



July 29, 2025

To all parties concerned

Name of Listed Company	The Nippon Road Co., Ltd.
Representative	Toshiyuki Ishii, Representative Director and President
(Securities Code: 1884)	
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Notice of Share Consolidation, Abolition of the Provision on Share Units and Partial Amendment of the Articles of Incorporation

We hereby announce that at the meeting of the Board of Directors held today, it was resolved to convene an Extraordinary Meeting of Shareholders (the “**Extraordinary Shareholders’ Meeting**”) scheduled to be held on September 12, 2025, and to submit proposals at the Extraordinary Shareholders’ Meeting regarding a share consolidation, the abolition of provisions concerning the number of shares constituting one unit, and partial amendments to the Articles of Incorporation, as outlined below.

Please also note that, in the course of these procedures, the common shares of the Company (the “**Company Shares**”) will fall under the delisting criteria of the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”). As a result, the Company Shares are scheduled to be designated as securities to be delisted from September 12, 2025, through October 9, 2025, and will be officially delisted on October 10, 2025. After delisting, the Company Shares will no longer be tradable on the Prime Market of the Tokyo Stock Exchange. We kindly ask for your understanding in this matter.

I. Share Consolidation

1. Purpose and Reason for the Share Consolidation

As announced in the press release dated May 14, 2025, titled “Announcement of Opinion in Support of the Tender Offer by Shimizu Corporation, the Parent of the Company, for the Shares of the Company, and Recommendation to Tender,” (the “**Opinion Press Release**”), Shimizu Corporation (the “**Tender Offeror**”) conducted a tender offer (the “**Tender Offer**”) for all of the Company Shares as part of a series of transactions aimed at making the Company a wholly-owned subsidiary of the Tender Offeror, with the Tender Offeror being the sole shareholder of the Company (the “**Transactions**”), during the tender offer period from May 15, 2025 to June 25, 2025 (the “**Tender Offer Period**”).

As announced in the press release dated June 26, 2025, titled “Announcement of Results of the Tender Offer by Shimizu Corporation, the Parent Company of the Company, for the Common Stock of the Company,” as a result of the Tender Offer, the Tender Offeror acquired 16,796,643 shares of the Company Shares that were tendered, effective as of the settlement commencement date of the Tender Offer, which was July 2, 2025. As a result, the Tender Offeror came to hold 388,146 voting rights (Note 1), representing 88.33% ownership (Note 2) of the total voting rights pertaining to the Company Shares.

(Note 1) The “Number of Voting Rights Pertaining to Shares, etc. Held” represents the total number of voting rights corresponding to the total number of shares (38,814,643 shares), which is the sum of the shares, etc. already held by the Tender Offeror as of March 31, 2025 (22,018,000 shares), and the shares, etc. to be acquired through the Tender Offer (16,796,643 shares).

(Note 2) In calculating the “ownership ratio,” the number of voting rights (439,425) represented by the number of the Company Shares (43,942,514 shares) obtained by deducting the number of treasury shares owned by the Company as of March 31, 2025 (3,826 shares) from the total number of the issued shares of the Company as of the same date (43,946,340 shares), as stated in the “Annual Securities Report for the 120th Fiscal Term” published by the Company on June 26, 2025, is used as the denominator (rounded to the nearest one-hundredth).

Details of the purpose and background of the Transactions have been provided in the Opinion Press Release; however, a summary is provided again below for reference. Please note that the descriptions regarding the Tender Offeror below are based on explanations provided by the Tender Offeror.

(a) Background to the Establishment of the Examination Framework

The Company received a notice from the Tender Offeror on January 9, 2025 stating that the Tender Offeror had commenced consideration of the Transactions. In response to this, on January 28, 2025, the Company answered that it would begin considering the implementation of the Transactions, in preparation for consideration of the Transactions and discussions and negotiations with the Tender Offeror on the Transactions, given that the Tender Offeror, holding 50.11% of the Company Shares, is the Company’s controlling shareholder (parent company), the Transactions, including the Tender Offer, constitutes a material transaction with a controlling shareholder and such a transaction typically involves structural conflicts of interest and information asymmetries, in early February 2025, the Company appointed Mizuho Securities Co., Ltd. (“**Mizuho Securities**”) as a financial advisor and third-party appraiser independent from both the Tender Offeror Group (“**Tender Offeror Group**” means, collectively, the Tender Offeror, its consolidated subsidiaries, and its equity method affiliates, hereinafter the same.) and the Company Group (“**Company Group**” means, collectively, the Company, its consolidated subsidiaries, and its equity method affiliates, hereinafter the same.), and Gaien Partners as its legal advisor in order to address those issues and ensure the fairness of the Transactions. Following that, on February 7, 2025, the Company received the Letter of Intent regarding the Transactions from the Tender Offeror. In response to that proposal, the Company, based on advice from Gaien Partners, immediately began establishing a framework to examine, negotiate, and make decisions on the Transactions from an independent standpoint. That framework was designed to ensure the fairness of the Transactions and to consider the enhancement of the Company’s corporate value and the protection

of the interests of the Company's minority shareholders. Specifically, as described in "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest" in "3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment" below, the Company began preparing for the establishment of the Special Committee. Following receipt of the Letter of Intent from the Tender Offeror on February 7, 2025, the Company resolved at a meeting of its Board of Directors held on February 21, 2025 to establish a special committee (the "**Special Committee**") consisting of three members: Mr. Nozomu Morimura (an independent outside director of the Company), Mr. Taku Matsumoto (an independent outside director of the Company), and Ms. Fumiko Kosao (an independent outside director of the Company). Mr. Nozomu Morimura was appointed as the chairperson of the Special Committee by mutual election of its members, and the composition of the Special Committee has not changed since its establishment. For details on the deliberation process and conclusions of the Special Committee, please refer to "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest" in "3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment" below. The Board of Directors tasked the Special Committee with examining and providing its opinion on the following matters (collectively, the "**Inquiry Matters**"): (1) whether the purpose of the Transactions is reasonable (including whether the Transactions contribute to enhancing the corporate value of the Company); (2) whether the fairness of the procedures, including the negotiation process and the decision-making process regarding the Transactions, is ensured; (3) whether the terms of the Transactions (including the Tender Offer Price) are reasonable; (4) whether the Transactions (including the decision by the Board of Directors of the Company with respect to the Transactions) is not detrimental to the interests of the Company's minority shareholders; and (5) whether the Board of Directors of the Company should express its opinion in support of the Tender Offer and resolve to recommend that the shareholders of the Company tender their shares in the Tender Offer. In establishing the Special Committee, the Board of Directors of the Company resolved that (i) its decision-making would give maximum deference to the conclusions of the Special Committee and (ii) if the Special Committee determined that the terms of the Transactions were not reasonable, the Board would not support the Transactions under those terms. In addition, the Board of Directors of the Company granted the Special Committee the authority to (i) request the provision of information necessary to examine and assess the Transactions from the officers and employees of the Company and any other persons the Special Committee deems necessary; (ii) appoint, at its discretion (and at the Company's expense), independent advisors, including financial or legal advisors, as needed, and to designate or approve (including ex post facto approval) the financial or legal advisors engaged by the Company (the Special Committee may also seek expert advice from the Company's advisors); (iii) substantially participate in the negotiation process concerning the terms and conditions of the Transactions by confirming the negotiation policy in advance, receiving timely updates on the progress, providing opinions, and issuing instructions or requests as necessary, and, if considered necessary by the Special Committee, directly engage in negotiations or discussions regarding the terms and conditions of the Transaction; and (iv) exercise any other authority the Special Committee considers necessary for the examination and assessment of the Transactions (for details of the method of that resolution of the Board of Directors, please refer to "(iii) Establishment of an Independent Special Committee by

the Company and Obtaining a Report from the Special Committee” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” below).

In addition, as stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” below, the Special Committee decided on March 5, 2025, pursuant to the authority granted to it, to appoint Plutus Consulting Co., Ltd. (“**Plutus Consulting**”) as its own independent third-party appraiser and TMI Associates as its own independent legal advisor, each of which is independent from both the Tender Offeror Group and the Company Group.

As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” below, the Company obtained the Special Committee’s approval for the appointments of Mizuho Securities as the Company’s financial advisor and third-party appraiser and Gaien Partners as its legal advisor, after the Committee confirmed that there were no issues with their independence from either the Tender Offeror Group or the Company Group, or with their expertise or track records.

Furthermore, as stated in “(vii) Establishment of an Independent Examination Framework at the Company” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” below, the Company established an internal framework to examine, negotiate, and make decisions regarding the Transactions from an independent standpoint (including the scope of the Company’s officers and employees involved in the examination, negotiation, and decisions regarding the Transactions and their respective roles). The Company also obtained the approval of the Special Committee confirming that there were no issues with the independence or fairness of that framework.

(b) Background of Examinations and Negotiations

Building on the above, the Company received advice from Mizuho Securities regarding the negotiation policy with the Tender Offeror and other financial matters, as well as a report on the results of its valuation of the Company Shares. the Company also received advice from Gaien Partners regarding measures to ensure procedural fairness in the Transactions and other legal matters. Taking that advice into account, and giving maximum deference to the opinion of the Special Committee, the Company carefully discussed and considered whether to proceed with the Transactions and whether the terms of the Transactions were reasonable.

In addition, since receiving the Letter of Intent regarding the Transactions from the Tender Offeror on February 7, 2025, the Company has engaged in specific discussions and negotiations with the Tender Offeror toward the implementation of the Transactions.

Specifically, on March 13, 2025, the Special Committee submitted written questions to the Tender

Offeror regarding the background of the Tender Offeror's proposal for the Transactions, the purpose of the Transactions (including the synergies expected to be generated through the Transactions), the anticipated structure of the Transactions, the Company's management policy following the Transactions, the measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer. In response, on March 19, 2025, the Tender Offeror provided written answers to those questions, and at a meeting of the Special Committee held on the same day, the Tender Offeror gave explanations regarding its responses, followed by a Q&A session.

