of entering such industrial fields and establishing a solid position.

Following the completion of the Transaction, by leveraging Taiyo Pacific Partners' global network and strengthening partnerships with

diverse companies across different industries, the Company expects to not only grow and expand existing businesses but also enable flexible and multifaceted management decisions, including the investment strategies outlined in (a), in the new Medical Business area.

(c) Evolution to a Lean Earnings Structure

In its Machine Tools Business, the Company has maintained a solid market position centered on its Swiss-type CNC automatic lathes, while in its Special Products Business, it has gained competitiveness by manufacturing a wide range of products tailored to market trends and customer needs. Meanwhile, in terms of the business environment, the Machine Tools Business faces intensifying competition due to the rise of rivals, while the Special Products business sees the end of the extraordinary demand driven by the pandemic, raising concerns about declining profitability. The Company recognizes that a fundamental improvement in profitability, including new businesses as described in (b), is an urgent priority. Specifically, in light of (a) and (b) above, the following measures are necessary for pursuing fundamental reform across the Company in its entirety. For the Machine Tool Business: Concentrate on key markets where the Company possesses price competitiveness, strengthen cost competitiveness, and shorten production lead times. For the Specialized Equipment Business: Shift from the current broad roll out of diverse products to meet market needs and focus resources on products and regions with particularly high profitability and growth potential to maximize investment efficiency.

Through the Transaction, it is believed that a fundamental transformation of the Company as a whole can be expected by establishing a structure that enables the Company to work, with a sense of urgency, toward shifting to a lean and efficient profit structure not only in its existing businesses but also including new businesses, and by ensuring that actions are taken and decisions are made swiftly from a medium- to long-term perspective without being constrained by short-term performance.

Furthermore, should the Company's shares be delisted, it would no longer be possible to raise funds through equity financing in the capital markets. Additionally, as a listed company, the Company could lose the social credibility and enhanced recognition that have enabled it to secure human resources, potentially impacting business partners and other stakeholders while also risking a decline in employee motivation. However, the Company currently does not foresee an immediate need for equity financing to raise funds. It believes that securing funds is feasible through cash flow generated from operations and loans from financial institutions. Furthermore, as over 30 years have passed since the Company was listed on a stock exchange, its brand strength and creditworthiness with business partners derived from being a listed company are largely secured. Additionally, through its business activities to date, the Company has already established credibility and recognition with customers, business partners, and employees. Therefore, the Company believes that the disadvantages of going private in terms of securing human resources and conducting business with business partners would be exceptionally limited.

Based on the foregoing, the Board of Directors of the Company has determined that the benefits of taking the Company Shares private outweigh the disadvantages, and that taking the Company shares private through the Transaction, including the Tender Offer by the Tender Offeror, will contribute to enhancing the Company's corporate value.

Furthermore, based on the above discussions and negotiations, and primarily considering the following points, the Company has determined the Tender Offer Price (2,210 yen), the Share Options Purchase Price (1 yen per Share Option for the 1st Stock Compensation-Type Share Options, 1 yen per Share Option for the 2nd Stock Compensation-Type Share Options, 1 yen per Share Option for the 3rd Stock Compensation-Type Share Options, 1 yen per Share Option for the 4th Stock Compensation-Type Share Options, 1 yen per Share Option for the 5th Stock Compensation-Type Share Options, 1 yen per Share Option for the 6th Stock Compensation-Type Share Options, 1 yen per Share Option for the 7th Stock Compensation-Type Share Options, 46,500 yen per Share Option for the 13th Ordinary-Type Share Options, 109,900 yen per Share Option for the 14th Ordinary-Type Share Options, 54,700 yen per Share Option for the 15th Ordinary-Type Share Options, 73,800 yen per Share Option for the 16th Ordinary-Type Share Options, 43,000 yen per Share Option for the 17th Ordinary-Type Share Options, and 1 yen per Share Option for the 18th Ordinary-Type Share Options), and other terms and conditions of this Tender Offer excluding the Share Options Purchase Price pertaining to Stock Compensation-Type Share Options and to the 18th Ordinary-Type Share Options represent reasonable prices that ensure the benefits the general shareholders should receive, and that the Tender Offer provides the Company's shareholders with a reasonable opportunity to sell their Company Share Certificates, etc.

- (a) The Tender Offer Price exceeds the upper end of the valuation results under the Market Price Method and the Comparable Listed Companies Method set out in “(1) Acquisition of a share valuation report from an independent third-party valuation institution in the Company” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” below, being the stock valuation report on the Company prepared by SMBC Nikko

Securities, and falls within the range of the valuation results under the discounted cash flow method (the “DCF Method”). Note that although the Tender Offer Price is below the median (2,625 yen) of the range calculated using the DCF Method, in view of the fact that agreement was reached as a result of good-faith discussions and negotiations conducted with the substantive involvement of the Special Committee, it cannot be deemed unfair solely because it falls below the DCF range median.

- (b) The Tender Offer Price represents a premium of 30.69% added to the closing price of 1,691 yen of the Company Shares on the Prime Market of the Tokyo Stock Exchange on November 11, 2025, the business day preceding the date of the announcement of the Tender Offer, 31.78% to the simple average of the closing prices for the past one month until that date of 1,677 yen, 30.77% to the simple average of the closing prices for the past three months until that date of 1,690 yen, and 30.23% to the simple average of the closing prices for the past six months until that date of 1,697 yen. The level of these premiums is not unreasonable when compared against the medians observed in tender offers that were announced on or after June 28, 2019, when the Ministry of Economy, Trade and Industry published the “Guidelines for Fair M&A,” and were completed by September 30, 2025, among cases in which the bidder commenced a tender offer with the objective of making a domestic listed company a wholly owned subsidiary (resulting in delisting), excluding cases not analogous to the Tender Offer (i.e., cases where, prior to the tender offer, the target company was a consolidated subsidiary or equity-method affiliate of the bidder, MBOs, unsolicited acquisitions, hostile tender offers, and two-step tender offers) totaling 133 similar cases, in which the medians were 34.5% over the closing price on the business day prior to announcement, 36.9% over the simple average of the closing prices for the one-month period up to that day, 40.9% over the simple average for the three-month period, and 44.4% over the simple average for the six-month period, also, while the premiums are below the medians for each period, in the comparable cases, defining classes in 5% increments with 0% as the base, the most frequent class was 30–35%: 13 cases for the premium over the closing price on the business day prior to announcement; 13 cases for the premium over the simple average of closing prices for the past one month up to that date; 16 cases for the premium over the simple average for the past three months; and 14 cases for the premium over the simple average for the past six months. As the premiums are at levels comparable to the most frequent class across all periods, based on all the above, the premium cannot be said to be at an unreasonable level.
- (c) The Tender Offer Price exceeds the Company’s net assets per share of 2,034 yen, calculated by dividing total net assets of 97,360 million yen as of June 30, 2025 by the number of issued shares outstanding as of the same date, excluding treasury shares (47,864,167 shares).
- (d) The Tender Offer Price exceeds the highest market price of the Company’s shares over the past five years (2,172 yen). In addition, according to the price-range volume analysis for the past one to ten years prepared by SMBC Nikko Securities Inc., the 1,650–1,699 yen range was the most-traded band, and it is estimated that, at the Tender Offer Price, the theoretical acquisition prices of more than 96% of the Company’s shareholders would be exceeded, suggesting that the Tender Offer Price is at a level that would not cause losses to the great majority of the Company’s general shareholders.
- (e) Although the Tender Offer Price was determined taking into account the difference between the performance forecast for the second quarter of the fiscal year ending December 2025 announced by the Company on February 12, 2025 and the actual results announced in the “Notice Regarding Differences Between the Forecast and Actual Results for the Second Quarter (Interim Period) of the Fiscal Year Ending December 2025 and Revision of the Full-Year Earnings Forecast” dated August 12, 2025 (the “Downward Revision”), a review of the Company’s share price movements before and after the Downward Revision indicates that while the closing price immediately prior to the relevant disclosure was 1,835 yen per share and had declined to 1,691 yen as of November 11, 2025, the Company announced the Downward Revision because, although in the second quarter the main Machine Tool business saw sluggish sales in the domestic and European markets, domestic demand in China was strong and improvements were observed in the U.S. market, and the stronger yen also had an effect, resulting in both sales and profit exceeding the previous forecast, for the full-year forecast, notwithstanding the expectation that sales to China in the Machine Tool business would remain strong, in other regions recovery in market conditions was expected to be delayed due to factors including the impact of U.S. trade policy, so sales were expected to fall below the previous forecast and, accompanying such decline in sales, profit was also expected to fall below the previous forecast. In light of the foregoing, including the setting of foreign exchange rates, the necessity and content of the Downward Revision are considered reasonable.
- (f) It is stated that fairness of the Tender Offer Price is sufficiently ensured by the measures described in the section below titled “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the

Share Consolidation” and that it was determined as a result of repeated sincere negotiations with Taiyo Pacific Partners conducted in accordance with the negotiation policy based on the opinions and advice from the Special Committee.

- (g) It is stated that other terms and conditions of the Tender Offer, such as the Tender Offer Price, the Tender Offer Period, and the minimum number of shares to be purchased etc., are judged to be appropriate and fair in the Report obtained from the Special Committee, as described in “(3) Establishment of an independent special committee in the Company and acquisition of reports from the special committee” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” below).

Based on the foregoing, at the meeting of the Board of Directors held November 12, 2025, the Company resolved to express its opinion in support of the Tender Offer as the opinion of the Company, and to recommend that the shareholders of the Company and the Share Option Holders relating to the 13th through 17th Ordinary-Type Share Options tender their shares or options in the Tender Offer and, with respect to the Share Option Holders relating to the Stock Compensation-Type Share Options and the 18th Ordinary-Type Share Options, the Company resolved to leave the decision as to whether or not to tender in the Tender Offer to the discretion of the Share Option Holders.

For details of the above resolution adopted by the Board of Directors adopted please refer to “(5) Approval of all Directors (including Audit and Supervisory Committee Members) of the Company with no conflict of interest” in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” below.

Subsequently, as described above, the Tender Offer was successfully completed. However, the Tender Offeror was not able to acquire all of the Company’s shares (excluding treasury shares held by the Company, shares held by the Tender Offeror and the Fund, and including shares delivered upon the exercise of the Restricted Shares and Share Options) and all of the Share Options through the Tender Offer. Therefore, as stated in the Opinion Press Release, in order to make the Tender Offeror and the Fund the only shareholders of the Company, the Board of Directors resolved to submit a proposal to the Extraordinary General Shareholders’ Meeting to consolidate the Company’s 8,652,350 shares into one share (the “Share Consolidation”) as described in “2. Summary of the Share Consolidation, (2) Details of the Share Consolidation” below.

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

2. Summary of the Share Consolidation

(1) Schedule of the Share Consolidation

Date of public notice of record date for the Extraordinary Shareholders Meeting	Thursday, December 25, 2025
Date of resolution by the Board of Directors	Wednesday, January 28, 2026
Record date for the Extraordinary General Shareholders Meeting	Thursday, January 15, 2026
Date of Extraordinary Shareholders Meeting	Thursday, February 26, 2026 (scheduled)
Date of designation as securities to be delisted	Thursday, February 26, 2026 (scheduled)
Date of final trading	Thursday, March 12, 2026 (scheduled)
Date of delisting	Friday, March 13, 2026 (scheduled)
Effective date of the Share Consolidation	Tuesday, March 17, 2026 (scheduled)

(2) Details of the Share Consolidation

1) Class of Shares Subject to Consolidation

Common shares

2) Consolidation Ratio

Company Shares will be consolidated at a ratio of 8,652,350 shares to one share

- 3) Number of Shares to be Reduced
48,481,329 shares
- 4) Total Number of Issued Shares Before the Effective Date
48,481,334 shares (including treasury shares)
- 5) Total Number of Issued Shares After the Effective Date
5 shares
- 6) Total Number of Authorized Shares as of the Effective Date
20 shares
- 7) Method of Treatment of Fractions Less Than One Share and Amount of Money Expected to Be Delivered to Shareholders as a Result of Such Treatment

- (a) Whether the Company plans to conduct the treatment pursuant to Article 235, Paragraph 1, or to Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act

As stated in “1. Purposes of and reasons for share consolidation” above, as a result of the Share Consolidation, the number of Company Shares held by shareholders other than the Tender Offeror and the Fund will become less than one share (fractional shares). The total number of such fractional shares will be aggregated, and if the total includes a fraction of less than one whole share, such fraction will be rounded down. The Company will sell a number of Company Shares equivalent to the total number of such aggregated fractional shares, and the proceeds from such sale will be distributed to shareholders in proportion to the number of fractional shares attributable to each shareholder. With respect to such sale, in light of the purpose of this Transaction (to make the Tender Offeror and the Fund the only shareholders of the Company) and the fact that the Company Shares are expected to be delisted as of March 13, 2026 and will have no market price, the Company intends to sell such shares to the Tender Offeror, with court approval, pursuant to Article 234, Paragraph 2 of the Companies Act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act. If court approval is obtained as scheduled, the sale price will be set at a level that will enable the Company to deliver to shareholders money corresponding to the number of Company Shares held by each shareholder as listed or recorded in the final shareholder registry as of March 16, 2026 (the business day immediately preceding the effective date of the Share Consolidation), multiplied by 2,210 yen per share, which is the same amount as the Tender Offer Price. However, the actual amount delivered may differ from the above in cases where court approval is not obtained or if adjustments for rounding are necessary.