With respect to the purchase price per Company Share in the Tender Offer (the “**Tender Offer Price**”), the Company engaged in multiple rounds of discussions and negotiations with the Tender Offeror beginning in early April 2025. Specifically, on April 8, the Company received a proposal from the Tender Offeror regarding the Transactions, which included a Tender Offer Price of JPY 2,200. That proposal was based on a comprehensive assessment of (i) the information obtained through the due diligence conducted by the Tender Offeror on the Company Group and (ii) the preliminary valuation analysis of the Company Shares conducted by Nomura Securities Co., Ltd. (“**Nomura Securities**”), the Tender Offeror's financial advisor, based on that information (the proposed price represented a premium of 23.60% over the closing price of the Company Shares of JPY 1,780 on the Prime Market of the Tokyo Stock Exchange on the previous business day; a premium of 16.28% over the simple average closing price for the preceding one-month period (JPY 1,892) (rounded to the nearest whole yen; the same applies hereinafter to the calculation of simple average closing prices); a premium of 18.22% over the simple average closing price for the previous three-month period (JPY 1,861); and a premium of 23.94% over the simple average closing price for the previous six-month period (JPY 1,775)). However, on April 10, 2025, the Special Committee requested a review of the Tender Offer Price on the grounds that the proposed price did not sufficiently take into account the interests of the Company's minority shareholders. In response, on April 17, 2025, the Tender Offeror submitted a revised proposal that included a Tender Offer Price of JPY 2,320 per share (representing an 18.97% premium over the closing price of the Company Shares of JPY 1,950 on the Prime Market of the Tokyo Stock Exchange on the previous business day; a 22.23% premium over the simple average closing price for the previous one-month period (JPY 1,898); a 23.54% premium over the simple average closing price for the previous three-month period (JPY 1,878); and a 29.68% premium over the simple average closing price for the previous six-month period (JPY 1,789)). However, on April 21, 2025, the Special Committee once again requested a review of the Tender Offer Price on the grounds that the proposed price could not be considered to sufficiently consider the interests of the minority shareholders of the Company. In response, on April 24, 2025, the Tender Offeror submitted a revised proposal that included a Tender Offer Price of JPY 2,420 per share (representing a 21.98% premium over the closing price of the Company Shares of JPY 1,984 on the Prime Market of the Tokyo Stock Exchange on the previous business day; a 26.57% premium over the simple average closing price for the previous one-month period (JPY 1,912); a 27.84% premium over the simple average closing price for the previous three-month period (JPY 1,893); and a 34.07% premium over the simple average closing price for the previous six-month period (JPY 1,805)). However, on April 29, 2025, the Special Committee again requested a reconsideration of the Tender Offer Price on the grounds that the proposed price could not be considered to sufficiently reflect the interests of the minority shareholders of the Company. In response, on May 7, 2025, the Tender Offeror submitted a revised proposal setting the Tender Offer Price at JPY 2,490 (representing a premium of 28.02% over the closing price of the Company

Shares on the Prime Market of the Tokyo Stock Exchange as of the immediately preceding business day (JPY 1,945), a premium of 29.76% over the simple average closing price for the past one month (JPY 1,919), a premium of 30.64% over the simple average closing price for the past three months (JPY 1,906), and a premium of 36.36% over the simple average closing price for the past six months (JPY 1,826)). However, on May 9, 2025, the Special Committee again requested a reconsideration of the Tender Offer Price, stating that the proposed price could not be regarded as a level that sufficiently considers the interests of the Company's minority shareholders. In response, on May 12, 2025, the Tender Offeror submitted a final proposal setting the Tender Offer Price at JPY 2,520 (representing a premium of 22.57% over the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of the immediately preceding business day (JPY 2,056), a premium of 28.37% over the simple average closing price for the past one month (JPY 1,963), a premium of 31.52% over the simple average closing price for the past three months (JPY 1,916), and a premium of 37.18% over the simple average closing price for the past six months (JPY 1,837)). In response, on May 13, 2025, the Special Committee responded by indicating its agreement to set the Tender Offer Price at JPY 2,520 and reached an agreement based on a comprehensive assessment of the matters described in Item iii in "(B) Reasons for the Findings of the Special Committee Report" in "(c) Content of Decision" in "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest" in "3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment."

Throughout the above discussions and negotiations, the Company conducted its review of the Tender Offer Price during consultations and negotiations with the Tender Offeror based on the opinions received from the Special Committee and advice from Mizuho Securities and Gaien Partners. At the same time, the Special Committee received advice from its legal advisor, TMI Associates, as needed, engaged in exchanges of views with the Company and its advisors, and provided appropriate confirmations and approvals as necessary. Specifically, the contents of the Business Plan (defined below, hereinafter the same)—along with its key assumptions and the background of its preparation—which was presented by the Company to the Tender Offeror and used as the basis for the share valuation conducted by Mizuho Securities and Plutus Consulting, was reviewed in advance by the Special Committee and approved after the Special Committee confirmed its reasonableness. Moreover, Mizuho Securities, the Company's financial advisor, conducted negotiations with the Tender Offeror in accordance with the negotiation policy that had been deliberated and determined in advance by the Special Committee. Each time the Tender Offeror submitted a proposal regarding the Tender Offer Price, Mizuho Securities immediately reported the details to the Special Committee and, in turn, received the Special Committee's opinions, instructions, and requests concerning the negotiation policy and other relevant matters. Mizuho Securities then acted in accordance with those instructions, etc.

On May 13, 2025, the Company received a report (the "**Special Committee Report**") from the Special Committee stating the following: (i) it is recognized that the Transactions will contribute to enhancing the Company's corporate value and the purpose of the Transactions is reasonable; (ii) appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair; (iii) the offer

price in the Tender Offer and the other terms of the Transactions are fair and reasonable; (iv) the Transactions are not considered detrimental to the interests of the Company's minority shareholders and are fair to the general shareholders of the Company; and (v) the Special Committee supports the Board of Directors of the Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Company tender their shares in the Tender Offer. (For a summary of the Special Committee Report, please refer to "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest" in "3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment" below.) Additionally, on May 13, 2025, the Special Committee received from Plutus Consulting a share valuation report regarding the Company Shares (the "**Share Valuation Report (Plutus Consulting)**") and a fairness opinion stating that the Tender Offer Price of JPY 2,520 per share is fair to the general shareholders of the Company from a financial point of view (the "**Fairness Opinion**"). (For a summary of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, please refer to "(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser" in "(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest" in "3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment" below.)

(c) Content of Decision

In light of the above developments, the Company carefully discussed and considered at the Board of Directors meeting held on May 14, 2025 (i) whether the Transactions, including the Tender Offer, would contribute to enhancing the Company's corporate value and (ii) whether the terms of the Transactions, including the Tender Offer Price, are reasonable. In doing so, the Company gave maximum deference to the determinations set forth in the Special Committee Report and took into account financial advice received from Mizuho Securities, its financial advisor, legal advice received from Gaizen Partners, its legal advisor, and the contents of the share valuation report regarding the Company Shares submitted by Mizuho Securities on May 13, 2025 (the "**Share Valuation Report (Mizuho Securities)**").

As a result of these deliberations, and as further described below, the Company concluded that making the Company a wholly-owned subsidiary through the Transactions, including the Tender Offer by the Tender Offeror, would contribute to enhancing the corporate value of the Company.

With respect to the environment surrounding the domestic road paving industry in which the Company Group operates, according to the "First Mid-term Plan for the Implementation of National Resilience (Draft)," presented in the materials from the 22nd meeting of the National Resilience Promotion Headquarters dated April 1, 2025, the government is expected to allocate a budget exceeding JPY 20 trillion in the "Mid-term Plan for the Implementation of National Resilience" (covering FY 2026 to FY 2030), which it aims to finalize in June 2025. This exceeds the JPY 15 trillion budget of the "Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience" (covering FY 2021 to FY 2025). Accordingly, the Company Group recognizes that the external environment is likely to remain stable over the next five years (through FY 2029). In addition, expectations are high for initiatives such as the

development of a seamless network and automated logistics roads based on “WISNET2050,” which is being launched by the Ministry of Land, Infrastructure, Transport and Tourism following the release of the “Interim Summary on the Future of the High Standard Highway Network” by the National Highways Subcommittee of the Roads Committee under the Infrastructure Development Council on October 31, 2023, as well as infrastructure reinforcement plans under the fundamental enhancement of Japan’s defense capabilities. Although the Company’s financial results can be forecasted to a certain extent over the next five years, the outlook beyond that remains uncertain due to various factors. These include the potential for a declining trend in public investment as Japan’s fiscal condition is expected to worsen with the ongoing population decline caused by Japan’s aging and shrinking population, as well as the possibility of profit margins being squeezed due to rising raw material costs stemming from continued inflationary trends and increases in crude oil prices. In light of these uncertainties surrounding the market environment in the next 10 to 20 years, the Company believes it is necessary to expand its business areas and improve profitability in order to adapt to market conditions over the next 10 to 20 years. In addition, the Company recognizes the urgent need to improve productivity and implement automation and labor-saving measures in response to the chronic shortage of engineers and laborers. Furthermore, it acknowledges the necessity of ensuring quality in line with recent societal trends, reinforcing compliance, improving the workplace environment through work style reforms, and promoting diversity, equity, and inclusion (DE&I).

In light of the business environment surrounding the Company Group described above, the Company has determined that becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions will eliminate the structural conflict of interest between the Tender Offeror and the Company’s minority shareholders, enable the Tender Offeror to further invest management resources into the Company Group, and allow for the implementation of the following initiatives to realize synergies.

(A) Expansion of orders through strengthened collaboration on infrastructure renovation projects

Since becoming a consolidated subsidiary of the Tender Offeror, the Company has formed joint ventures (JVs) with the Tender Offeror and has been engaged in site preparation and infrastructure renovation projects. However, under the current circumstances in which both the Company and the Tender Offeror maintain their independence as listed companies, coordination and sharing of such information between the two companies results in that information being disclosed outside the Company Group. As a result, the parties are inevitably cautious in determining whether to provide such information and in defining the scope of information that can be shared. These limitations have led to challenges in achieving mutual understanding of strategic direction and in the speed of decision-making, which has led to lost order acquisition opportunities. Making the Company a wholly-owned subsidiary would eliminate those restrictions, and by reviewing approval authority and related processes, it is expected to strengthen close and swift communication, thereby accelerating the expansion of order acquisition through the formation of joint ventures (JVs).

(B) Strengthening the business foundation and collaboration in research and development under a shared medium- to long-term growth strategy

With respect to overseas operations, as with the expansion of orders through strengthened

collaboration on infrastructure renovation projects described in (A) above, limitations on collaboration and information sharing between the two companies have been a major factor preventing the Company from sufficiently pursuing the acquisition of non-Japanese clients, the entry into new overseas markets, and the expansion of its business areas—including ODA projects—in its overseas activities, which have primarily focused on Japanese companies in Thailand and Malaysia. However, by becoming a wholly-owned subsidiary, the Company believes it will be able to further strengthen information sharing on potential projects with the Tender Offeror and enhance joint customer outreach, thereby enabling the expansion of those business areas. The Company also believes that, with respect to M&A, becoming a wholly-owned subsidiary will enhance information sharing, enabling it to leverage the Tender Offeror's financial strength and its M&A-related resources and know-how to swiftly acquire companies with solid business foundations that contribute to the growth of the Company Group, thereby enabling effective and rapid growth of the Company Group. Through these initiatives, information sharing with the Tender Offeror is expected to broaden the scope of utilizing its private-sector sales network, and by strengthening sales efforts aimed at securing direct orders from private-sector clients, the Company Group anticipates increases in orders received and net sales. An increase in high-quality direct orders is also expected to improve the profitability of the Company Group as a whole.

In bidding for government projects, due to limitations on collaboration from the perspective of maintaining independence, the Company had been unable to fully share cost estimation and technical proposal know-how, making it difficult to submit highly competitive proposals and resulting in lost order opportunities. However, the Company believes that becoming a wholly owned subsidiary will enable it to acquire the Tender Offeror's expertise in government cost estimation and technical proposal preparation, leading to the creation of new order opportunities. In addition, with respect to procurement, because it was necessary to maintain a purchasing system independent from the Tender Offeror, the Company had, in principle, procured materials independently. However, becoming a wholly owned subsidiary will make it possible to utilize the Tender Offeror's purchasing system, and the Company believes that larger lot sizes will allow for lower unit prices, thereby contributing to a reduction in construction costs.

With respect to research and development, the Company recognizes the need to actively pursue automation and labor-saving measures, efficiency improvements, enhanced durability, and reduced environmental impact going forward. However, due to constraints on information sharing, the scope of joint research has been limited, and there have been limits to what the Company Group could achieve on its own. By becoming a wholly owned subsidiary, the Company will be able to leverage the Tender Offeror's management resources—including sales information on projects and clients, as well as know-how and technologies related to DX, the environment, and production processes—to more deeply align on research and development themes and promote collaborative efforts. This is expected to contribute to achieving carbon neutrality by 2050, reducing costs through automation and labor-saving measures, and advancing the Work motivation reform.

(C) Strengthening corporate governance and integrated management

The Company believes that becoming a wholly-owned subsidiary of the Tender Offeror would resolve the parent-subsidary listing issue, thereby enabling more rapid decision-making and enhanced corporate governance. From the perspective of integrated operations, the Company

believes that it will be able to collaborate with the Tender Offeror on new graduate and mid-career recruitment efforts by leveraging the Tender Offeror's brand, thereby enhancing its ability to secure talent.

From the perspective of the Work motivation reform and the promotion of DE&I, the Company has been advancing work style reforms targeting the so-called "2024 issue," focusing on reducing overtime hours and ensuring days off. In addition, as of April 2025, it has implemented a reform of its personnel system aimed at promoting diversity, equity, and the active participation of women. The Company believes that, by becoming a wholly-owned subsidiary, it will be able to further improve operational efficiency through the use of the Tender Offeror's cutting-edge DX and AI technologies, and more swiftly establish new ways of working. In addition, through training on diversity and equity based on the DE&I policies actively promoted by the Tender Offeror, the Company aims to become a company where employees feel a strong sense of purpose and fulfillment in their work.

(D) Reduction of listing maintenance costs and operational burden, and streamlining of financing

From the perspective of reducing listing maintenance costs and operational burden, the Company believes that becoming a wholly-owned subsidiary would alleviate the workload related to listing maintenance (such as listing fees, costs for the preparation of disclosure documents, fees paid to stock transfer agents, audit fees, and costs associated with earnings briefings) as well as the burden of dealing with minority shareholders. This would enable optimal personnel allocation, including the reassignment of staff to busy production sites, and lead to cost reductions.

From a financing perspective, the Company believes that, when necessary, it will be able to utilize group financing through the Tender Offeror to raise funds at a lower cost.

The Company has also considered the potential disadvantages of becoming a private company through the Transactions, including the impact of a decline in brand strength as a listed company on external credibility, including with business partners and other stakeholders; the potential decrease in employee motivation; the possibility of increased difficulty in securing talent; and the inability to raise funds through equity financing from the capital markets.

Both the Tender Offeror and the Company have already established a certain level of recognition within the industry and have earned social credibility as listed companies. Therefore, the Company believes that becoming a wholly owned subsidiary of the Tender Offeror through the Transactions is unlikely to have a negative impact on its external credibility, including with business partners and other stakeholders. In addition, given the Company's current financial condition, there is no foreseeable need to raise funds through equity financing in the near term, and the Company believes that it will continue to have access to funding through group financing within the Tender Offeror Group, making it unlikely that the Transactions would hinder its ability to raise capital. The Company believes that becoming a wholly-owned subsidiary will be acceptable to the business partners, employees, and other stakeholders of the Company Group, in light of the following: with respect to the management structure of the Company following the Transactions, the Tender Offeror does not intend to change the Company's name and intends to maintain the current management and operational policies, which respect the Company's managerial independence; the future management structure of the Company will be determined through discussions between the

two companies, and will include consideration of the organizational structure and various functions associated with delisting, as well as revisions to reporting and communication systems, with the aim of implementing various initiatives and further strengthening the business foundation of the Company; and the Tender Offeror plans to maintain the employment of the Company's employees after the Tender Offer and, in principle, to maintain their current working conditions.

Furthermore, based on the reasons stated in “(ii) Details on treatment of fractional shares and the appropriateness of the expected proceeds” in “(1) Basis and rationale for the amount of proceeds” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” below, the Company has also determined that the Tender Offer Price and the other terms and conditions of the Tender Offer (including the fact that a so-called “Majority of Minority” has not been set and the duration of the Tender Offer Period) are reasonable, and that the Tender Offer provides the shareholders of the Company with an opportunity to sell the Company Shares at a price with a reasonable premium and under reasonable terms and conditions.

In light of the above, the Company has determined that the Transactions will contribute to enhancing its corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Accordingly, at the meeting of the Board of Directors held on May 14, 2025, the Company resolved to express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer.

For details of the method of that resolution of the Board of Directors, please refer to “(viii) Approval of All Disinterested Directors of the Company and Opinion of No Objection of All Corporate Auditors Disinterested in the Company” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” below.

Subsequently, as described above, the Tender Offer has been successfully completed. However, since the Tender Offeror was not able to acquire all of the Company Shares through the Tender Offer, the Company, at the request of the Tender Offeror, resolved at the Board of Directors meeting held today to implement a share consolidation (the “**Share Consolidation**”), subject to the approval of shareholders at the Extraordinary Shareholders’ Meeting, in order to make the Tender Offeror the sole shareholder of the Company. Accordingly, the Company has resolved to submit the proposal regarding the Share Consolidation to the Extraordinary Shareholders’ Meeting.

It should be noted that, as a result of the Share Consolidation, the number of the Company Shares held by shareholders other than the Tender Offeror is expected to fall below one share and become fractional shares.

2. Summary of the Share Consolidation

(1) Schedule of the Share Consolidation

(i) Record date public notice for the Extraordinary Shareholders’ Meeting	June 26, 2025
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(ii) Record date for the Extraordinary Shareholders' Meeting	July 11, 2025
(iii) Date of Board of Directors resolution	July 29, 2025
(iv) Date of the Extraordinary Shareholders' Meeting	September 12, 2025 (tentative)
(v) Designation as securities to be delisted	September 12, 2025 (tentative)
(vi) Final trading date of the Company Shares	October 9, 2025 (tentative)
(vii) Delisting date of the Company Shares	October 10, 2025 (tentative)
(viii) Effective date of the Share Consolidation	October 15, 2025 (tentative)

(2) Details of the Share Consolidation

- (i) Class of shares subject to consolidation: Common shares
- (ii) Consolidation ratio: 5,200,000 shares will be consolidated into one share.
- (iii) Decrease in the number of issued shares: 43,942,067 shares (tentative)
- (iv) Number of issued shares before the effective date: 43,942,075 shares (tentative)

(Note 3) As stated in the press release dated July 29, 2025, titled "Notice Regarding Cancellation of Treasury Shares," the Company has resolved at the Board meeting held on the same day to cancel all of its treasury shares as of October 14, 2025. Accordingly, the "Number of issued shares before the effective date" reflects the number after deducting the treasury shares (4,265 shares) held as of July 11, 2025, which are scheduled for cancellation.

- (v) Number of issued shares after the effective date: 8 shares
- (vi) Total number of authorized shares as of the effective date: 32 shares
- (vii) Treatment of fractional shares arising from the Share Consolidation and amount of proceeds expected to be delivered to shareholders as a result of that treatment
 - (a) Application of Article 235, paragraph (1) or Article 234, paragraph (2) (as Article 235, paragraph (2)) of the Companies Act, and the rationale therefor

As stated in "1. Purpose and Reason for the Share Consolidation" above, the number of Company Shares held by shareholders other than the Tender Offeror is expected to fall below one share, resulting in fractional shares due to the Share Consolidation.

Fractional shares resulting from the Share Consolidation will be aggregated, and if the total number includes a fractional share, that portion will be rounded down pursuant to Article 235, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same). The number of whole shares equivalent to the aggregate will be sold in accordance with Article 235 of the

Companies Act and other applicable laws and regulations, and the proceeds from that sale will be distributed to the shareholders in proportion to their respective fractional shares.