- (b) Name or Designation of the Party Expected to Purchase the Shares Subject to Sale

Solsticia Corporation

- (c) Method by which the prospective purchaser of the shares involved in the sale will secure funds to pay the purchase price and the reasonableness of such method

The Tender Offeror plans to procure funds necessary for the acquisition of all Company shares equivalent to the aggregate amount of fractional shares arising from the Share Consolidation through a bank loan (the “Bank Loan”) from The Shizuoka Bank, Ltd. (the “Shizuoka Bank”) with a maximum limit of 70,600,000,000 yen and through an equity contribution from the Fund. In the procedures for implementing the Transaction, the Company has confirmed the method by which the Tender Offeror will secure funds by verifying the tender offer registration statement submitted by the Tender Offeror on November 13, 2025, the loan certificate dated the same day from Shizuoka Bank to the Tender Offeror attached thereto, the equity commitment letter dated November 12, 2025 from the Fund indicating its intent to make an equity contribution of up to 5,500,000,000 yen to the Tender Offeror, and the equity commitment letter dated November 12, 2025 from Taiyo Unleash Holdings, LP stating its intent to contribute up to 5,500,000,000 yen to the Fund. Subsequently, the Company has also confirmed that a loan agreement regarding the Bank Loan has been executed

between the Tender Offeror and Shizuoka Bank, and that the Fund has made an equity contribution of 5,500,000,000 yen to the Tender Offeror.

According to the Tender Offeror, there have been no events to date, nor are there any currently recognized possible future events, that may hinder the payment of the sale proceeds for the Company shares equivalent to the total number of fractional shares less than one share arising as a result of the Share Consolidation.

Therefore, the Company has determined that the method by which the Tender Offeror will secure funds to pay for the purchase of Company Shares equivalent to the total number of fractional shares arising from the Share Consolidation is reasonable.

(d) Timing of the sale and the estimated timing of delivery of proceeds from the sale to shareholders

After the Share Consolidation takes effect, the Company plans to file a petition with the court in early April 2026, pursuant to Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the Companies Act, seeking permission to sell Company Shares equivalent to the total number of fractional shares arising from the Share Consolidation. The timing of obtaining such court permission may vary depending on the circumstances of the court. However, after obtaining the court's permission, the Company expects to sell the relevant Company Shares in late April 2026 and, after making the necessary preparations to deliver the proceeds to shareholders, expects to distribute the sale proceeds to shareholders in late June 2026.

Considering the time required for the series of procedures related to the sale from the effective date of the Share Consolidation, the Company has determined that Company Shares equivalent to the total number of fractional shares resulting from the Share Consolidation will be sold, and the proceeds of such sale will be delivered to shareholders, at the respective times described above.

3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation

(1) Basis and Reason for the Amount of Cash Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares

1) Considerations in Cases Where a Parent Company, etc. Exists to Avoid Harming the Interests of Shareholders Other than the Parent Company

At the commencement of the Tender Offer, the Fund does not constitute an "other affiliated company" of the Company, and this Transaction does not fall under an acquisition of a subsidiary by a controlling shareholder or a management buyout (MBO) transaction. However, prior to deliberation and resolution by the Board of Directors regarding the implementation of this Transaction, the Company took steps to ensure careful decision-making by the Board of Directors, eliminate any arbitrariness or risk of conflicts of interest in the decision-making process, and secure fairness and transparency. Accordingly, the measures described in "(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest" below were implemented.

2) Method of Treatment of Fractions Less Than One Share, Amount of Money Expected to Be Delivered to Shareholders as a Result of Such Treatment, and Reasonableness of Such Amount

The amount of money expected to be delivered to shareholders as a result of the treatment of fractional shares is, as described in "(7) Method of Treatment of Fractions Less than One Share, If Any, and Amount of Money Expected to Be Delivered to Shareholders as a Result of Such Treatment" in "(2) Details of the Share Consolidation" of "2. Summary of the Share Consolidation," calculated by multiplying the number of shares of the Company held by each shareholder by 2,210 yen, which is the same as the Tender Offer Price.

As stated in "1. Purposes of and reasons for share consolidation" above, the Company has determined that the Tender Offer Price of 2,210 yen is a reasonable price that ensures the interests of the Company's general shareholders, and that the Tender Offer provides shareholders with a fair opportunity to sell their shares.

Additionally, at the Board of Directors meeting held on November 12, 2025, the Company expressed its support for the Tender Offer and resolved to recommend that shareholders, as well as certain holders of the Company's share acquisition rights (specifically, those holding the 13th through 17th series of ordinary share acquisition rights), apply for the Tender Offer, while leaving the decision to apply for the Tender Offer up to the holders of stock compensation-type share acquisition rights and the holders of the 18th series of ordinary share acquisition rights. The Company also confirmed, as of the date of the Board Resolution to convene the Extraordinary Shareholders Meeting, that there have been no significant changes to the conditions underlying the Company's assessment of the Tender Offer Price.

3) Disposition of Material Assets, Assumption of Material Liabilities, or Other Events Materially Affecting the Status of the Company's Assets That Occur After the Last Day of the Final Fiscal Year of the Company

(i) Tender Offer

As stated in "1. Purposes of and reasons for share consolidation" above, the Tender Offeror conducted the Tender Offer during the Tender Offer Period from November 13, 2025 to December 25, 2025. As a result, as of January 6, 2026, which is the commencement date of settlement for the Tender Offer, the Tender Offeror came to hold 24,789,003 shares of the Company (Voting rights ownership ratio: 51.12%).

(ii) Non-payment of Year-End Dividend

As announced in the "Notice Concerning Revision to Year-End Dividend Forecast for the Fiscal Year Ending December 31, 2025 (No Dividend)" dated November 12, 2025, the Company resolved at its Board of Directors meeting held on the same day not to pay a year-end dividend for the fiscal year ending December 2025. For details, please refer to the relevant disclosure.

(iii) Retirement of Treasury Shares

The Company has resolved, at the Board Resolution, to retire all its treasury shares held as of March 16, 2026, with the effective date of retirement being the same day. The retirement of such treasury shares is conditional upon approval of the proposal for the Share Consolidation as originally proposed at the Extraordinary General Shareholders' Meeting.

(2) Prospects for Delisting

1) Delisting

As stated in "1. Purpose and Reason for the Share Consolidation" above, the Company plans to implement the Share Consolidation, subject to the approval of shareholders at the Extraordinary Shareholders Meeting, with the intention of making the Tender Offeror and the Fund the sole shareholders of the Company after the completion of the Transaction. As a result, the Company Shares are scheduled to be delisted through the prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. The Company Shares are expected to be designated as securities to be delisted from February 26, 2026 to March 12, 2026, and to be officially delisted on March 13, 2026. After delisting, the Company Shares will no longer be tradable on the TSE Prime Market.

2) Reasons for Aiming at Delisting

As stated in "1. Purpose and Reason for the Share Consolidation" above, the Company has determined that taking the Company private through this Transaction will contribute to enhancing the Company's corporate value.

3) Impact on Minority Shareholders and the View Thereof

As described in "(3) Measures for Ensuring the Fairness of the Transaction and Measures for Avoiding Conflicts of Interest," section "(3) Establishment by the Company of an Independent Special Committee and Procurement of a Report from the Committee," the Company's Board of Directors sought the opinion of the Special Committee as to whether executing this Transaction is fair to the general shareholders. On November 11, 2025, the Company received a report from the Special Committee stating that the Transaction is considered fair to the Company's general shareholders.

(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest

1) Acquisition of a share valuation report from an independent third-party valuation institution in the Company

For the purpose of ensuring the fairness and appropriateness of the Tender Offer Price, as described in "1) Acquisition of a share valuation report from an independent third-party valuation institution in the Company" in "(3) Matters Concerning Calculation" of the Opinion Press Release, the Company appointed SMBC Nikko Securities, a third-party valuation institution independent from the Tender Offer Related Parties, received advice from a financial perspective, including advice on the calculation of the value of the Company Shares and the negotiation policy with the Tender Offeror, and acquired the Company's Share Valuation Report on November 11, 2025.

For details of the Company's Share Valuation Report acquired by the Company from SMBC Nikko Securities, please refer to "1) Acquisition of a share valuation report from an independent third-party valuation institution in the Company" in "(3) Matters Concerning Calculation." SMBC Nikko Securities does not fall under a related party any of the Tender Offer Related Parties and does not have any material interest regarding the Transaction including the Tender Offer.

2) Advice from an independent law firm in the Company

For the purpose of exercising prudence in the decision-making by the Board of Directors of the Company regarding the Transaction, eliminating arbitrariness in the decision-making process by the Board of Directors of the Company and ensuring fairness thereof, the Company appointed Hibiya Park Law Offices as a legal advisor independent from the Tender Offer Related Parties, and subsequently received legal advice on measures to be taken to ensure fairness of procedures in the Transaction, the various procedures in the Transaction, the method and process of decision-making by the Board of Directors of the Company regarding the Transaction, and other points to be noted when making decisions regarding the Transaction including the Tender Offer. Hibiya Park Law Offices does not have any material interest regarding the Transaction including the Tender Offer. In addition, the Company pays Hibiya Park Law Offices only hourly compensation and does not employ a success fee payment system contingent upon the announcement or completion of the Transaction.

3) Establishment of an independent special committee in the Company and acquisition of reports from the special committee

For the purpose of exercising prudence in the decision-making by the Board of Directors of the Company regarding the Transaction, eliminating arbitrariness in the decision-making process by the Board of Directors of the Company and ensuring fairness thereof, the Company established the Special Committee, consisting of four independent Outside Directors independent from the Tender Offer Related Parties, namely, Mr. Seiichi Nishikawa (full-time Audit and Supervisory Committee Member), Mr. Mikio Katayama, Mr. Motoki Sugimoto (Audit and Supervisory Committee Member and certified public accountant) and Ms. Itsue Miyata (Audit and Supervisory Committee Member and attorney). The members of the Special Committee have not been changed since its establishment.