Given that (a) the Share Consolidation is being implemented as part of the Transactions with the aim of making the Tender Offeror the sole shareholder of the Company, (b) the Company Shares are expected to be delisted as of October 10, 2025 and will cease to have a market price, and (c) it is unlikely that a buyer would emerge through an auction, the Company plans to sell the number of Company Shares equivalent to the aggregate of the fractional shares to the Tender Offeror, subject to court approval, in accordance with Article 234, paragraph (2) as applied *mutatis mutandis* under Article 235, paragraph (2) of the Companies Act.

If the necessary court approval is obtained as scheduled, the sale price is expected to be set so that the shareholders listed or recorded in the final shareholder register as of October 14, 2025, the day before the effective date of the Share Consolidation, will receive an amount equivalent to JPY 2,520 per share (which is the same as the Tender Offer Price) multiplied by the number of Company Shares they hold. However, the actual amount delivered might differ from the above amount if court approval is not obtained or if rounding adjustments are required.

- (b) Name of the buyer expected to purchase the shares subject to sale

Shimizu Corporation (the Tender Offeror)

- (c) Method by which the expected buyer will secure funds for payment and the appropriateness thereof

The Tender Offeror intends, in principle, to fund the acquisition of the Company Shares corresponding to the total number of fractional shares arising from the Share Consolidation using its own capital. The Company has confirmed that the Tender Offeror is capable of securing the funds necessary for acquiring the Company Shares corresponding to the total number of fractional shares arising from the Share Consolidation, based on the balance of cash and cash equivalents as of March 31, 2025, as stated in the Tender Offeror's Annual Securities Report for the 123rd fiscal year submitted on June 27, 2025, as well as the bank balance certificate as of May 13, 2025, attached to the Tender Offer Registration Statement. According to the Tender Offeror, no events have occurred since the end of March 2025 that would materially affect its financial condition or otherwise hinder its ability to pay the purchase price for the Company Shares corresponding to the total number of fractional shares resulting from the Share Consolidation, and it is not aware of any such risks going forward. Accordingly, the Company has determined that the method by which the Tender Offeror intends to secure the funds to pay for the purchase of the Company Shares corresponding to the total number of fractional shares resulting from the Share Consolidation is appropriate.

- (d) Expected timing of the sale and distribution of proceeds to shareholders

Following the effective date of the Share Consolidation, the Company plans to file a petition with the court in late October 2025, seeking approval under Article 234, paragraph (2) of the Companies Act, as applied *mutatis mutandis* under Article 235, paragraph (2), to sell to the Tender Offeror the number of Company Shares equivalent to the total number of fractional shares resulting from the Share Consolidation. The timing of such court approval may vary depending on the court's

schedule. However, the Company expects to sell the shares to the Tender Offeror between early November and early December 2025, and, after completing the necessary preparations for the distribution, expects to distribute the proceeds to shareholders between late December 2025 and early January 2026.

Taking into account the time required for the procedures from the effective date of the Share Consolidation through the sale process, the Company believes that the sale of the number of Company Shares equivalent to the total number of fractional shares resulting from the Share Consolidation and the distribution of the proceeds to shareholders will occur during the respective periods described above.

3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment

(1) Basis and rationale for the amount of proceeds

- (i) Considerations in cases where a parent company, etc. exists to avoid harming the interests of other shareholders

The Share Consolidation is being implemented as part of a series of procedures (the “**Squeeze-Out Procedures**”) to make the Tender Offeror the sole shareholder of the Company following the completion of the Tender Offer. Given that the Company is a subsidiary of the Tender Offeror, and the Transactions, including the Tender Offer, constitute a material transaction with a controlling shareholder—and that such a transaction typically involves structural conflicts of interest and information asymmetries between the Tender Offeror and the Company’s minority shareholders—the Company and the Tender Offeror have implemented the measures described in “(3) Measures to Ensure Fairness and Avoid Conflicts of Interest” below to address these issues and ensure the fairness of the Transactions including the Tender Offer.

- (ii) Method of treatment where fractional shares arise, and matters concerning the amount of proceeds expected to be delivered to shareholders through such treatment and the appropriateness thereof

As stated in “(a) Application of Article 235, paragraph (1) or Article 234, paragraph (2) (as Article 235, paragraph (2)) of the Companies Act, and the Rationale Therefor” under “(vii) Method of Treatment Where Fractional Shares Arise, and Matters Concerning the Amount of Proceeds Expected to Be Delivered to Shareholders Through Such Treatment and the Appropriateness Thereof” in “(2) Details of the Share Consolidation” in “2. Summary of the Share Consolidation” above, the amount of proceeds expected to be delivered to shareholders as a result of the fractional share treatment will be calculated by multiplying JPY 2,520 (the same amount as the Tender Offer Price) by the number of Company Shares held by each shareholder immediately before the Share Consolidation.

The Company has also determined, based on the following factors, among others, that the Tender Offer Price and the other terms and conditions of the Tender Offer (including the fact that a so-called “Majority of Minority” has not been set and the duration of the Tender Offer Period) are reasonable, and that the Tender Offer provides the shareholders of the Company with an opportunity to sell the Company Shares at a price with a reasonable premium and under reasonable terms and conditions.

- a. As stated in “(ii) Share Valuation Report Obtained by the Company from an Independent Third-Party Appraiser” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” below, the Tender Offer Price exceeds the upper limit of the calculation results based on the market price method as calculated by Mizuho Securities in its valuation of the Company Shares, falls within the range of the calculation results based on the comparable company analysis method, and is within the range of the calculation results based on the discounted cash flow method (the “**DCF Analysis**”).
- b. As stated in “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” below, the Tender Offer Price exceeds the upper limit of the calculation results based on the market price method as calculated by Plutus Consulting in its valuation of the Company Shares, falls within the range of the calculation results based on the comparable company analysis method, and is above the median of the calculation results based on the DCF Analysis. In addition, the Special Committee has obtained a Fairness Opinion from Plutus Consulting stating that the Tender Offer Price of JPY 2,520 per share is fair to the general shareholders of the Company from a financial point of view.
- c. The Tender Offer Price of JPY 2,520 per share represents a premium of 16.18% over the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025 (JPY 2,169) (rounded to the second decimal place; hereinafter the same with respect to premium percentages), a premium of 26.63% over the simple average closing price for the most recent one-month period (JPY 1,990), a premium of 30.84% over the simple average closing price for the most recent three-month period (JPY 1,926), and a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845). While these premiums are all below the median premium rates (41.40%, 43.00%, 40.00%, and 38.77%, respectively) of 75 similar tender offers (tender offers aimed at making a company a wholly owned subsidiary by a controlling shareholder (excluding MBOs, cases with no minority squeeze-out measures following the tender offer, and two-step tender offers) announced after the Ministry of Economy, Trade and Industry published the “Guidelines for Fair M&A” on June 28, 2019 (using the business day immediately preceding the public announcement as the reference date for calculating the premium over the closing price and the simple average closing prices for the past one, three, and six months)), it is believed that the following factors should be taken into account when assessing the premium levels: (i) (a) The volatility of the Company’s share price over the most recent one-month period was 12.97%, while the average monthly volatility over the preceding six-month period (October 2024 to March 2025) was 6.80%, indicating a very high level of volatility in the most recent month. (b) Over the four trading days immediately preceding the announcement date, the Company’s market share price rose sharply by 9.82%, and the average daily trading volume during this period was 187,225 shares, compared to the average daily trading volume of 60,129 shares over the past year. Given that the average daily trading volume of the Company Shares increased significantly and the Company made no new timely disclosures during that four-trading day period, it is reasonably inferred that speculative trading exceeding normal volumes took place during that time, resulting in a

sudden surge in the market price of the Company Shares. In light of (a) and (b) above, it is not appropriate to place undue weight on short-term market prices—particularly the market price on the business day immediately preceding the announcement date, the one-month average market price, or the three-month average market price which tends to be influenced by such recent levels—and instead it is considered appropriate to place greater weight on the comparison with the simple average closing price over the past six months, which is a longer-term indicator. While the median premium rate over the simple average closing price for the past six months in similar cases is 38.77%, the Tender Offer Price represents a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845), with a deviation of only 2.18%, which is considered small. (ii) (a) Since April 7, 2025, both the Nikkei Stock Average and the share price of the Company Shares have risen sharply (specifically, the Nikkei Stock Average rose by JPY 7,047 (22.63%) from the closing price of JPY 31,136 on April 7, 2025 to JPY 38,183 on May 13, 2025, the business day immediately before the public announcement; the Company’s share price rose by JPY 389 (21.85%) from the closing price of JPY 1,780 on April 7, 2025 to JPY 2,169 on May 13, 2025, the business day immediately before the public announcement). (b) According to newspaper and other media reports, the rise in share price was likely driven by the announcement and subsequent suspension of reciprocal tariffs in the United States. (c) Since April 7, 2025, the Company has not made any new timely disclosures, and the share price fluctuations of the Company Shares are not considered to reflect any specific public announcements made by the Company. In view of the above, the share price of the Company Shares on the business day immediately prior to the announcement and the average prices over the past one month may have been temporarily affected by the reciprocal tariff announcements. Therefore, when also referencing premium rates based on April 4, 2025, the business day immediately preceding the sharp rise in share prices, the premium rates over the closing price on that day and the simple average closing prices for the past one, three, and six months as of that day were 39.23%, 32.49%, 35.48%, and 41.97%, respectively, and the premium over the simple average closing price for the past six months exceeded the median premium rate over the past six months in similar cases. Based on the above, it is believed that the Tender Offer Price includes a premium that is not inferior to those in the comparable cases described above.

- d. The Tender Offer Price exceeds the Company’s highest share price of JPY 2,410 (which was the highest intraday price recorded on January 4, 2024).
- e. Measures to ensure the fairness of the Tender Offer, as described in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” below, have been taken and it is recognized that the interests of the minority shareholders of the Company are being protected.
- f. It is also noted that, after the implementation of those measures, the Company engaged in good-faith negotiations with the Tender Offeror with substantial involvement of the Special Committee, which is independent from both the Company Group and the Tender Offeror Group, and that the Tender Offer Price reflects an increase from the initial proposed price of JPY 2,200 presented by the Tender Offeror.

- g. As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” below, the Special Committee Report obtained from the Special Committee, which is independent from the Company, determined that the terms of the Transactions, including the Tender Offer Price, are fair and reasonable.

In addition, as described in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” below, although a so-called “Majority of Minority” (setting of a minimum number of shares to be tendered by minority shareholders) has not been set for the Tender Offer, it is understood that other measures have been sufficiently taken to ensure the fairness of the Tender Offer Price. In light of that, the absence of a so-called “Majority of Minority” alone does not mean that appropriate measures to ensure fairness have not been taken. Further, as stated in “(x) Measures to Ensure Opportunities for the Company’s Shareholders to Appropriately Determine Whether to Tender Their Shares in the Tender Offer” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” below, the Tender Offer Period has been set at 30 business days, even though the statutory minimum is 20 business days. Considering these factors, it is believed the terms of the Tender Offer other than the Tender Offer Price also give consideration to ensuring the fairness of the Tender Offer and are reasonable.

In light of the above, the Company has determined that the Transactions will contribute to enhancing its corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Accordingly, at the meeting of the Board of Directors held on May 14, 2025, the Company resolved to express its opinion in support of the Tender Offer and to recommend that its shareholders tender their shares in the Tender Offer.

For details of the method of that resolution of the Board of Directors, please refer to “(viii) Approval of All Disinterested Directors of the Company and Opinion of No Objection of All Corporate Auditors Disinterested in the Company” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” below.

The Company has confirmed that, from the time of the Board of Directors resolution on May 14, 2025, in which the Company expressed its opinion in support of the Tender Offer and recommended that its shareholders tender their shares, to the time of the Board of Directors resolution held today to convene the Extraordinary Shareholders’ Meeting, there has been no material change to the conditions forming the basis of the calculation of the Tender Offer Price.

In light of the above, the Company has determined that the amount of money expected to be delivered to shareholders as a result of the processing of fractional shares is reasonable.

- (iii) Disposition of Significant Assets, Assumption of Significant Liabilities, and Other Events that Significantly Affect the Company’s Financial Position Occurring After the End of the Most Recent Fiscal Year

- (a) The Tender Offer

As stated in “1. Purpose and Reason for the Share Consolidation” above, the Tender Offeror acquired 16,796,643 shares of the Company Shares tendered in the Tender Offer on July 2, 2025, the

commencement date of the settlement of the Tender Offer. As a result, the Tender Offeror came to hold 388,146 voting rights, representing 88.33% ownership of the total voting rights pertaining to the Company Shares.

(b) Cancellation of Treasury Shares

At the Board of Directors meeting held today, the Company resolved to cancel all of its treasury shares held as of October 14, 2025. This cancellation is conditional upon the approval of the proposal regarding the Share Consolidation at the Extraordinary Shareholders' Meeting.

(2) Expected Delisting of the Company Shares

(i) Delisting

As stated in "1. Purpose and Reason for the Share Consolidation," the Company intends to implement the Share Consolidation subject to shareholder approval at the Extraordinary Shareholders' Meeting, as a result of which the Tender Offeror will become the sole shareholder. Accordingly, the Company Shares are expected to be delisted from the Tokyo Stock Exchange pursuant to its delisting standards and through the prescribed procedures.

The schedule currently anticipates that the Company Shares will be designated as securities to be delisted from September 12, 2025, to October 9, 2025, and will be officially delisted on October 6, 2025. After delisting, the Company Shares will no longer be traded on the Tokyo Stock Exchange Prime Market.

(ii) Purpose of Delisting

As stated in "1. Purpose and Reason for the Share Consolidation" above, the Company concluded that making the Company a wholly-owned subsidiary through the Transactions, including the Tender Offer by the Tender Offeror, would contribute to enhancing the corporate value of the Company.

(iii) Impact on Minority Shareholders and the Company's View

As described in "(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee" in "(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest" below, the Company consulted the Special Committee regarding whether the Transactions would be detrimental to the minority shareholders of the Company and received the Special Committee Report stating that the Transactions are not deemed to be disadvantageous to the minority shareholders of the Company.

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

The Share Consolidation is being implemented as part of the Squeeze-Out Procedures following the successful completion of the Tender Offer. Given that the Company is a subsidiary of the Tender Offeror, that the Transactions constitute a material transaction with a controlling shareholder, and that the

Transactions are, by their nature, transactions that inherently involve structural conflicts of interest and information asymmetry between the Tender Offeror and the Company's minority shareholders, the Tender Offeror and the Company have taken the following measures to address these concerns and to ensure the fairness of the Tender Offer.

As stated in "(i) Overview of the Tender Offer" in "(2) Basis and Reasons for Opinions on the Tender Offer" in "3. Details, Basis and Reasons for the Opinion on the Tender Offer" in the Opinion Press Release, the Tender Offeror owns 22,018,000 Company Shares as of May 14, 2025 (ownership ratio: 50.11%). Therefore, the Tender Offeror has not set a so-called "Majority of Minority" minimum number of shares to be purchased in the Tender Offer, as doing so could make the completion of the Tender Offer uncertain and might not be in the best interests of the minority shareholders of the Company that wish to tender their shares. However, the Tender Offeror and the Company believe that sufficient consideration has been given to the interests of the minority shareholders of the Company, as the measures in (i) through (x) below have been implemented to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest. In the Special Committee Report, the Special Committee determined that, in light of the fact that other measures to ensure fairness have been sufficiently implemented, the mere absence of a so-called "Majority of Minority" does not, by itself, warrant the conclusion that appropriate measures to ensure fairness have not been taken. The Company shares this view.

In addition, the descriptions below regarding the measures implemented by the Tender Offeror are based on explanations provided by the Tender Offeror.

(i) Share Valuation Report Obtained by the Tender Offeror from an Independent Third-Party Appraiser

(a) Name of the Appraiser and Relationship with the Company and the Tender Offeror

In order to ensure the fairness of the Tender Offer Price, and in determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, the financial advisor of the Tender Offeror, to conduct a valuation on the Company Shares as a third-party valuation agency independent of the Tender Offeror and the Company.

Nomura Securities is not a related party of the Tender Offeror or the Company and has no material interest in the Tender Offer.

(b) Summary of Calculation

After considering the valuation method to be adopted in conducting the valuation on the Company Shares from among various share valuation methods, Nomura Securities carried out the valuation on the Company Shares by using the average market price method given that the market price of the Company Shares exists, the comparable company method given that there are several listed companies comparable to the Company and it is possible to make analogical inference of the share value of the Company Shares through comparison with comparable companies, and the DCF Analysis in order to reflect the future business activities in the valuation. The Tender Offeror received the share valuation report from Nomura Securities on May 13, 2025 (the "**Tender Offeror Share Valuation Report**"). (Note)

The Tender Offeror has not obtained an opinion with regard to the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities since the Tender Offeror has comprehensively

considered the various factors set out in “(ii) Background, Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer” in “(2)Basis and Reasons for Opinions on the Tender Offer” in the Opinion Press Release and in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in this press release, and believes that the interests of the Company’s minority shareholders have been adequately considered.

The ranges of the values per Company Share, which were valued by each of the above-mentioned analysis methods by Nomura Securities, are as follows:

Average market price method: from JPY 1,845 to JPY 2,169

Comparable company method: from JPY 1,987 to JPY 3,065

DCF Analysis: from JPY 1,851 to JPY 3,021

Under the average market price method, using May 13, 2025 as the valuation reference date, the value per share of the Company Shares was valued to be ranging from JPY 1,845 to JPY 2,169 based on the closing price of the valuation reference date (JPY 2,169), the simple average closing price for the most recent five business days prior to the valuation reference date (JPY 2,086), the simple average closing price for the most recent one month prior to the valuation reference date (JPY 1,990), the simple average closing price for the most recent three months prior to the valuation reference date (JPY 1,926) and the simple average closing price for the most recent six months prior to the valuation reference date (JPY 1,845) of the Company Shares on the Prime Market of the Tokyo Stock Exchange.

Under the comparable company method, the value of the Company Shares was valued by comparing the market prices and financial indicators showing profitability, etc., of listed companies engaged in businesses that are similar to that conducted by the Company. Through this analysis, the value per share of the Company Shares was valued to be ranging from JPY 1,987 to JPY 3,065.

Under the DCF Analysis, the corporate value and the share value of the Company was analyzed and valued by discounting to the current value at a certain discount rate the free cash flow that the Company is expected to generate in the future based on the Company’s future earnings forecasts for the fourth quarter ending March 31, 2025 and thereafter, taking into account various factors, including the Company’s estimated future earnings and investment plan in the business plan for the six year fiscal period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2030, which were obtained from the Company (free cash flow was not included in the business plan obtained from the Company) and reviewed and provided by the Tender Offeror to Nomura Securities, and the Company’s recent performance trends and publicly disclosed information. Through this analysis, the value per share of the Company Shares was valued to be ranging from JPY 1,851 to JPY 3,021. The financial forecasts of the Company that Nomura Securities used for the DCF Analysis do not include any fiscal year in which a significant increase or decrease in profit or a significant increase or decrease in free cash flow is expected. Furthermore, the business plan of the Company on which the DCF Analysis was based does not include any fiscal year in which a significant increase or decrease in profit is expected. In addition, this business plan is not premised on the execution of the Transactions and does not reflect the synergies expected from completion of the Transactions as such synergies are difficult to specifically estimate at present.

On May 13, 2025, based on the results of discussions and negotiations with the Company, the Tender Offeror finally determined that the Tender Offer Price would be JPY 2,520, comprehensively taking into account: (i) the valuation results of the Company Shares in the Tender Offeror Share Valuation Report obtained from Nomura Securities; (ii) the result of the due diligence on the Company that was carried out during the period from early March 2025 to early April 2025; (iii) whether the board of directors of the Company would support the Tender Offer; and (iv) expected levels of tendering in the Tender Offer.