The Company decided to consult with the Special Committee on (i) matters concerning pros and cons of the Transaction (including whether the Transaction will contribute to enhancing the Group's corporate value), (ii) matters concerning the fairness of the terms and conditions of the Transaction, (iii) matters concerning the fairness of the procedures of the Transaction, (iv) matters concerning the opinion as to whether the Transaction is fair to the general shareholders of the Company in light of (i) through (iii) above, and (v) matters concerning the appropriateness of the Board of Directors of the Company expressing its opinion on the Tender Offer to be implemented as the subject matter of the Transaction, including the support and recommendation of tenders (collectively referred to as the "Matters for Consultation"). At the time of the said resolution, the Company also resolved that (a) the Board of Directors of the Company will pay maximum respect to the opinion of the Special Committee when making decisions on the Transaction and will not make decisions to implement the Transaction if the Special Committee deems the Transaction to be inappropriate, (b) when negotiating with the Tender Offeror on the terms and conditions, etc. of the Transaction, the Company will report the status to the Special Committee in a timely manner and receive its opinions, instructions and requests in important situations, (c) when the Special Committee deems it necessary, the Company may appoint its own attorneys, valuation institutions, certified public accountants and other advisors at its expense, and (d) the Special Committee may conduct investigations (including making inquiries and seeking explanations or advice about matters necessary for its duties to officers, employees or advisors of the Company related to the Transaction) related to its duties at the expense of the Company. In addition, regardless of the content of their report, the members of the Special Committee are compensated on an hourly basis and through fixed fees for their service; no contingent fee conditioned on the announcement or completion of the Transaction has been adopted. The Special Committee met for a total of 13 times from August 19, 2025 to November 11 of the same year, and carefully considered and discussed the Matters for Consultation. Specifically, by collecting and examining the study materials and other necessary information and materials submitted by the Tender Offeror and the Company, and conducting interviews with SMBC Nikko Securities, a third-party valuation institution of the Company, Hibiya Park Law Offices, a legal advisor of the Company, and the Tender Offeror, the Special Committee carefully examined the details, background, significance and purpose of the Transaction, its impact on the Company's corporate value, the independence of the third-party valuation institution, the process of discussions and negotiations with the Tender Offeror, etc., the reasonableness of the content of the share value calculation, the financial forecasts and assumptions on which it was based, the past market share prices, the appropriateness of the premium level for similar deals, the status of the capital and business alliance between Taiyo Pacific Partners and the Company, the process of the decision making by the Tender Offeror and the Company and the subsequent review process, the appropriateness of disclosure, and other matters related to the Transaction. In addition, after receiving explanations on the business plan from the Director of the Company and exchanging questions and answers on the comparison with the financial forecast under the Company's Medium-Term Management Plan disclosed in February 2025, the Special Committee received explanations on the Company's Share Valuation Report from SMBC Nikko Securities, and conducted interviews on the assumptions, etc. for the valuation. In addition, the Special Committee received explanations from Hibiya Park Law Offices, a legal advisor of the Company,

and considered them on the content of the legal advice received by the Company regarding the decision-making process and decision-making method related to the Transaction including the Tender Offer in the Company and other points to be noted when making decisions regarding the Transaction including the Tender Offer.

Based on the above circumstances, the Special Committee carefully considered and discussed the Matters for Consultation above, and as a result, submitted the Report in Attachment to the Board of Directors of the Company unanimously by all members on November 11, 2025. For details of and reasons for the report in the Report of the Special Committee, please refer to the Report.

4) Establishment of an independent review system in the Company

The Company has established a system within the Company to review, negotiate and make decisions on the Transaction from a standpoint independent from Taiyo Pacific Partners. Specifically, the Company has established a project team (consisting of 11 officers and employees of the Company, including Mr. Seigo Sato, Director and Managing Executive Officer) to examine the Transaction (including the preparation of a business plan serving as the basis for valuation of the Company Shares) and to engage in discussions and negotiations with the Tender Offeror. Its members are to be those who have no agreement with and have no conflict of interest with Taiyo Pacific Partners regarding the Transaction, and such handling has been continuously maintained.

It has been confirmed by the Special Committee that the members of the project team of the Company and the Director of the Company are not related parties of Taiyo Pacific Partners and are in an impartial position with no conflict of interest in relation to Taiyo Pacific Partners.

5) Approval of all Directors (including Audit and Supervisory Committee Members) of the Company with no conflict of interest

As described in “1. Purposes of and reasons for share consolidation” above, the Company carefully discussed and considered whether the Transaction would contribute to enhancing the Company's corporate value and whether the terms and conditions related to the Transaction were appropriate, while paying maximum respect to the content of the Report submitted by the Special Committee, taking into account the advice received from SMBC Nikko Securities from a financial perspective and the content of the Company's Share Valuation Report, and the legal advice from Hibiya Park Law Offices regarding points to be noted when making decisions regarding the Transaction including the Tender Offer.

As a result, as described in “1. Purposes of and reasons for share consolidation” above, the Company has determined that the Tender Offeror's taking the Company private through the Transaction including the Tender Offer will contribute to enhancing the Company's corporate value, other terms and conditions of the Tender Offer, such as the Tender Offer Price (2,210 yen), the Tender Offer Period and the minimum number of shares to be purchased, are appropriate. At a meeting of the Board of Directors held November 12, 2025, the Company resolved unanimously by all of the seven Directors of the Company (four of whom are independent Outside Directors) to express its opinion in support of the Tender Offer, to recommend that the shareholders of the Company and the Share Option Holders pertaining to the 13th through 17th Ordinary-Type Share Options tender in the Tender Offer, and, with respect to the Share Option Holders pertaining to the Stock Compensation-Type Share Options and the 18th Ordinary-Type Share Options, to leave the decision as to whether or not to tender in the Tender Offer to the discretion of the Share Option Holders.

6) Measures to secure purchase opportunities from other purchasers

The Tender Offeror has set the period for purchase, etc. in the Tender Offer (“Tender Offer Period”) to 30 business days, whereas the minimum period stipulated by laws and regulations is 20 business days. By setting the Tender Offer Period longer compared with the statutory minimum period, the Tender Offeror secures opportunities for the shareholders of the Company to make an appropriate judgment regarding tenders in the Tender Offer and also secures opportunities for those other than the Tender Offeror to make competing purchases, etc., in order to ensure the fairness of the Tender Offer. In addition, the Company has not entered into any agreement with the Tender Offeror which would restrict the Company from contacting the parties proposing competing purchases or withdrawing its support for the Tender Offer, and in combination with the establishment of the Tender Offer Period above, intends to ensure the fairness of the Tender Offer by securing opportunities for competing purchases, etc. From the perspective of information control, the Company has not conducted a so-called active market check to investigate and examine whether there are any potential acquirers in the market (including bid procedures, etc. prior to the announcement of the Transaction) as it is not necessarily practicable in practice; however, in light of the various measures implemented to ensure the fairness of the Transaction, including the Tender Offer, and the specific circumstances of the Transaction, the Company believes that the fairness of the Transaction is not impaired even without conducting such procedures.

4. Future Outlook

As a result of the implementation of the Share Consolidation, Company Shares are scheduled to be delisted as described in “(1) Delisting” in “(2) Prospects for Delisting” under “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” above.

5. Matters concerning transactions, etc. with controlling shareholders

As of today, the Tender Offeror qualifies as the parent company of the Company, and therefore, the transaction related to the Share Consolidation constitutes a transaction with a controlling shareholder.

(1) The Applicability to transactions, etc. with controlling shareholders and the status of conformity with the guidelines concerning measures to protect minority shareholders

In the Corporate Governance Report disclosed on August 25, 2025, the Company has not established a “Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders.” However, when conducting such transactions, the Company’s basic policy is to take appropriate measures to ensure fairness and avoid conflicts of interest. These measures include, as necessary, obtaining advice from experts or third-party organizations that have no significant interest in either the Company or the controlling shareholder, and carefully deliberating and deciding on such transactions at meetings of the Board of Directors so as not to harm the interests of minority shareholders.

With respect to the Share Consolidation, as described in “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” in “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” above, the Company’s Board of Directors has engaged in careful discussion and consideration, taking into account the valuation report prepared by SMBC Nikko Securities, procedural advice provided by Hibiya Park Law Offices (the Company’s legal advisor) to ensure procedural fairness, legal advice regarding various procedures and points to note in the Board’s decision-making process, the report submitted by the Special Committee, and other related materials. The Company believes that appropriate measures have been implemented to ensure that the interests of minority shareholders are not impaired, and that these measures are consistent with the above-mentioned basic policy.

(2) Matters Concerning Measures for Ensuring Fairness and Measures for Avoiding Conflicts of Interest

Please refer to “(3) Measures for Ensuring the Fairness of the Transactions and Measures for Avoiding Conflicts of Interest” in “3. Basis, etc. of the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Arising from the Share Consolidation” above.

(3) Summary of the Opinion Obtained from a Person Who is Independent from the Controlling Shareholder with Respect to the Transaction Not Being Disadvantageous to General Shareholders

The Company received the Report from the Special Committee dated September 10, 2025, stating that the Transaction is considered fair to the Company’s general shareholders. For details, please refer to the Attachment hereto. Since the Report relates to the Transaction, including the Share Consolidation, the Company has not separately obtained another opinion from a person who does not have an interest in a controlling shareholder in connection with the implementation of the Share Consolidation.

II. Abolition of Provisions on the Number of Shares per Unit

1. Reason for Abolition

When the Share Consolidation takes effect, the total number of issued shares of the Company will be 5 shares, and it will no longer be necessary to stipulate the number of shares per unit.

2. Scheduled Date of Abolition

Tuesday, March 17, 2026

3. Conditions for Abolition

The abolition of provisions on the number of shares per unit will be conditional upon approval, as originally proposed, of the proposal relating to the Share Consolidation and the proposal for partial amendments to the Articles of Incorporation concerning the abolition of provisions on the number of shares per unit at the Extraordinary Shareholders Meeting, and upon the Share Consolidation taking effect.

III. Partial Amendments to the Articles of Incorporation

1. Purpose of the Amendments to the Articles of Incorporation

- (1) If the proposal for the Share Consolidation is approved and passed as originally proposed at the Extraordinary Shareholders Meeting and the Share Consolidation takes effect, the total number of authorized shares of the Company will be reduced to 20 shares in accordance with Article 182, Paragraph 2 of the Companies Act. To clarify this point, Article 6 (Total Number of Authorized Shares) of the Articles of Incorporation will be amended, conditional upon the Share Consolidation taking effect.
- (2) If the proposal for the Share Consolidation is approved and passed as originally proposed at the Extraordinary Shareholders Meeting and the Share Consolidation takes effect, the total number of issued shares of the Company will be 5 shares, and it will no longer be necessary to stipulate the number of shares per unit. Therefore, conditional upon the Share Consolidation taking effect, in order to unit. Therefore, conditional upon the Share Consolidation taking effect, in order to abolish the provision abolish the provision on the number of shares per unit, which is currently 100 shares per unit number of shares per unit, the entire text of Article 6 (Number of Shares per Unit), Article 8 (Rights Pertaining to Shares Less Than One Unit) and Article 9 (Purchase of Shares Less Than One Unit) of the Articles of Incorporation will be deleted, and the numbering of subsequent articles will be adjusted accordingly.
- (3) If the proposal for the Share Consolidation is approved and passed as originally proposed at the Extraordinary Shareholders Meeting and the Share Consolidation takes effect, the Company Shares will be delisted. Following the Share Consolidation, the Tender Offeror and the Fund will be the sole holders of one or more Company Shares. Furthermore, due to the treatment of fractional shares resulting from the Share Consolidation, the Tender Offeror and the Fund will be the only shareholders of the Company. As a result, the provisions regarding the record date for the Annual General Meeting of Shareholders and the electronic provision of materials for general meetings of shareholders will no longer be necessary. Therefore, conditional upon the Share Consolidation taking effect, the entire text of Article 13 (Record Date of Annual General Meeting of Shareholders) and Article 15 (Measures for Electronic Provision, etc.) of the Articles of Incorporation will be deleted, and the numbering of subsequent articles will be adjusted accordingly.

2. Details of Amendments to the Articles of Incorporation

Details of the amendments are shown below.