The Tender Offer Price (JPY 2,520) was calculated by adding a premium of (i) 16.18% to JPY 2,169, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, the business day immediately preceding the day on which the implementation of the Tender Offer was announced, (ii) a premium of 26.63% to JPY 1,990, the simple average closing price for the previous one-month period ending on the same date, (iii) a premium of 30.84% to JPY 1,926, the simple average closing price for the previous three-month period ending on the same date, and (iv) a premium of 36.59% to JPY 1,845, the simple average closing price for the previous six-month period ending on the same date.

The Tender Offeror acquired 2,220,200 shares of the Company Shares (11,101,000 shares on the post-Share Split (“**Share Split**” means the 5-for-1 share split of its shares, the Company conducted on October 1, 2023.) basis) (ownership ratio at that time: 25.26%) at JPY 10,000 per share (JPY 2,000 on the post-Share Split basis) through the 2022 Tender Offer (“**2022 Tender Offer**” means the tender offer, the Tender Offeror conducted for the Company Shares with the aim of making the Company its consolidated subsidiary on February 9, 2022.). There is a difference of JPY 520 between such acquisition price of JPY 2,000 on the post-Share Split basis and the Tender Offer Price of JPY 2,520. This difference is due to the following facts: (i) the acquisition price in the 2022 Tender Offer was calculated by adding a premium of 19.19% to JPY 8,390 (JPY 1,678 on the post-Share Split basis), the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on February 8, 2022, the business day immediately preceding the date on which the 2022 Tender Offer was published, whereas the Tender Offer Price was calculated by adding a premium of 16.18% to JPY 2,169 to the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, the business day immediately preceding the date on which the Tender Offer was published, and (ii) the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025, which was JPY 2,169 is 29.26% higher than the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on February 8, 2022, which was JPY 1,678 on the post-Share Split basis.

(Note) In calculating the share value of the Company Shares, Nomura Securities has assumed that the public information and all information provided to Nomura Securities is accurate and complete, and has not independently verified the accuracy or completeness of such information. With respect to the assets or liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliates, Nomura Securities has not conducted any independent evaluation, appraisal, or assessment, including analysis and valuation of individual assets and liabilities, nor has it requested any third-party agency to conduct any such appraisal or assessment. Nomura Securities has assumed that the financial forecasts (including profit plans and other information) of the Company have been reasonably reviewed or created by the management of the Tender Offeror based on the best and most sincere forecasts and

judgments available at the present. The valuation by Nomura Securities reflects the information and economic conditions available to Nomura Securities as of May 13, 2025. The sole purpose of the valuation by Nomura Securities is to contribute information for the reference of the board of directors of the Tender Offeror in considering the value of the Company Shares.

(ii) Share Valuation Report Obtained by the Company from an Independent Third-Party Appraiser

(a) Name of the Appraiser and Relationship with the Company and the Tender Offeror

In expressing its opinion on the Transactions, including the Tender Offer, the Company requested Mizuho Securities, a financial advisor and third-party appraiser independent from both the Company and the Tender Offeror, to evaluate the value of the Company Shares in order to ensure the fairness of the decision-making process regarding the Tender Offer Price proposed by the Tender Offeror. As a result, the Company obtained the Share Valuation Report (Mizuho Securities) dated May 13, 2025.

Mizuho Securities is not a related party of either the Company or the Tender Offeror and does not have any material interest in the Transactions, including the Tender Offer. While Mizuho Bank, Ltd. (“**Mizuho Bank**”), a group company of Mizuho Securities, is a shareholder of the Tender Offeror and engages in ordinary banking transactions, including loan transactions, with both the Company and the Tender Offeror, and while Mizuho Trust & Banking Co., Ltd. (“**Mizuho Trust Bank**”), also a group company of Mizuho Securities, engages in ordinary banking transactions, including loan transactions, with both the Company and the Tender Offeror, neither Mizuho Bank nor Mizuho Trust Bank has any material interest that would give rise to a conflict of interest with the Company or the Tender Offeror with respect to the Transactions, including the Tender Offer. According to Mizuho Securities, in accordance with Article 36, paragraph (2) of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) and Article 70-4 of the Cabinet Office Ordinance on Financial Instruments Business (Cabinet Office Ordinance No. 52 of 2007, as amended), it has established and implemented appropriate conflict of interest management systems, including information barriers between Mizuho Securities, Mizuho Bank, and Mizuho Trust Bank, and has conducted the valuation of the Company Shares from an independent position, separate from Mizuho Bank’s status as a shareholder and lender and Mizuho Trust Bank’s status as a lender. The Company has determined that there are no particular issues with requesting Mizuho Securities to conduct the valuation of the Company Shares in light of the fact that appropriate measures to prevent adverse effects have been implemented between Mizuho Securities, Mizuho Bank, and Mizuho Trust Bank; that transactions between the Company and Mizuho Securities are conducted under terms equivalent to those with general business partners, thereby ensuring sufficient independence in performing its duties as a financial advisor and third-party appraiser for the Transactions; and that Mizuho Securities has a proven track record of serving as a third-party appraiser in similar past cases. In addition, the compensation to be paid to Mizuho Securities in connection with the Transactions consists solely of a fixed fee that is payable regardless of whether the Transactions are successfully completed, and does not include any incentive fee contingent upon the announcement or completion of the Transactions. At the meeting of the Special Committee held on February 21, 2025, after confirming that there were no particular issues regarding the independence and expertise of Mizuho Securities, the Special Committee approved the appointment of Mizuho Securities as the Company’s financial advisor and third-party appraiser.

(b) Summary of Calculation

As a result of considering which of several share valuation methods should be applied, Mizuho Securities adopted the market price method, given that the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and have a market price. In addition, as there are several listed companies engaged in businesses relatively similar to that of the Company, making it possible to infer share value through comparison, Mizuho Securities also adopted the comparable company analysis method. Furthermore, in order to reflect the Company's future business activities in the valuation, Mizuho Securities applied the DCF Analysis. Using these methods, Mizuho Securities evaluated the per-share value of the Company Shares, and the Company obtained the Share Valuation Report (Mizuho Securities) from Mizuho Securities on May 13, 2025. In light of the fact that sufficient measures to ensure fairness have been implemented, including those described in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” and “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” below, the Company has not obtained a written opinion (fairness opinion) from Mizuho Securities stating that the Tender Offer Price is fair from a financial point of view for the shareholders of the Company other than the Tender Offeror.

According to the Share Valuation Report (Mizuho Securities), the ranges of per-share value of the Company Shares calculated based on each of the above methods are as follows.

Market price method:	JPY 1,845 – JPY 2,169
Comparable company analysis method	JPY 2,491 – JPY 3,099
DCF Analysis	JPY 1,996 – JPY 3,135

Under the market price method, using May 13, 2025, the business day immediately preceding the announcement date of the Tender Offer, as the reference date, Mizuho Securities calculated the per-share value range of the Company Shares to be from JPY 1,845 to JPY 2,169, based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the reference date (JPY 2,169), the simple average of the closing prices for the previous one-month period up to and including the reference date (JPY 1,990; rounded to the nearest yen, hereinafter the same with respect to each simple average), the simple average of the closing prices for the previous three-month period (JPY 1,926), and the simple average of the closing prices for the previous six-month period (JPY 1,845).

Under the comparable company analysis method, Mizuho Securities selected Toa Road Corporation and Seikitokyu Kogyo Co., Ltd. as listed companies engaged in businesses relatively similar to that of the Company, and calculated the value of the Company Shares using the EBITDA multiples to enterprise value. Based on that analysis, Mizuho Securities calculated the per-share value range of the Company Shares to be from JPY 2,491 to JPY 3,099.

Under the DCF Analysis, Mizuho Securities calculated the enterprise value and equity value of the Company by discounting, at a certain discount rate, the free cash flow the Company is expected to generate from the fourth quarter of the fiscal year ended March 2025 based on the Company's

business plan for the period from the fiscal year ended March 2025 to the fiscal year ending March 2030 (the “**Business Plan**”), along with investment plans and other factors contained therein, as well as publicly available information. Based on this analysis, Mizuho Securities calculated the per-share value range of the Company Shares to be from JPY 1,996 to JPY 3,135. The discount rate applied ranged from 6.3% to 7.3%. In addition, in calculating the going concern value, Mizuho Securities adopted both the perpetuity growth method and the exit multiple method. Under the perpetuity growth method, a perpetual growth rate of -0.5% to 0.5% was applied, and under the exit multiple method, an EBITDA multiple of 6.1 times to 8.1 times was applied.

The financial projections used as the basis for the analysis using the DCF Analysis are as follows, and although they do not include fiscal years in which significant increases or decreases in profit are expected, they do include fiscal years in which significant fluctuations in free cash flow are expected. For the fiscal year ended March 2025, free cash flow is expected to increase by JPY 11,551 million from the previous fiscal year due to a decrease in capital expenditures for complex facilities and a smaller increase in working capital.

In addition, the financial projections do not reflect any synergies expected to be realized through the execution of the Transactions, as it is currently difficult to estimate them with specificity, and such synergies were not included in the valuation conducted by Mizuho Securities, which was based on those projections. The Special Committee conducted a Q&A session with the Company regarding the content and preparation process of those financial projections, and confirmed that there were no unreasonable aspects in light of the interests of the minority shareholders of the Company.

(Unit: million yen)

	Fiscal year ended March 2025 (three months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Net sales	42,457	167,000	169,000	172,500	177,000	180,000
Operating income	2,480	9,400	10,100	10,800	12,000	13,000
EBITDA	3,850	13,538	13,835	14,328	15,400	16,220
Free cash flow	(1,228)	4,760	5,747	4,204	5,251	6,121

In calculating the share value of the Company Shares, Mizuho Securities has, in principle, used the information provided by the Company and publicly available information as is, assumed that all such information is accurate and complete, and has not independently verified the accuracy and completeness of such information. In addition, with respect to the financial forecasts and other future information (including forecasts of future revenues and expenses, forecasts of cost savings, and business plans) of the Company and its affiliates, Mizuho Securities has assumed that such information has been reasonably prepared or created by the management of the Company based on the best and most sincere forecasts and judgments available at this time, and has not independently verified the feasibility of such information. With respect to the assets and liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) and

allowances of the Company and its affiliates, Mizuho Securities has not conducted any independent evaluation, appraisal, or assessment, including analysis and valuation of individual assets and liabilities, nor has it requested any third-party institution to conduct any such evaluation, appraisal, or assessment. The valuation by Mizuho Securities reflects the information and economic conditions available to Mizuho Securities as of May 13, 2025 (provided, however, that the financial information is as of the end of December 2024 (end of the third quarter)). The sole purpose of the calculation by Mizuho Securities is to contribute to the reference for the Board of Directors of the Company to consider the Tender Offer Price.

- (iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee
 - (a) Background to Establishment, Etc.

As stated in “1. Purpose and Reason for the Share Consolidation” above, after receiving a notice from the Tender Offeror on January 9, 2025 that it was commencing consideration of the Transactions, on February 13 and 17, 2025 and prior to establishing the Special Committee, with advice from Gaien Partners, provided an explanation to all of its directors and auditors, including its independent outside directors serving at that time that it had received a proposal from the Tender Offeror to begin discussions on making the Company a wholly-owned subsidiary through the Tender Offer, as well as a Letter of Intent outlining the expected synergies, structure, and schedule of the Transactions. The Company also explained that, in order to establish a framework for examining, negotiating, and making decisions on the Transactions from an independent standpoint and from the perspective of enhancing the corporate value of the Company and protecting the interests of its minority shareholders, it would be necessary to implement sufficient measures to ensure the fairness of the terms of the Transactions, including the establishment of a Special Committee, since the Transactions are considered to typically involve structural conflicts of interest and issues of information asymmetry. The Company, with advice from Gaien Partners, also confirmed the independence and qualifications of its independent outside directors who were the candidates for membership on the Special Committee. Based on the confirmation that the candidates are independent from both the Tender Offeror Group and the Company Group (it has been confirmed that Mr. Nozomu Morimura, Mr. Taku Matsumoto, and Ms. Fumiko Kosao have no material interests with either the Tender Offeror Group or the Company Group) and that they do not have any material interests that differ from those of the minority shareholders with respect to the outcome of the Transactions, and with advice from Gaien Partners, the Company selected three individuals as candidates for members of the Special Committee. In doing so, the Company aimed to ensure that the Special Committee would have an appropriate size and a balanced combination of knowledge, experience, and expertise. The selected candidates were: Mr. Nozomu Morimura (an independent outside director of the Company), who has extensive experience and insight as representative director and executive vice president at Toto Ltd. and significant knowledge in business management; Mr. Taku Matsumoto (an independent outside director of the Company), who has broad insight and extensive experience as an attorney; and Ms. Fumiko Kosao (an independent outside director of the Company), who has considerable experience as a certified

public tax accountant and expertise in governance and related matters. (Mr. Morimura was appointed chairperson of the Special Committee by mutual election of the members, and the composition of the Special Committee has not changed since its establishment.) As stated in “1. Purpose and Reason for the Share Consolidation,” the Company, by a resolution of its Board of Directors at a meeting held on February 21, 2025, established the Special Committee and submitted the Inquiry Matters to the Special Committee for its deliberation. In establishing the Special Committee, the Board of Directors of the Company positioned the Special Committee as a deliberative body independent from the Board of Directors of the Company and resolved that, in making decisions regarding the Transactions, (i) the Board of Directors would give maximum deference to the content of the decisions of the Special Committee and (ii) if the Special Committee determined that the terms of the Transactions were not reasonable, the Board of Directors would not support the Transactions under those terms. In addition, the Board of Directors granted the Special Committee the authority to: (i) request the provision of information necessary to examine and assess the Transactions from the officers and employees of the Company and any other persons the Special Committee deems necessary; (ii) appoint, as necessary and at the Company’s expense, independent advisors, including financial or legal advisors, and to designate or approve (including ex post facto approval) the financial or legal advisors engaged by the Company (the Special Committee may also seek expert advice from the Company’s advisors); (iii) substantially participate in the negotiation process regarding the terms and conditions of the Transactions by confirming the negotiation policy in advance, receiving timely updates on the status of negotiations, providing opinions, and issuing instructions or requests as needed, and, if deemed necessary by the Special Committee, directly engage in discussions and negotiations regarding the terms and conditions of the Transactions; and (iv) exercise any other authority the Special Committee deems necessary for the examination and assessment of the Transactions.

The members of the Special Committee are to be paid a fixed amount of compensation for their services, regardless of the content of the Special Committee Report, and that compensation does not include any incentive fee contingent upon the successful completion of the Transactions.

(b) Background to Examination

The Special Committee held a total of 12 meetings over approximately 14 hours between February 21, 2025 and May 13, 2025. In addition, between meetings, the Special Committee carried out its duties related to the Inquiry Matters by receiving reports, sharing information, conducting deliberations, and making decisions as necessary by email and through virtual meetings.

Specifically, after considering their independence, expertise, and track record, the Special Committee resolved on March 5, 2025 to appoint TMI Associates as its independent legal advisor and Plutus Consulting as its independent third-party appraiser, both of which are independent from the Tender Offeror Group and the Company Group.

The Special Committee also confirmed that there were no issues with respect to the independence, expertise, or track record of Mizuho Securities, the financial advisor and third-party appraiser for the Company, and Gaien Partners, the Company’s legal advisor, and approved their appointments. The Special Committee further confirmed that it had no objection to receiving expert advice from these advisors as necessary.

Furthermore, the Special Committee reviewed and approved the internal framework established by the Company for the examination of the Transactions (including the scope of officers and employees involved in the examination, negotiation, and decision-making related to the Transactions and their respective roles), and confirmed that there were no issues with respect to its independence and fairness.

Based on the legal advice received from TMI Associates and the opinions heard from Gaien Partners, the Special Committee examined the measures that should be taken to ensure procedural fairness in the Transactions.

The Special Committee sent written questions to the Tender Offeror regarding matters such as the background of the proposal for the Transactions, the purpose of the Transactions, the anticipated structure of the Transactions, management policies of the Company after the Transactions, measures to ensure fairness in the Transactions, and other terms and conditions of the Tender Offer, received written responses to these questions, and also received direct explanations from the Tender Offeror and conducted Q&A sessions during meetings of the Special Committee. For details, please refer to “(b) Background of Examinations and Negotiations” in “1. Purpose and Reason for the Share Consolidation” above.

On March 25, 2025, the Special Committee submitted written questions to the Company’s management regarding the background and purpose of the Transactions and the expected synergies. On March 28, 2025, the Special Committee received written responses from the management addressing those questions. In addition, at the Special Committee meeting held on March 31, 2025, the Company’s management provided explanations regarding those questions, after which a Q&A session was conducted.

In addition, the contents of the Business Plan, including its key assumptions and the background of its preparation, which served as the basis for negotiations with the Tender Offeror and for the share valuation of the Company Shares conducted by Mizuho Securities and Plutus Consulting, were explained by the Company to the Special Committee, followed by a Q&A session, after which the Special Committee confirmed the reasonableness of the plan and approved it. As stated in “(ii) Share Valuation Report Obtained by the Company from an Independent Third-Party Appraiser” above and “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” below, Mizuho Securities and Plutus Consulting conducted their valuation of the Company Shares based on the contents of the Business Plan. The Special Committee received explanations from Mizuho Securities and Plutus Consulting regarding the calculation methods they used to value the Company Shares, the reasons for adopting those calculation methods, the details of the valuations under each calculation method, and the key assumptions used. After conducting Q&A sessions and engaging in deliberation and review, the Special Committee confirmed the reasonableness of the calculation methods, the reasons for their selection, the valuation results, and the key assumptions.

As stated in “(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser” below, the Special Committee received the Fairness Opinion from Plutus Consulting. The Special Committee also received explanations from Plutus Consulting regarding the procedures for issuing the Fairness Opinion and conducted a Q&A

session in connection with that issuance.

Since April 8, 2025, when the Company first received a proposal from the Tender Offeror regarding the Tender Offer Price, the Special Committee has received timely reports from Mizuho Securities, the financial advisor of the Company, each time the Company received a new proposal regarding the Tender Offer Price from the Tender Offeror. Those reports included the details of the proposals and the progress of negotiations. Based on those reports and the advice received from Mizuho Securities, the Special Committee deliberated and examined the content of each proposal. The Special Committee also received prior explanations from Mizuho Securities regarding proposed negotiation strategies with the Tender Offeror and draft responses to be sent to the Tender Offeror, provided comments and conducted Q&A sessions as necessary, approved the drafts, and issued instructions and requests to Mizuho Securities, which was responsible for negotiating with the Tender Offeror.

The Special Committee, with advice from its legal advisor TMI Associates, received explanations from Gaien Partners, the legal advisor of the Company, and Mizuho Securities, the financial advisor of the Company, regarding the drafts of the Opinion Press Release and related documents, conducted Q&A sessions, and confirmed that robust information disclosure is expected to be provided.

(c) Content of Decision

Against the backdrop of the above developments, the Special Committee, based on the legal advice received from TMI Associates, the financial advice received from Mizuho Securities, the Share Valuation Report (Mizuho Securities) submitted on May 13, 2025, and the Share Valuation Report (Plutus Consulting) and the Fairness Opinion submitted on that date, conducted careful discussions and deliberations on the Inquiry Matters. As a result, on May 13, 2025, the Special Committee submitted the Special Committee Report to the Board of Directors of the Company substantially with the contents set out below and with the unanimous approval of its members.

(A) Contents of the Special Committee Report

- i. It is recognized that the Transactions will contribute to the enhancement of the corporate value of the Company and the purpose of the Transactions is reasonable.
- ii. Appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair.
- iii. The offer price in the Tender Offer and the other terms of the Transactions are fair and reasonable.
- iv. In light of i. through iii. above, the Transactions are not considered detrimental to the interests of the Company's minority shareholders and are fair to the general shareholders of the Company.
- v. In light of i. through iv. above, the Special Committee supports the Board of Directors

of the Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Company tender their shares in the Tender Offer.