Current Articles of Incorporation	Proposed Amendments
Article 1 to Article 5 (Omitted)	Article 1 to Article 5 (Unchanged)
Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>158 million</u> .	Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>20</u> .
<u>Article 7 (Number of Shares per Unit)</u> <u>The number of shares per unit of the Company shall be 100.</u>	(Deleted)
<u>Article 8 (Rights Pertaining to Shares Less Than One Unit)</u> <u>Shareholders of the Company may not exercise any rights with respect to shares less than one unit that they hold, except for the following rights.</u> <u>(1) Rights set forth in each item of Article 189, Paragraph 2 of the Companies Act;</u> <u>(2) The right to make a demand pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;</u>	(Deleted)

<p><u>(3) The right to receive allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder;</u></p> <p><u>(4) The right to make a demand as provided for in the following Article.</u></p> <p><u>Article 9 (Purchase of Shares Less Than One Unit)</u></p> <p><u>Shareholders of the Company may request the Company, in accordance with the provisions of the Share Handling Regulations, to sell to them such number of shares that, when combined with the shares less than one unit they hold, will constitute one unit of shares.</u></p> <p>Article <u>10</u> to Article <u>12</u> (Omitted)</p> <p><u>Article 13 (Record Date of Annual General Meeting of Shareholders)</u></p> <p><u>The record date for exercising voting rights at the Annual General Meeting of Shareholders shall be December 31 of each year.</u></p> <p>Article 14 (Omitted)</p> <p><u>Article 15 (Measures for Electronic Provision, etc.)</u></p> <p><u>(1) When convening a general meeting of shareholders, the Company shall take measures for providing information that constitutes the content of reference materials for the general meeting of shareholders, etc. in an electronic format</u></p> <p><u>(2) Among items for which the measures for providing information in an electronic format will be taken, the Company may exclude all or part of those items designated by the Order of the Ministry of Justice from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper based documents by the record date of voting rights.</u></p> <p>Article <u>16</u> to Article <u>35</u> (Omitted)</p> <p>Supplementary Provisions</p> <p>Article 1 (Omitted)</p>	<p>(Deleted)</p> <p>Article <u>7</u> to Article <u>9</u> (Unchanged)</p> <p>(Deleted)</p> <p>Article <u>10</u> (Unchanged)</p> <p>(Deleted)</p> <p>Article <u>11</u> to Article <u>30</u> (Unchanged)</p> <p>Supplementary Provisions</p> <p>Article 1 (Unchanged)</p>
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3. Schedule for the Amendments to the Articles of Incorporation

Tuesday, March 17, 2026 (scheduled)

4. Conditions for the Amendments to the Articles of Incorporation

The amendments to the Articles of Incorporation are conditional upon approval of the proposal for the Share Consolidation as originally proposed at the Extraordinary Shareholders Meeting and the Share Consolidation taking effect.

(Reference)

Attachment: The Special Committee's Report

SPECIAL COMMITTEE’S REPORT

To: The Board of Directors of Star Micronics Co., Ltd.

November 11, 2025

PJ Sirius Special Committee of Star Micronics Co., Ltd.

Chairman Audit Committee member (Outside Director) Seiichi Nishikawa

Member Audit Committee member (Outside Director) Motoki Sugimoto

Member Audit Committee member (Outside Director) Itsue Miyata

Member (Outside Director) Mikio Katayama

1. Matters Referred by the Company to the Special Committee

Star Micronics Co., Ltd. (the “Company”) received, dated August 8, 2025, a letter of intent (the “Letter of Intent”) from Taiyo Pacific Partners L.P. (which term collectively refers to Taiyo Pacific Partners L.P., the fund operated by Taiyo Pacific Partners L.P. that is the principal shareholder of the Company (the “Fund”), Solsticia Corporation (the “Tender Offeror”), and Taiyo Pacific Partners L.P.’s group companies; “Taiyo Pacific Partners”), through which it received a proposal for the privatization (the “Transaction,” which includes the tender offer to be implemented as part of the Transaction (the “Tender Offer”)) of the issued shares of common stock of the Company listed on the Prime Market of the Tokyo Stock Exchange (the “Company Shares”).

The Fund does not fall within the definition of “other related parties” with respect to the Company¹. Furthermore, under the structure contemplated in the Letter of Intent, the entity to carry out the Transaction would be a special purpose company to be established separately, and it

¹ The Company confirmed with Taiyo Pacific Partners that, in connection with the allocation of the Company Shares to the Fund, Taiyo Pacific Partners had verified that the Fund satisfies the requirements set forth in paragraph 24 of the “Implementation Guidance on the Scope of Subsidiaries and Affiliates in Consolidated Financial Statements” under Accounting Standards Board of Japan Guidance No. 22. Accordingly, it has been confirmed that the Fund falls under the case “where it is evident that, in light of financial, operational, or business relationships, an entity other than a subsidiary cannot exert significant influence over the financial, operational, or business policy decisions of another company” (Article 8, paragraph 6, proviso of the Regulation on Financial Statements, etc.). Therefore, the Company does not constitute an “affiliate” of the Fund, and conversely, the Fund does not fall within the category of “other related companies.”

was not contemplated that the Fund itself would serve as the executing party for the Transaction.²

However, the Transaction is, in effect, a transaction by which Taiyo Pacific Partners privatizes the Company Shares, and although the Fund does not fall under “other related parties,” it holds approximately 36.14% of the Company Shares in terms of voting rights. From one perspective, due to its structure, the Company Board of Directors could be subject to Taiyo Pacific Partners’ influence when making decisions concerning the Transaction, and it cannot be denied that, in determining whether the Transaction is appropriate, questions may arise as to a potential conflict of interest between the Company Board of Directors and the Company’s general shareholders.

Based on the foregoing, the Transaction does not fall under an acquisition of a subsidiary by a controlling shareholder or a management buyout (MBO), and therefore the “Compliance Matters concerning MBOs, etc.” set forth in Article 441 of the Securities Listing Regulations do not apply. Nevertheless, it was decided to implement certain procedures that would be required if such provisions were applicable. Prior to deliberating on and resolving the implementation of the Transaction, the Company Board of Directors established a special committee (the “Special Committee”), composed of members recognized as independent of both Taiyo Pacific Partners and the Company (collectively, the “Tender Offer Related Parties”) and as possessing the knowledge necessary to deliberate the following matters for consultation (the “Matters for Consultation”), and referred them to the Special Committee. The Special Committee is composed solely of outside directors, who are described as the “most appropriate” members for a special committee in the “Guidelines for Fair M&A—Enhancing Corporate Value and Securing Shareholders’ Interests” published by the Ministry of Economy, Trade and Industry on June 28, 2019 (the “Fair M&A Guidelines”).

Matters for Consultation

- (1) Matters concerning the pros and cons of the Transaction (including whether the Transaction will contribute to enhancing the Group’s corporate value).
- (2) Matters concerning the fairness of the terms and conditions of the Transaction.
- (3) Matters concerning the fairness of the procedures of the Transaction.
- (4) Matters concerning the opinion as to whether the Transaction is fair to the general shareholders of the Company in light of the above.
- (5) Matters concerning the appropriateness of the Board of Directors of the Company expressing its opinion on the Tender Offer to be implemented as the subject matter of

² Under the structure contemplated in the Letter of Intent, the entity responsible for carrying out the Transaction was to be a special purpose company to be established separately, and it was not anticipated that the Fund itself would implement the Transaction. However, according to the tender offer notification to be submitted by the prospective Tender Offeror, the Fund will hold all the shares of the Tender Offeror, and in substance, the Fund has become the entity effectively conducting the Transaction.

the Transaction, including the support and recommendation of tenders.

End

In the Letter of Intent, the target of the Tender Offer was limited to the Company Shares (and the purchase price per share in the Tender Offer, the “Tender Offer Price”). However, the final scope was expanded to include the following 13 share options (collectively, the “Share Options”), including the stock-based compensation-type share options described in items (1) through (7) below (collectively, the “Stock Compensation-Type Share Options”) and the ordinary share options described in items (8) through (12) below (collectively, the “13th through 17th Ordinary-Type Share Options”). The purchase price per unit of these Share Options in the Tender Offer is referred to collectively as the “Share Option Tender Offer Price.” The Tender Offer also covers restricted shares (as defined below) and the Company Shares to be issued upon the exercise of existing share options but excludes any treasury shares held by the Company and any the Company Shares held by the Fund.

- (1) The 1st stock compensation-type share options issued pursuant to the resolution of the Company’s Board of Directors adopted on May 22, 2014 (exercise period: from June 9, 2014 to June 8, 2044).
- (2) The 2nd stock compensation-type share options issued pursuant to the resolution of the Company’s Board of Directors adopted on May 28, 2015 (exercise period: from June 15, 2015 to June 14, 2045).
- (3) The 3rd stock compensation-type share options issued pursuant to the resolution of the Company’s Board of Directors adopted on May 26, 2016 (exercise period: from June 13, 2016 to June 12, 2046).
- (4) The 4th stock compensation-type share options issued pursuant to the resolution of the Company’s Board of Directors adopted on May 25, 2017 (exercise period: from June 12, 2017 to June 11, 2047).
- (5) The 5th stock compensation-type share options issued pursuant to the resolution of the Company’s Board of Directors adopted on May 24, 2018 (exercise period: from June 11, 2018 to June 10, 2048).
- (6) The 6th stock compensation-type share options issued pursuant to the resolution of the Company’s Board of Directors adopted on March 28, 2019 (exercise period: from April 15, 2019 to April 14, 2049).
- (7) The 7th stock compensation-type share options issued pursuant to the resolution of the Company’s Board of Directors adopted on March 26, 2020 (exercise period: from April 13, 2020 to April 12, 2050).

- (8) The 13th ordinary-type share options issued pursuant to the resolution of the Company's Board of Directors adopted on March 28, 2019 (exercise period: from June 1, 2021 to May 31, 2026).
- (9) The 14th ordinary-type share options issued pursuant to the resolution of the Company's Board of Directors adopted on March 26, 2020 (exercise period: from June 1, 2022 to May 31, 2027).
- (10) The 15th ordinary-type share options issued pursuant to the resolution of the Company's Board of Directors adopted on March 25, 2021 (exercise period: from June 1, 2023 to May 31, 2028).
- (11) The 16th ordinary-type share options issued pursuant to the resolution of the Company's Board of Directors adopted on March 24, 2022 (exercise period: from June 3, 2024 to June 2, 2029).
- (12) The 17th ordinary-type share options issued pursuant to the resolution of the Company's Board of Directors adopted on March 23, 2023 (exercise period: from June 2, 2025 to June 1, 2030).
- (13) The 18th ordinary-type share options (hereinafter referred to as the "18th Ordinary-Type Share Options") issued pursuant to the resolution of the Company's Board of Directors adopted on March 28, 2024 (exercise period: from June 1, 2026 to May 31, 2031).

2. Details of Deliberations and Examinations by the Special Committee

The Special Committee held a total of 13 meetings from August 19, 2025, to November 11, 2025, for an aggregate of approximately 19.5 hours. During and between these meetings, the Special Committee conducted deliberations and examinations, including the following actions:

- 1. Review of publicly available relevant documents.
- 2. Examination of submitted documents, including drafts of the tender offer notification to be filed by Taiyo Pacific Partners and drafts of related documents to be disclosed by the Company in a timely manner in connection with the Transaction.
- 3. Hearings from relevant parties:
 - (1) The Special Committee questioned Taiyo Pacific Partners regarding the purpose, background, and decision-making process of the Transaction, as well as its management policies following the Transaction, received responses, and verified their reasonableness.
 - (2) The Special Committee received explanations from the Company regarding its business operations, current status, and the purpose and background of the Transaction, conducted a question-and-answer session, and verified their reasonableness.

- (3) With respect to the business plan of the Company for the fiscal years ending December 2025 through December 2027 (the “Business Plan”), which formed the basis for the valuation of the Company Shares by SMBC Nikko Securities Inc. (“SMBC Nikko Securities”), acting as the Company’s financial advisor and third-party valuation agent, the Special Committee received explanations from the responsible personnel at the Company who prepared the Business Plan and from SMBC Nikko Securities, which supported its preparation, regarding its content, preparation process, and underlying rationale, conducted a question-and-answer session, and verified its reasonableness.
 - (4) The Special Committee received explanations from SMBC Nikko Securities regarding the valuation methods and results for the Company Shares, conducted a question-and-answer session, and verified their reasonableness.
 - (5) The Special Committee received explanations from Hibiya Park Law Offices (“HPLO”), acting as the Company’s legal advisor, regarding the decision-making procedures of the Company’s Board of Directors in relation to the Transaction, the operation of the Special Committee, and the measures implemented to ensure fairness and to avoid conflicts of interest in connection with the Transaction, conducted a question-and-answer session, and verified their reasonableness.
- 4. Collection and exchange of opinions and information through email and other means outside of formal meetings of the Special Committee.
 - 5. Review of other documents and materials deemed reasonably necessary or appropriate for the examination of the Matters for Consultation.

3. Opinion of the Special Committee on the Matters for Consultation

After due and careful deliberation, the Special Committee, by unanimous agreement of all members, provides the following opinion:

- (1) The Transaction is deemed to contribute to the enhancement of the corporate value of the Company Group and its purpose is reasonable and justifiable.
- (2) The terms and conditions of the Transaction are fair.
- (3) The procedures of the Transaction are fair.
- (4) Based on the opinions stated in (1) through (3) above, the Transaction is fair to general shareholders of the Company.
- (5) Based on the opinion in (4) above, in expressing its opinion on the Tender Offer to be implemented as the subject matter of the Transaction, it is appropriate for the Company’s Board of Directors, in stating its opinion to support the Tender Offer, to also recommend that the shareholders of the Company and the holders of the 13th through 17th Ordinary-

Type Share Options tender their rights in response to the Tender Offer. However, with respect to the holders of the Stock Compensation-Type Share Options and the 18th Ordinary-Type Share Options, it is appropriate to leave the decision of whether or not to tender in the Tender Offer to the discretion of those rights holders.

4. Summary of the Reasons for the Opinion and Details of the Examination

1. Pros and cons of the Transaction (including whether the Transaction will contribute to enhancing the Group's corporate value)

With respect to the appropriateness and reasonableness of the Transaction, after examining whether the Transaction will contribute to enhancing the corporate value of the Company Group, the Special Committee finds as follows.

(1) Approach to the Review

The Special Committee, after closely examining documents such as the draft of the tender offer notification that Taiyo Pacific Partners plans to file, the draft of related documents that the Company plans to disclose in a timely manner concerning the Transaction, and other documents submitted to the Special Committee, reviewed the purpose of the Transaction and the specific content of the expected enhancement of the Company Group's corporate value. It also conducted question-and-answer sessions with Taiyo Pacific Partners and the Company, confirming, in essence, the credibility and objectivity of the facts disclosed regarding the Transaction. Based on this, it analyzed both the expected advantages and disadvantages of the Transaction to verify its reasonableness. Regarding disadvantages, since the Transaction effectively results in general shareholders exiting their position as the Company shareholders, the Special Committee examined not only whether the Transaction offers benefits but also whether delisting is truly unavoidable for its implementation.

The Special Committee's policy and main discussion points in this process are detailed in item (2) ① of section 2 below. The Special Committee reviewed the draft of the tender offer notification that Taiyo Pacific Partners plans to file (specifically referred to as the "Tender Offer Notification") and the draft of the expression of opinion regarding the Tender Offer and other disclosure documents that the Company plans to issue (the timely disclosure version of the expression of opinion regarding the Tender Offer is referred to as the "Expression of Opinion Press Release") and confirmed their content. The Special Committee, on the premise that the accuracy and completeness of these documents are ensured under the Financial Instruments and Exchange Act and other applicable laws, and that no false statements or material omissions exist, and that compliance with Tokyo Stock Exchange listing rules avoids delisting or penalties,

evaluated the credibility, objectivity, and reasonableness of their contents. References to the Tender Offer Notification and Expression of Opinion Press Release below refer to the relevant numbered sections and titles of those documents, which were reviewed under this reasonableness assessment.

① Review through Questions and Interviews with Taiyo Pacific Partners

The Special Committee, as a rule, reviewed in advance the contents of the questions that the Company would ask Taiyo Pacific Partners, provided opinions, instructions, and requests, received Taiyo Pacific Partners' written responses, and examined them. It also invited Taiyo Pacific Partners to interview to confirm the purpose and significance of the Transaction, the measures planned after execution, the expected merits and demerits, and the content and scope of other impacts, including how the Company's trade name and offices would be handled.

- August 22, 2025

The Company submitted written questions to Taiyo Pacific Partners regarding Taiyo Pacific Partners' overview, the contemplated structure of the Transaction, and the contemplated schedule.

- September 1, 2025

Taiyo Pacific Partners provided written responses to the August 22, 2025 questions.

- September 11, 2025

Taking into account comments from the Special Committee on Taiyo Pacific Partners' September 1, 2025 responses, the Company submitted additional written questions to Taiyo Pacific Partners regarding the purpose and background of the Transaction, the conditions precedent, the financing methods, and the Company's management policies and governance structure after implementation.

- September 18, 2025

Taiyo Pacific Partners provided written responses to the September 11, 2025 questions.

- September 19, 2025

Based on Taiyo Pacific Partners' responses to date, the Special Committee conducted an interview with Taiyo Pacific Partners.

- October 10, 2025

After the interview conducted by the Special Committee, and considering the Special Committee's comments, the Company submitted written questions to Taiyo Pacific Partners regarding Taiyo Pacific Partners' current views in light of this capital and business alliance and the content of the measures contemplated after implementation of

the Transaction.

- October 17, 2025
Taiyo Pacific Partners provided written responses to the October 10, 2025 questions.
- October 27, 2025
With respect to Taiyo Pacific Partners' October 17, 2025 responses, and considering the Special Committee's comments, the Company submitted written questions to Taiyo Pacific Partners regarding financial covenants and other terms of the LBO loan.
- October 30, 2025
The Special Committee conducted a further interview with Taiyo Pacific Partners.
- November 11, 2025
Taiyo Pacific Partners provided written responses to the October 10, 2025 questions.

② Review Through Questions and Interviews with the Company

In parallel with ① above, the Special Committee submitted questions to the Company, reviewed the Company's written responses, and invited the Company's management to attend Special Committee meetings for interviews, in order to confirm the Company's purposes and the significance of the Transaction and the measures that could be implemented through the Transaction.

- September 16, 2025
Written questions were submitted to the Company regarding the Company's business environment and current status, the progress of initiatives under the capital and business alliance, and the purpose and background of the Transaction.
- September 28, 2025
The Special Committee received an explanation of the Business Plan from the Company and received the Company's written responses to the September 16 questions.
- September 29, 2025
Based on the Company's September 28 responses, the Special Committee conducted an interview with the Company's management.
- October 8, 2025
In light of the Company's September 28 responses and the September 29 interview, the Special Committee submitted additional written questions to the Company.
- October 8, 2025
The Special Committee also submitted written questions to the Company regarding the Business Plan.
- October 21, 2025

The Special Committee received the Company's written responses to each of the two sets of additional written questions dated October 8, 2025.

- October 27, 2025

The Special Committee submitted further written questions to the Company regarding prior responses and regarding valuation simulations for the Company Shares.

- November 1, 2025

The Special Committee received the Company's written responses to the October 27 questions.

- November 4, 2025

Based on the Company's November 1 responses, the Special Committee conducted an interview with the Company's management.

(2) Assessment

With respect to the specific matters confirmed as stated above and, based on them, the potential for enhancement of the corporate value of the Company Group, the Special Committee conducted deliberations and reviews as to whether the Transaction would contribute to the enhancement of the Company's corporate value and verified its reasonableness as follows.

First, in the business environment surrounding the Company, competition with competitors is intensifying in both the machine tool business and the special equipment business. Under the Second Medium-Term Management Plan formulated by the Company (meaning the Second Medium-Term Management Plan announced by the Company on February 12, 2025, which positions the fiscal years ending December 2025 to December 2027 as the "Promotion of Transformation"; the same shall apply hereinafter), there is no unreasonable aspect in the view that, in order to respond to such intensifying competition, the Company must promptly and decisively carry out structural reforms of its existing businesses, and, from the viewpoint of diversifying sources of profit, must proceed swiftly with the launch of new businesses.

Furthermore, the Company considers that, by implementing fundamental structural reforms concerning its management control structure and resource allocation within its business portfolio, it will be able to obtain a level of competitiveness exceeding the current level even under an intensifying competitive environment, achieve the Second Medium-Term Management Plan, and ultimately evolve toward its envisioned state for 2030. However, given that the Company is currently listed and has minority shareholders, from the perspective of protecting the interests of such minority shareholders, it is unavoidable that short-term evaluations by the stock market become an important factor in management decision-making, and the Company recognizes that there are certain constraints on the agile utilization of management resources and on flexibility and speed in decision-making. the Company further

considers that, by becoming a private company through this Transaction, it will be able to carry out initiatives and decision-making from a medium- to long-term perspective without being subject to such constraints or being bound by short-term performance, and to realize greater agility in decision-making. There is no unreasonable aspect in this view.

In addition, the Company considers that, by becoming a private company, it will be able to redirect management resources currently used for costs arising from maintaining its listing status, such as listing maintenance costs, resources and expenses required for disclosures and audits under the Financial Instruments and Exchange Act, and investor relations costs relating to shareholder communication, toward investments in its businesses. Furthermore, by utilizing the management know-how accumulated by Taiyo Pacific Partners through its domestic and overseas investment cases, its experience in supporting business reforms, and its management resources, mainly in respect of personnel and funding, the Company considers that it will be able to improve upon matters it has identified as issues, and to execute various initiatives, including those relating to the implementation of the Company's Medium-Term Management Plan and responses to management challenges. the Company therefore considers that, through this Transaction, by becoming a private company and enabling collaboration with Taiyo Pacific Partners, it will be able to implement the measures described in the Expression of Opinion Press Release Section 3 "Details, Basis and Reasons for the Opinion on the Tender Offer," Subsection (2) "Basis and Reasons for Opinion," Item 3) "Decision-making Process and Reasons Leading to the Company's support of the Tender Offer," Subitem (iv) "Details of the Decision," Items (a)–(c), and that such measures will contribute to enhancing the Company's corporate value. There is no unreasonable aspect in this view.

Meanwhile, in the event that the Company Shares become unlisted, it will no longer be possible to raise funds through equity financing in the capital markets, and there is a possibility that the loss of the social credibility and recognition that the Company has enjoyed as a listed company may affect the securing of human resources, its relationships with business partners and other stakeholders, and may also lead to a decline in employee motivation.

However, the Company has stated that it does not foresee a need for fund procurement through equity financing in the near future, and it is recognized that funds can be secured through cash flow generated from its business and borrowings from financial institutions. Furthermore, since more than 30 years have passed since the Company's listing on the stock exchange, it is recognized that its brand strength and credibility with business partners as a listed company have been established, and in addition, through its past business activities, credibility and recognition among customers, business partners, and employees have already been secured. Accordingly, it is considered that the disadvantages arising from privatization of the Company's shares in respect of securing human resources and maintaining transactions with

business partners are extremely limited, and that the advantages of privatization exceed such disadvantages. Therefore, it is recognized that making the Company's shares private through this Transaction, including the Tender Offer by the Offeror, will contribute to the enhancement of the Company's corporate value.

No particular irrationality was found in other views held by Taiyo Pacific Partners and the Company after examining their reasonableness.

(3) Sub-Conclusion

Based on the points above, after careful deliberation and examination, the Special Committee reasonably recognizes that the Transaction will contribute to enhancing the corporate value of the Company Group and concludes that the purpose of the Transaction is reasonable and that the Transaction is justifiable.

2. Fairness of the Terms and Conditions of the Transaction

With respect to the transaction terms, the Special Committee finds as follows.

(1) Approach to the Review

The Fair M&A Guidelines require that, in examining the reasonableness of the terms of an M&A transaction, a special committee should: (1) ensure that, during discussions and negotiations regarding the transaction terms with the purchaser, reasonable efforts are made to achieve a situation in which the M&A is conducted under the most favorable conditions possible for general shareholders while enhancing corporate value; (2) confirm the reasonableness of the valuation of shares, which serves as an important basis for determining the appropriateness of the transaction terms, as well as the financial forecasts and assumptions underlying such valuation; and (3) review not only the level of the purchase price but also the appropriateness of the acquisition method and the form of consideration (Fair M&A Guidelines 3.2.2).

Accordingly, this Special Committee has examined the fairness of the terms of this Transaction by considering the matters set forth in (1), (2) and (3) above.

This Tender Offer covers not only the Company Shares but also the Share Options. The Share Option Tender Offer Price for each such Share Option has been set as follows: for those rights that are exercisable during the Tender Offer period and whose exercise price is lower than the Tender Offer Price, the purchase price is the amount obtained by multiplying the difference between the Tender Offer Price and the exercise price per Share Option by the number of shares subject to each right; for all other Share Options, the purchase price has been set at 1 yen.

With respect to the Stock Compensation-Type Share Options, they are subject to exercise

conditions that allow exercise only within a certain period after the holder ceases to be an officer or employee of the Company Group. Therefore, even if the Tender Offeror were to acquire such rights, it would not be able to exercise them at all, and they are deemed to have no economic value. In addition, the 18th Ordinary-Type Share Options cannot be exercised during the Tender Offer period and thus have no exercisable value in themselves. Accordingly, setting the Share Option Tender Offer Price for these Share Options at 1 yen is considered economically reasonable and appropriate, and in that sense, fair.

On the other hand, for the Company's shareholders and the holders of the 13th through 17th Ordinary-Type Share Options, tendering in the Tender Offer would allow shareholders to receive consideration for their the Company shares based on the Tender Offer Price, and the relevant Share Option Holders to receive consideration equivalent to the amount obtained by multiplying the difference between the Tender Offer Price and the exercise price per right by the number of shares subject to each right. Therefore, the economic benefits to which they are entitled would be secured, and they would be provided with an opportunity to sell their Company shares and Share Options based on the Tender Offer Price. Accordingly, the terms of the Transaction can be considered fair for them.

The following section will examine the fairness of the Tender Offer Price and provide the Special Committee's opinion on the fairness of the transaction terms for the Company's shareholders and the holders of the 13th through 17th Ordinary-Type Share Options. For purposes of the following discussion, the terms "ownership ratio," "the Company Financial Results Summary," and "Reference Number of Shares" shall have the meanings defined in the Expression of Opinion Press Release.

(2) Process of Discussions and Negotiations with the Offeror, etc.

① Policy and Principal Issues for Discussions and Negotiations in the Special Committee

The Special Committee is an advisory committee established by the Board of Directors of the Company as a consultative body to eliminate arbitrariness in the Company's decision-making for the Transaction and to establish a fair, transparent, and objective decision-making process.

In light of this purpose, the Board resolved to give the utmost respect to the Special Committee's opinion on the Matters for Consultation and, if the Special Committee determines that the Transaction terms are not appropriate, the Company will not decide to proceed with the Transaction (including any expression of support for, and recommendation to tender into, the Tender Offer conducted as part of the Transaction). In negotiating the Transaction terms with the counterparty if the Transaction is to be implemented, the Company must report the status to the Special Committee in a timely manner, obtain its

opinions, instructions, and requests at critical junctures, and have the Special Committee substantially involved in the Company's negotiations on the Transaction terms.

Accordingly, while leaving the discussions and negotiations of the Transaction terms with Taiyo Pacific Partners to the Company, the Special Committee, to ensure its substantial involvement, adopted a policy of primarily utilizing the Company's advisors, whose independence has been confirmed by the Special Committee, to promptly and smoothly convey the Special Committee's proposals, other opinions, or questions to Taiyo Pacific Partners, and, as necessary, arranging from time to time opportunities to discuss and question Taiyo Pacific Partners directly.

Given that the Fund entered into the capital and business alliance agreement with the Company on April 7, 2025 (the "Alliance Agreement," and the alliance thereunder, the "Alliance"), and, through a third-party allotment of new shares on May 27 of the same year, acquired 16,108,300 the Company Shares and came to hold 17,304,700 shares in total (Ownership Ratio: 35.69%), thereby becoming the Company's largest shareholder, and also that the Fund is causing the Offeror to carry out the Transaction, the Special Committee determined to scrutinize the Transaction terms with particular attention to their relationship with the Alliance (consistency of purpose and alignment), taking this as an important issue.

② Chronological Progress of Discussions and the Special Committee's Involvement

After receiving the letter of intent, following the establishment of the Special Committee, the Company conducted discussions and negotiations with Taiyo Pacific Partners regarding the Tender Offer Price and other transaction terms of this Transaction, based on the negotiation policy, as well as opinions, instructions, and requests on important negotiation matters that had been reviewed in advance by the Special Committee. During this process, the Company received advice from SMBC Nikko Securities and HPLO. The progress of these discussions and negotiations with Taiyo Pacific Partners, as well as the involvement of the Special Committee, are as described in the Expression of Opinion Press Release, under "3. Details, Basis and Reasons for the Opinion on the Tender Offer," subsection "(2) Basis and Reasons for Opinion," item "(3) Decision-making Process and Reasons Leading to the Company's support of the Tender Offer," sub item (iii) Background of the Consideration and Negotiation.

During this review and negotiation process, the Special Committee, with the aim of ensuring that the Transaction would be carried out under conditions as favorable as possible for general shareholders while enhancing the Company's corporate value, exchanged opinions with the Company and its advisors as necessary and conducted appropriate confirmations and approvals.

Specifically, the Special Committee first reviewed in advance the contents, key assumptions, and preparation process of the Company's Business Plan, which was presented to Taiyo Pacific Partners and used by SMBC Nikko Securities as the basis for its valuation of the Company Shares, to confirm their reasonableness and approved their disclosure. Whenever subsequent revisions or amendments were made to the Business Plan, the Special Committee confirmed such changes each time.

Furthermore, in order to ensure that the Transaction would be executed under conditions as favorable as possible for general shareholders while enhancing the Company's corporate value, the Special Committee instructed the Company's financial advisor, SMBC Nikko Securities, to conduct price negotiations with Taiyo Pacific Partners in accordance with the negotiation policy that had been deliberated and decided in advance by the Special Committee. Whenever Taiyo Pacific Partners presented proposals regarding the Tender Offer Price or other terms, SMBC Nikko Securities promptly reported to the Special Committee, which then deliberated on the negotiation policy with Taiyo Pacific Partners. SMBC Nikko Securities subsequently took follow-up actions in accordance with the opinions, instructions, and requests issued by the Special Committee.

③ Sub-Conclusion

Based on the foregoing, the Special Committee reasonably concludes that the discussions and negotiations conducted between the Company and Taiyo Pacific Partners were carried out with the aim of executing the Transaction under conditions as favorable as possible for general shareholders while enhancing the Company's corporate value. The Tender Offer Price was determined after sincere and repeated negotiations, during which Taiyo Pacific Partners made a total of seven price proposals, ultimately resulting in an agreement at a price more than 15% higher than the initial proposal of 1,900 yen. The Special Committee finds no circumstances that would warrant overturning this conclusion.

Furthermore, the negotiation policy and the Special Committee's views on the principal issues, as established through these discussions and negotiations, have remained consistent throughout the preparation of this report, and no changes have been made to the initial negotiation policy.

(3) Reasonableness of the Share Valuation Analysis and the Financial Forecasts and Assumptions Underlying It

① Business Plan

From the perspective of the approach described in (1) above, the Special Committee

examined the reasonableness of the financial forecasts and assumptions underlying SMBC Nikko Securities' valuation results, and verified the validity of the financial projections and assumptions in the Business Plan as follows.

First, the Business Plan was prepared by the Company after the commencement of consideration of the Transaction, for the purpose of serving as the basis for SMBC Nikko Securities' valuation of the Company Shares. In transactions of this nature, it is common for the target company to newly prepare business plans for fiscal years for which management plans have not yet been formulated, in order to serve as reference materials for third-party valuation institutions. Accordingly, the fact that the Business Plan was prepared after the commencement of discussions for the Transaction does not cast doubt on its reasonableness.

Next, regarding the process of formulating the Business Plan, the Special Committee sent the Company a questionnaire and received written responses, verifying the methods and process used in its preparation, and found no evidence of arbitrariness.

The Special Committee also examined whether the Business Plan had been intentionally conservative to lower the Company's share valuation (including whether the forecasts were based on overly cautious estimates). Specifically, after receiving an explanation from SMBC Nikko Securities on key points for reviewing the Business Plan, the Special Committee obtained detailed explanations from the Company regarding the content, assumptions, and underlying reasoning (including the assumptions about its business operations and environment). Based on these explanations, the Special Committee confirmed that there were no unreasonable aspects in the Business Plan's content, assumptions, or preparation process, and that the Business Plan was neither intentionally aggressive nor conservative.

Although the Business Plan includes fiscal years projecting significant increases in profit and substantial decreases in free cash flow, the Special Committee confirmed that the Business Plan reflects an updated version of the Second Medium-Term Management Plan announced in February 2025, that the years projecting such results are consistent with those in the Second Medium-Term Management Plan, and that the forecasts used do not materially differ from the financial forecasts publicly disclosed before the announcement of this Transaction.

From these findings, the Special Committee recognizes no indication of undue influence or arbitrary pressure from any Tender Offer Related Parties in either the formulation process or methodology of the Business Plan and therefore deems its content reasonable.

② Independence and Conflicts of Interest of the Valuator

The Special Committee recognized that SMBC Nikko Securities, which the Company engaged as its financial advisor and independent valuation agent, belongs to the same

corporate group (Sumitomo Mitsui Financial Group, Inc.) as Sumitomo Mitsui Banking Corporation, which conducts ordinary banking transactions, including lending, with both the Company Group and Taiyo Pacific Partners. Therefore, the Special Committee confirmed not only SMBC Nikko Securities' track record as a third-party valuation institution but also that appropriate information barriers were in place between the department conducting the valuation of the Company Shares and other departments, including Sumitomo Mitsui Banking Corporation, in accordance with internal regulations. The Special Committee also confirmed that the Company and SMBC Nikko Securities transact under normal commercial terms, thereby maintaining independence, and that SMBC Nikko Securities has no relationship qualifying it as an interested party to any Tender Offer Related Parties.

Based on these confirmations, the Special Committee found no issues in the Company's engagement of SMBC Nikko Securities to perform the valuation of the Company Shares and to provide negotiation advice aimed at executing the Transaction on terms as favorable as possible for general shareholders while enhancing corporate value, and found no circumstances that would call this conclusion into question.

③ Valuation Results

SMBC Nikko Securities considered multiple valuation methodologies and, assuming the Company's continuity as a going concern, determined that a multifaceted evaluation of the Company's share value was appropriate. Given that the Company Shares are listed on the Tokyo Stock Exchange Prime Market, it applied the Market Price Method. Because there are several comparable listed companies, it also applied the Comparable Company Analysis. To reflect future business prospects, it additionally adopted the Discounted Cash Flow (DCF) Method. Using these approaches, SMBC Nikko Securities analyzed the Company's per-share value, and, on November 11, 2025, the Company received the valuation report.

Upon review, the Special Committee confirmed that, as disclosed in the Expression of Opinion Press Release titled "3. Details, Basis and Reasons for the Opinion on the Tender Offer", section "3) Matters Concerning Calculation," item "① Acquisition of a share valuation report from an independent third-party valuation institution in the Company," the Tender Offer Price exceeded the upper range of the results under both the Market Price Method and the Comparable Company Analysis, and fell within the range of the results under the DCF Method. Although it was below the median of the DCF range, considering that the Company, under the substantial involvement of the Special Committee, engaged in sincere negotiations with Taiyo Pacific Partners that resulted in seven rounds of price proposals and an increase of more than 15% from the initial offer of 1,900 yen, the Special

Committee concluded that the fact the price is below the median does not render it unfair.

④ Sub-Conclusion

The Special Committee received an explanation from SMBC Nikko Securities regarding the valuation methods and approaches used in the share value assessment. The Special Committee also conducted a question-and-answer session with SMBC Nikko Securities and the Company concerning the selection of valuation methods, the Business Plan that formed the basis of the DCF valuation, the financial projections derived from the Business Plan, the method used to calculate terminal value, and the basis for determining the discount rate. Based on these discussions, the Special Committee reviewed the Business Plan described in item ① above and confirmed that no unusual assumptions were applied with respect to the discount rate or terminal value in the DCF valuation. As a result of examining the valuation by SMBC Nikko Securities, the Special Committee found no unreasonable aspects in light of generally accepted valuation practices.

(4) Appropriateness of Premium Levels Versus Historical Market Prices and Comparable Transactions

① Past Market Prices

The Company announced, in its “Notice Regarding Differences Between Forecast and Actual Results for the Second Quarter (Interim) of the Fiscal Year Ending December 2025 and Revision of Full-Year Earnings Forecast” dated August 12, 2025, that there was a difference between the forecast figures for the second quarter (interim) of the fiscal year ending December 2025 (January 1, 2025 – December 31, 2025) announced on February 12, 2025, and the actual results for the same period (the “Downward Revision”).

Upon examining the movements in the Company’s share price before and after the Downward Revision, the closing price per share on the trading day immediately prior to the announcement was 1,835 yen, which subsequently declined to approximately 1,650 yen per share and has remained around that level since the announcement.

However, according to the content of the announcement, although sales in the main machine tool business were sluggish in the domestic and European markets, sales in the Chinese market remained strong and the U.S. market showed signs of recovery. At the same time, due to the impact of yen appreciation, both sales and profits for the second quarter exceeded the previous forecast. Nevertheless, with respect to the full-year forecast, while sales to China were expected to remain strong, the Company anticipated that market recovery in other regions would be delayed due to factors such as the impact of U.S. trade policy. Consequently, both sales and profits were expected to fall below the previous

forecast, leading to the announcement of the Downward Revision. The results for the second quarter (interim) were disclosed in the financial summary for the same date. In addition, the assumed exchange rates for the second half of the fiscal year, 145 per U.S. dollar and 170 yen per euro (revised from 150 yen), were found to be reasonable, and no irrationality was identified in the setting of such exchange rate assumptions.

② Reasonableness of Premium Levels in Comparable Transactions

Among tender offer cases commenced between June 28, 2019 (the publication date of the Fair M&A Guidelines), and September 30, 2025, for the purpose of making a domestic listed company a wholly owned subsidiary (delisting), excluding cases that are not comparable to this Tender Offer, namely, cases where the target company was already a consolidated subsidiary or affiliate of the tender offeror prior to the offer, management buyout (MBO) cases, unsolicited acquisition cases, hostile tender offers, or two-step tender offers, the median premium range for 133 comparable cases were; 34.5% over today's closing price, 36.9% over the one-month simple average up to today, 40.9% over the three-month simple average up to today, and 44.4% over the six-month simple average up to today. Although the premiums are below the median for each period, in the comparable cases, if classes are defined in 5% increments with 0% as the base, the most frequent class is 30–35%: 13 cases for the premium over today's closing price, 13 cases for the premium over the simple average of closing prices for the past one month up to today, 16 cases for the premium over the simple average for the past three months up to today, and 14 cases for the premium over the simple average for the past six months up to today. As the premium level of the price of the Tender Offer is recognized to be at a level comparable to the most frequent class across all periods, it cannot be said to be an unreasonable premium level.

(5) Other Considerations

At the request of the Special Committee, SMBC Nikko Securities conducted an investigation, the results of which are as follows:

① Comparison with Historical Acquisition Prices by Minority Shareholders

The Company's share price has historically exhibited cyclical movements in line with market conditions. Following the decline caused by external factors such as the "Trump tariffs" announced on April 3, 2025, the share price gradually recovered to the level prior to such announcement, but as noted above, declined sharply after the disclosure of the Downward Revision. The average share price per share prior to the third-party allotment of shares in connection with the Alliance was 1,846 yen, while the average share price per

share after the allotment was 1,681 yen.

According to an analysis of share prices and trading volumes over the past ten years (from November 1, 2015 to November 4, 2025), the highest share price during that period was 2,473 yen per share, and the volume-weighted trading range was between 1,550 yen and 1,849 yen per share. It was confirmed that, based on trading volume, the Tender Offer Price exceeds the theoretical acquisition price of more than 96% of the Company shareholders during the past ten years.

② Comparison with the Highest Historical Share Price

Based on the trends in share prices and trading volumes over the past ten years (from November 1, 2015 to November 4, 2025), the highest share price during the most recent five-year period was 2,172 yen per share, and the Tender Offer Price exceeds this level. Furthermore, an analysis of acquisition book values over the past three years shows that approximately 70% of total trading volume occurred during the periods from November 2022 to May 2024 and from May 2025 onward, both prior to the high price range following the third-party allotment of shares under the Alliance. It is also recognized that the share price level prior to entering the high price range (1,650 yen to 1,899 yen per share) constituted the principal volume zone.

③ Analysis from a PBR Perspective

According to the Company's financial results summary dated August 12, 2025, the consolidated net asset value per share as of June 30, 2025, was 2,034 yen (rounded). The Tender Offer Price exceeds this level, and, from the perspective of the price-to-book ratio (PBR), is considered to be at a reasonable price level.

(6) Review and Summary

As a result of careful deliberation and examination, the Special Committee concluded that the discussions and negotiations conducted between the Company and Taiyo Pacific Partners were carried out with the aim of executing the Transaction under conditions as favorable as possible for general shareholders while enhancing the Company's corporate value, and that no unreasonable points were found in SMBC Nikko Securities' valuation of the Company Shares or in the financial forecasts and assumptions underlying such valuation.

According to the valuation by SMBC Nikko Securities, the Tender Offer Price (i) exceeds the upper range of results under both the Market Price Method and the Comparable Company Analysis, and (ii) falls within the valuation range per share derived from the Discounted Cash Flow (DCF) Method, which is considered to reflect the intrinsic value of the Company Shares.

Therefore, the Tender Offer Price is deemed to be fair to general shareholders.

In addition, according to the trends in share prices and trading volumes over the past ten years (from November 1, 2015 to November 4, 2025), the Tender Offer Price exceeds the highest share price of 2,172 yen per share recorded during the most recent five-year period. It is also recognized that, at the Tender Offer Price, it is estimated that more than 96% of the Company shareholders, on a trading volume basis over the past ten years, would theoretically realize a price exceeding their respective acquisition costs.

Accordingly, given that no irrationality was observed in the past market price movements and that the premium level of the Tender Offer Price is not unreasonable when compared to the median premium range (34.5% to 44.4%) of comparable transactions, the Tender Offer Price is recognized as reasonable and is deemed fair.

In addition, with respect to the Share Option Tender Offer Price of the 13th through 17th Ordinary-Type Share Options, since the price for each right is determined as the amount obtained by multiplying the difference between the Tender Offer Price and the exercise price per right by the number of shares underlying each right, such purchase prices are likewise recognized as reasonable and fair.

Conversely, although the Share Options Tender Offer Price for the Stock Compensation-Type Share Options and the 18th Ordinary-Type Share Options are each set at 1 yen, this is deemed economically rational and appropriate. The Stock Compensation-Type Share Options are subject to exercise conditions permitting exercise only within a certain period after the holder ceases to be an officer or employee of the Company Group; therefore, even if the Tender Offeror acquires such rights, they cannot be exercised and are thus regarded as having no economic value. The 18th Ordinary-Type Share Options cannot be exercised during the Tender Offer period and therefore have no exercisable value. For these reasons, the setting of the Share Option Tender Offer Price at 1 yen is considered economically rational, appropriate, and fair.

Finally, it should be noted that the acquisition structure for this Transaction is a two-step acquisition comprising this Tender Offer followed by a squeeze-out procedure, and that the consideration for the acquisition is to be paid entirely in cash. Such structure represents a common method of privatization in Japan, and no terms of the Transaction have been identified that would give rise to concerns regarding its fairness.

3. Fairness of the Procedures of the Transaction

(1) Approach to the Review

In this Transaction, whether the interests of general shareholders are secured through fair procedures is examined by confirming the adoption and operation status of the fairness-assurance measures cited in the Fair M&A Guidelines.

(2) Establishment of an Independent Special Committee at the Company

On August 13, 2025, pursuant to Article 370 of the Companies Act and the provisions of the Company's Articles of Incorporation, the Company adopted a written resolution in lieu of a meeting of the board of directors to establish this Special Committee, which is composed of four independent outside directors of the Company, all of whom are independent from the Tender Offer Related Parties. Since its establishment, without any change in its composition, the members of the Special Committee have examined and deliberated on the matters referred to them and have submitted this report.

In resolving at the Board meeting to consult on the Matters for Consultation, the Company Board of Directors also resolved that: (a) in making decisions regarding the Transaction, it will accord maximum respect to the opinions of the Special Committee and, if the Special Committee determines that the Transaction is not appropriate, it will not resolve to carry out the Transaction; (b) in negotiating with the Tender Offeror concerning the transaction terms of the Transaction, etc., it will report the status to the Special Committee in a timely manner and receive its opinions, instructions, and requests at important junctures; (c) when deemed necessary by the Special Committee, the Special Committee may, at the Company's expense, appoint its own attorneys, valuation agents, certified public accountants, and other advisors; and (d) the Special Committee may, at the Company's expense, conduct investigations related to its duties (including questioning the Company's officers or employees involved in the Transaction or the Company's advisors concerning matters necessary for its duties and seeking explanations or advice).

It should also be noted that the remuneration of the members of the Special Committee is time-based and paid as consideration for their services regardless of the content of this Report, and that no success fee system contingent upon the announcement or consummation of the Transaction has been adopted.

(3) Obtaining Advice from an Independent Law Firm at the Company

To ensure prudence in the Company Board of Directors' decision-making concerning the Transaction, to eliminate arbitrariness in its process, and to secure fairness, the Company appointed HPLO as an independent legal advisor independent of the Tender Offer Related Parties and has received legal advice regarding measures to be taken to secure procedural fairness in the Transaction, the various procedures of the Transaction, and points to be noted in the method and process of decision-making by the Company's Board of Directors concerning the Transaction, including the Tender Offer.

The Special Committee has confirmed that HPLO has no material conflicts of interest in

relation to the Transaction, including the Tender Offer, and that HPLO's remuneration is time-based only and that no success fee system contingent upon the announcement or consummation of the Transaction has been adopted.

(4) Obtaining Advice from an Independent Financial Advisor and Third-Party Valuation Agent at the Company

As detailed in section 2, item (3), sub-item ② above, the Company appointed SMBC Nikko Securities, confirmed to be an independent third-party valuation agent that does not correspond to a related party of the Tender Offer Related Parties and has no material conflicts of interest in relation to the Transaction including the Tender Offer. The Company has received advice from a financial perspective, including valuation of the Company Shares and advice on negotiation policy with the Tender Offeror, and obtained a share valuation report for the Company Shares dated November 11, 2025. It is recognized that this secures the fairness and appropriateness of the Tender Offer Price.

(5) Establishment of an Independent Internal Review Structure at the Company

It is recognized that the Company constructed within the Company a structure to conduct review, negotiations, and decision-making concerning the Transaction from a position independent of Taiyo Pacific Partners.

The Special Committee confirms that, after receiving the Letter of Intent, the Company established a project team to conduct review of the Transaction (including preparation of the Business Plan serving as the basis for valuation of the Company Shares) and to conduct discussions and negotiations with the Tender Offeror. The team consists of 11 officers and employees of the Company, including Seigo Sato, Director and Senior Managing Executive Officer. Its members were selected from among those who have no agreement concerning the Transaction with Taiyo Pacific Partners and have no conflicts of interest, and this handling has continued up to the date of this Report. The Special Committee has also confirmed that the members of the Company's project team and the Company's directors are not related parties of Taiyo Pacific Partners and are in a fair position with no conflicts of interest in relation to Taiyo Pacific Partners.

(6) Deliberations by Directors Without Conflicts of Interest at the Company

Under the Companies Act, a director with a special interest in a resolution of the Board of Directors may not participate in voting (Companies Act, Article 369, paragraph 2). "Special interest" here is understood to mean a personal interest or an interest outside the company such that the director would typically find it difficult to faithfully perform the duty of loyalty to the

company with respect to the relevant resolution.

Although the scope of directors having such “special interest” is a matter of interpretation, from the perspective of enhancing the transparency and reasonableness of decision-making in MBO, it has been pointed out that a broad interpretation should also be considered; for example, not only the representative director conducting the MBO but also directors who have already agreed to invest in or participate in the management of the purchaser side should be excluded.³ In this Transaction, however, even taking such points into consideration, it is stated that no one has invested in the Tender Offeror or the Fund that wholly owns its outstanding shares, and no director is presently scheduled to invest in the Fund or the Tender Offeror.

Further, according to confirmations obtained by the Special Committee from Taiyo Pacific Partners, at the commencement of the Tender Offer the Tender Offeror’s policy is to maintain the current management structure, including the Company’s officers, and to continue their duties after the Tender Offer. Under the Alliance Agreement, the Fund may dispatch one director to the Company, but neither the specific person nor the dispatch timing has been determined. While it may be considered, as necessary, to reinforce management personnel from outside or from Taiyo Pacific Partners, the details of the Company’s management structure after implementation of the Tender Offer are planned to be decided after the Tender Offer is consummated, through discussions with the Company.

If any benefits were provided by Taiyo Pacific Partners, including the Tender Offeror or the Fund, to certain officers, or any agreement thereon had been made, doubts would arise that such officers have the above “special interest.” To the extent confirmed by the Special Committee, no circumstances suggesting such matters have been recognized.

(7) Securing Objective Circumstances that Ensure the Fairness of the Tender Offer Price

For the Tender Offer, although the shortest period stipulated by law for a tender offer period is 20 business days, the Tender Offeror plans to set the period at 30 business days. By setting a relatively longer tender offer period, it is recognized that the Company’s shareholders are provided with an appropriate opportunity to make decisions regarding whether to tender to the Tender Offer, and that a certain opportunity is secured for purchasers other than the Tender Offeror to conduct purchase, etc. of the Company Shares.

Although the Company has not conducted a so-called proactive market check (including a bidding process prior to the announcement of the Transaction; the same applies hereinafter) to investigate and examine the presence of potential acquirers in the market from the perspective of information management, in light of the contents of the various measures implemented to

³ Ministry of Economy, Trade and Industry, “*Guidelines Regarding Management Buyouts (MBOs) for the Enhancement of Corporate Value and Ensuring Fair Procedures*” (published September 4, 2007, including subsequent revisions), pp. 14–15 (n. 4); Shinji Mizuno and Tsuyoshi Nishimoto, *All About Going Private (Non-Disclosure Transactions)*, Shojihomu, 2010, p. 179.

ensure the fairness of the Transaction including the Tender Offer, as pointed out in sub-item (8) below and other sub-items of this item, and in light of the specific circumstances of the Transaction, the Special Committee determined that the fairness of the Transaction would not be particularly impaired even without a proactive market check.

(8) Absence of Deal Protection Provisions, etc.

It is stated that there is no agreement between Taiyo Pacific Partners and the Company concerning the Company Shares that would hinder the emergence or execution of purchases by other purchasers. It is also recognized that the Company Board of Directors has not adopted a “Policy for Response to Large-Scale Purchases of the Company Shares (Takeover Defense Measures).”

This does not exclude the possibility that, if the tender offer price (the consideration for privatization) is evaluated by the market as too low in the Tender Offer, a counter acquisition proposal (including notice of a counter tender offer) will be made. This in turn is viewed as creating a “substrate” for the proposition that “the absence of a counter acquisition proposal” can serve as a basis for the fairness of the tender offer price.⁴

Accordingly, together with the Tender Offer period setting indicated in sub-item (7) above, it is recognized that opportunities for counter purchases are secured, thereby potentially ensuring the fairness of the Tender Offer.

(9) Reasonableness of Not Setting a “Majority of Minority” Condition

The minimum number of shares to be purchased in this Tender Offer is set below the level that would satisfy the so-called “Majority of Minority” condition.

However, Section 3.5.2 of the Fair M&A Guidelines points out concerns that imposing such a condition in cases where the acquirer already holds a high percentage of the target company’s shares may hinder M&A transactions that contribute to enhancing corporate value. Although this Transaction is not an acquisition of a subsidiary by a controlling shareholder, there remains a possibility that, if the planned number of shares to be purchased under this Tender Offer were raised to a level satisfying the “Majority of Minority” condition, opportunities for general shareholders to sell their Company Shares at a fair and reasonable price could be adversely affected.

Furthermore, in this Transaction, it is determined that the various measures ensuring fairness described in this section have been effectively implemented. Therefore, even without setting a “Majority of Minority” condition, these substantial fairness-assurance measures sufficiently compensate for its absence, and the overall fairness of the transaction terms is recognized as

⁴ Mizuno and Nishimoto, *supra* note 3, p. 227.

secured.

(10) Status of Information Disclosure and Resolution of Information Asymmetry Issues

The Fair M&A Guidelines recommend the provision of important decision-making materials useful for general shareholders in judging the appropriateness of transaction terms, etc. (Fair M&A Guidelines 3.6.1). Specifically, enhanced disclosure is expected regarding information on the special committee and on the share valuation report, etc. (Fair M&A Guidelines 3.6.2).

In this Transaction, it is sufficiently recognized that ample information useful for appropriate judgment by general minority shareholders, including the above, will be fully disclosed in the Tender Offer Notification, the Expression of Opinion Press Release, and other timely disclosure documents.

The Special Committee has also confirmed that, except for important facts scheduled to be disclosed upon commencement of the Tender Offer and in the Company financial results summary simultaneously with the Tender Offer, there is no particular undisclosed information of the Company that would affect the share price or corporate value of the Company Shares.

It can also be noted that over the most recent six months, due to the announcement of reciprocal “Trump tariffs” on April 3, 2025, the Company share price marked a bottom of 1,439 yen at the close on April 9, and thereafter showed a gradual recovery trend. However, after receipt of the Letter of Intent on August 8, 2025, which triggered the start of discussions with Taiyo Pacific Partners on the Transaction, the Downward Revision—which is generally recognized as disclosure that depresses market prices of the Company Shares—was announced, and while the closing price on the trading day immediately prior to that disclosure was 1,835 yen per share, it has fallen to around 1,650 yen up to the present after that disclosure. As examined in section 2, sub-item (4)① above, the background and reasons for that disclosure are reasonable, and no circumstances sufficient to suggest any arbitrariness are observed.

From the above, so long as the necessary disclosures of important facts accompanying the commencement of the Tender Offer are made in a timely and appropriate manner, it is recognized that the Company has been making disclosures in a timely and appropriate manner, and the Special Committee judges that no “information asymmetry” arises between the Company’s Board of directors and the Company’s shareholders in relation to the Transaction.

(11) Elimination of Coerciveness through Explicit Statement of the Planned Two-Step Acquisition

As stated in the Tender Offer Notification, “I. Terms of the Tender Offer,” “3. Purpose of the Purchase, etc.,” “(4) Policy Regarding Organizational Restructuring, etc. after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition),” in this Transaction the Tender

Offeror plans to implement the Transaction in a two-step method. To eliminate the coerciveness arising from the structure of such a transaction (structural coercion), it is made clear that the so-called 100% acquisition method will be adopted, namely: ① the acquirer conducts a tender offer for all issued shares, and ② if acquisition of control is successfully achieved thereby (if there are not enough tenders to acquire control, not a single share will be purchased), a squeeze-out will be conducted at the same consideration as in the Tender Offer.

That is, after specifying the concrete procedures for the planned two-step acquisition, the planned timing of each is indicated specifically, and with respect to matters that cannot be decided, it is clearly stated in the Tender Offer Notification and the Expression of Opinion Press Release that, upon decision through discussions with the Company, the Tender Offeror plans to request that the Company promptly disclose them. Unlike the phrasing criticized as “wording that could fall under a ‘coercive effect’” in the supplementary opinion of Justice Tahara in the Supreme Court decision in the Rex Holdings case⁵ and in the Osaka High Court decision in the Sunstar case⁶, the plan for the two-step acquisition is recognized as being clearly stated. Therefore, if the Transaction is disclosed, etc. through such Tender Offer Notification and Expression of Opinion Press Release, an effect of eliminating coercive effects on shareholders is recognized.

Accordingly, it is recognized that the Company’s shareholders can decide whether or not to tender to the Tender Offer without psychological pressure such as concern that, if they remain as minority shareholders without tendering, they might be treated disadvantageously compared to if they had tendered.⁷

(12) Prompt Implementation of the Two-Step Acquisition to the Extent Possible

If the first-stage Tender Offer is consummated, shareholders who did not tender will be placed in an unstable position, such as decreased liquidity in the market making it difficult to sell their shares. Moreover, the longer the period after the Tender Offer, the more minority shareholders may feel that the acquirer, as a controlling shareholder, could take retaliatory measures against them for opposing the Tender Offer. In deciding whether to tender, the longer the period from the Tender Offer’s consummation to the squeeze-out, the more it could become a factor for recognizing the Tender Offer as coercive.

The Tender Offeror plans to request the Company to convene an extraordinary general meeting of shareholders targeted for February 2026, with agenda items including conducting a share consolidation of the Company Shares pursuant to Article 180 of the Companies Act (the “Share

⁵ Supreme Court Decision, May 29, 2009, *Kinhan* No. 1326, p. 35.

⁶ Osaka High Court Decision, September 1, 2009, *Kinhan* No. 1326, p. 20.

⁷ Wataru Tanaka, “On the Limits of Takeover Defense Measures — A Legal Examination of the Nippon Broadcasting System Case,” Bank of Japan Institute for Monetary and Economic Studies, Discussion Paper No. 2007-J-27 (2007), p. 31.

Consolidation”) and partially amending the Articles of Incorporation to abolish the provision on the number of shares constituting one unit, conditional upon the effectiveness of the Share Consolidation. As the Share Consolidation is expected to be implemented as promptly as possible after the Tender Offer is consummated, this is recognized as having the effect of eliminating coercive effects on shareholders.

(13) Summary

From the above measures, it is recognized that circumstances have been secured in which, in the process of forming the transaction terms, the situation can be said to be substantially equivalent to an arm’s-length transaction, and that opportunities have been secured for general shareholders to make appropriate judgments based on sufficient information (Fair M&A Guidelines 2.4). The Special Committee therefore judges that procedural fairness is ensured in this Transaction.

4. Opinion as to Whether the Transaction is Fair to the General Shareholders of the Company Considering the Above.

Based on careful deliberation and examination in light of the above, the Transaction can be approved as contributing to the enhancement of the Company’s corporate value, and no unreasonable points are recognized in the process of discussions and negotiations of the transaction terms with the Tender Offeror, etc. As for the Tender Offer Price, the content of the valuation of the Company Shares by SMBC Nikko Securities and the reasonableness of the financial projections and assumptions underlying it are recognized; according to that valuation, the Tender Offer Price (i) exceeds the upper ends under the Market Price Method and the Comparable Company Analysis Method, and (ii) is within the range of the per-share value of the Company Shares calculated under the DCF Method, which is deemed to reflect the intrinsic value of the Company Shares. In addition, taking into account that it exceeds the highest market price per share in the most recent five-year period, that it is estimated, on a trading-volume basis over the most recent ten years, to exceed theoretical acquisition prices of more than 96% of the Company shareholders, and that it is above the consolidated net assets per share as of the Company’s most recent quarter end, June 30, 2025, among other factors, the Tender Offer Price is recognized as fair. The procedures relating to the Transaction are also recognized as fair. For these reasons, the Special Committee has concluded that the Transaction is fair to the Company’s general shareholders.

5. Whether It Is Appropriate for the Company Board of Directors to Issue an Opinion Statement Expressing Support for, and Recommendation to Tender in, the Tender Offer Implemented as Part

of the Transaction

In light of the opinion set forth in section 4 above, when issuing an opinion statement expressing support for, and recommendation to tender in, the Tender Offer implemented as part of the Transaction, it is appropriate for the Company Board of Directors to express support for the Tender Offer and to recommend to the Company's shareholders and to the holders of the 13th through 17th Ordinary-Type Share Options that they tender to the Tender Offer. However, with respect to the holders of the Stock Compensation-Type Share Options and the 18th Ordinary-Type Share Options, whether to tender should be left to their judgment. For the Stock Compensation-Type Share Options, the exercise conditions allow exercise only within a certain period after a person who held office as an officer or employee of the Company Group leaves that position; the Tender Offeror would be unable to exercise any of these even if acquired, and they are therefore deemed to have no economic value. For the 18th Ordinary-Type Share Options, they cannot be exercised during the Tender Offer period of the Tender Offer and thus have no exercisable value in themselves. Accordingly, although setting the Share Option Tender Offer Price at 1 yen is recognized as economically rational and appropriate, and in that sense fair, it is appropriate to leave the decision whether to tender to the judgment of those right holders.

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