(B) Reasons for the Findings of the Special Committee Report

- i. Based on the following points, it is recognized that the Transactions are aimed at enhancing the corporate value of the Company, and the Special Committee has determined that the purpose of the Transactions is reasonable.
 - The Special Committee conducted a detailed review of the specific contents of the purpose of the Transactions and assessed its appropriateness and reasonableness in light of the business environment surrounding the Company and other relevant factors, as well as the impact of the Transactions on the Company's employees, business partners, and other stakeholders, and the potential for enhancement of the Company's corporate value based on these considerations. Specifically, the Special Committee conducted a comprehensive evaluation of the current business environment in which the Company operates, including the specific measures to enhance corporate value that are envisioned by the Tender Offeror Group, how concrete and practical those measures are, whether the implementation of the Transactions is necessary to execute those measures, what business advantages the Transactions would bring to the Company, and whether there are any disadvantages and, if so, to what extent. As a result, the Special Committee concluded that there are no particularly unreasonable aspects in the significance and purpose of the Transactions, including the Tender Offer, as contemplated by the Company and the Tender Offeror and as described in "(ii) Background, Purpose and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer" and "(iv) Details and Reasons for Decision-Making within the Company" in "(2) Basis and Reasons for Opinions on the Tender Offer" in "3. Details, Basis and Reasons for the Opinion on the Tender Offer" in the Opinion Press Release, and that that significance and purpose are the result of a reasonable examination. Therefore, the Special Committee determined that the Transactions are intended to enhance the corporate value of the Company and that the Company's judgment regarding the need to implement the various measures it envisions is not particularly unreasonable.
 - In addition, based on the content of the Q&A sessions with the Tender Offeror and the Company, the Special Committee concluded that the Tender Offeror intends to respect the managerial independence of the Company. Moreover, the Special Committee determined that, by making the Company a wholly-owned subsidiary through the Transactions, the Tender Offeror is expected to generate synergies and benefits—particularly those described below—that would be difficult to achieve if the Company were to remain a consolidated subsidiary. At the same time, it believes the necessity of maintaining the Company's listing and the disadvantages of delisting are limited.

- a. Given the Company's business environment, where it is difficult to forecast long-term trends in government construction investment, it is necessary to expand orders not only for public works but also for private-sector projects. By becoming a wholly-owned subsidiary of the Tender Offeror, it is expected the Company will achieve improvements such as enhanced cost estimation accuracy, reduced transaction costs through the establishment of a joint procurement network, and increased productivity through joint technology development. These improvements are expected to help the Company secure additional private-sector construction orders.
- b. In the road paving industry, many individuals seek employment with the aim of maintaining local ties rather than being attracted by the social credibility or name recognition associated with being a listed company. It is therefore believed that the disadvantages of delisting the Company's shares in terms of securing human resources are limited. On the other hand, the Transactions are expected to strengthen recruitment activities across the Tender Offeror Group by leveraging the Group's brand, thereby enabling the Company to secure additional talent.
- c. It is also believed that the reduction of listing maintenance costs will enable more effective utilization of the Company's management resources.
- d. Although it is generally possible that the delisting of the Company's shares could impair existing business relationships, the Company is already recognized by its business partners as a consolidated subsidiary of the Tender Offeror and has, in practice, established strong business relationships even with partners other than the Tender Offeror. Therefore, the potential for existing business relationships to be impaired by the Company becoming a wholly-owned subsidiary of the Tender Offeror is considered to be limited.
- e. Although the delisting of the Company's shares could generally raise concerns about a potential decline in employee motivation, the Company's name will remain unchanged after the Transactions, and the Tender Offeror has indicated that it will respect the Company's managerial independence, so the Special Committee believes employee motivation can be adequately maintained.
- f. Generally, delisting the Company's shares could result in the loss of access to equity financing through the capital markets; however, the Company has not relied on equity financing in the past and is not expected to require such financing in the future.
- g. Given that a significant portion of the Company's social credibility and recognition has been earned and maintained through its business activities, the necessity of maintaining its listed status and the disadvantages associated with going private are considered to be limited.

- ii. In light of the following points, it has been determined that appropriate measures to ensure fairness in the Transactions are being taken, and the procedures leading to the negotiations and decision-making regarding the Transactions are fair.

(A) Establishment of the Special Committee

- In order to ensure prudence in the Company's decision-making regarding the Transactions, eliminate the risk of arbitrariness or conflicts of interest in the decision-making process of the Company's Board of Directors, and to ensure the fairness of that process, the Company established the Special Committee composed of three members: Mr. Nozomu Morimura (an independent outside director of the Company), Mr. Taku Matsumoto (an independent outside director of the Company), and Ms. Fumiko Kosao (an independent outside director of the Company).
- In making decisions regarding the Transactions, the Company has committed to giving maximum deference to the opinion of the Special Committee, and if the Special Committee determines that the terms of the Transactions are not reasonable, the Board of Directors of the Company will not support the Transactions under those terms. The composition of the Special Committee has not changed since its establishment. In addition, each member of the Special Committee is paid a fixed amount of compensation regardless of the content of the Special Committee Report and that compensation does not include any incentive fee contingent upon the completion of the Transactions.

(B) Method of Examination by the Company

- In examining the Transactions, the Company has conducted careful deliberations and discussions on matters such as the reasonableness of the offer price of the Tender Offer and other purchase conditions of the Tender Offer, as well as the fairness of the procedures involved in the Transactions, from the perspective of enhancing the Company's corporate value and protecting the common interests of its shareholders. In doing so, the Company has received advice and opinions from Mizuho Securities, which acts as its financial advisor and third-party appraiser independent from both the Tender Offeror Group and the Company Group, and from Gaien Partners, which acts as its legal advisor, each of which is independent from both the Tender Offeror Group and the Company Group.
- The Special Committee confirmed that there were no issues with the independence or expertise of Mizuho Securities and Gaien Partners, and approved their appointments as the Company's financial advisor and third-party appraiser and the Company's legal advisor, respectively.
- The Special Committee has received advice and opinions from Plutus Consulting, its independent third-party appraiser, and TMI Associates, its legal advisor.

(C) Deliberations and Negotiations by the Company

- Following the negotiation policy advised in advance by the Special Committee and with expert advice from Mizuho Securities, its financial advisor, and Gaien Partners, its legal advisor, the Company engaged in multiple rounds of substantive discussions and negotiations with the Tender Offeror Group regarding the Tender Offer Price to ensure its fairness from the perspective of protecting the interests of its minority shareholders. Specifically, the Company, through Mizuho Securities, conducted multiple rounds of price negotiations with the Tender Offeror via Nomura Securities, the financial advisor to the Tender Offeror, while respecting the content of the Q&A sessions and exchanges of views with the Special Committee. As a result of those negotiations, the Company was able to obtain a total price increase of JPY 320 over the Tender Offeror's initial proposal of JPY 2,200 per Company Share, ultimately leading to the determination of the Tender Offer Price of JPY 2,520 per Company Share.

(D) Acquisition of Advice from an Independent Legal Advisor by the Special Committee

- As part of the measures to eliminate the risk of arbitrariness and conflicts of interest in the decision-making process of the Board of Directors of the Company and to ensure the fairness of that process in connection with the Transactions, the Special Committee appointed TMI Associates as its legal advisor, which is independent from both the Tender Offeror Group and the Company Group. The Special Committee has received legal advice from TMI Associates, including on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Company's decision-making with respect to the Transactions.
- TMI Associates is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer.

(E) Acquisition of Advice from an Independent Legal Advisor by the Company

- As part of the measures to eliminate the risk of arbitrariness and conflicts of interest in the decision-making process of the Board of Directors of the Company and to ensure the fairness of that process in connection with the Transactions, the Company appointed Gaien Partners as its legal advisor, which is independent from both the Tender Offeror Group and the Company Group. The Company has received legal advice from Gaien Partners, including on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Company's decision-making with respect to the Transactions.

- Gaïen Partners is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer.

(F) No Deal Protection Clause

- Neither the Company nor the Tender Offeror has entered into any agreement containing deal protection provisions that would prohibit the Company from contacting any acquirer other than the Tender Offeror (a “**Competing Offeror**”) or otherwise restrict a Competing Offeror from contacting the Company. By not obstructing opportunities for competing tender offers or other acquisitions, the parties have taken care to ensure the fairness of the Tender Offer.

(G) Ensuring Objective Conditions to Guarantee the Fairness of the Tender Offer

- The Tender Offeror has also set the Tender Offer Period at 30 business days, although the statutory minimum period prescribed by law is 20 business days. By setting the Tender Offer Period longer than the statutory minimum, the Tender Offeror aims to ensure that the shareholders of the Company are provided with an opportunity to make an appropriate decision regarding whether to tender their shares in the Tender Offer, while also allowing opportunities for parties other than the Tender Offeror to make competing offers for the Company Shares, thereby ensuring the fairness of the Tender Offer Price.

(H) Appropriate Information Disclosure

- If the Tender Offer is successfully completed in the Transactions, it is expected that sufficient disclosure regarding the Squeeze-Out Procedures to be carried out thereafter will be provided in the tender offer registration statement to be submitted by the Tender Offeror and in the press release and other public announcements to be issued by the Company.
- If the Squeeze-Out Procedures are carried out after the Tender Offer, it is expected that the press release and other public disclosures will clearly state that, in the case of a demand for the sale of shares, the consideration to be delivered to the shareholders of the Company that did not tender their shares in the Tender Offer will be the same as the Tender Offer Price per Company Share; and in the case of a share consolidation, the sale proceeds for the total number of fractional shares resulting from the consolidation will be calculated so that the amount of cash delivered to each of those shareholder is equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares each of those shareholders held. Those disclosures are recognized as appropriate measures that help reduce the coerciveness of the Tender Offer.

(I) Majority of Minority Condition

- In the Transactions, the Tender Offeror owns 22,018,000 Company Shares as of May 13, 2025 (ownership ratio: 50.11%). Therefore, the Tender Offeror has not set a so-called “Majority of Minority” minimum number of shares to be purchased in the Tender Offer, as doing so could make the completion of the Tender Offer uncertain and might not be in the best interests of the general shareholders of the Company that wish to tender their shares. However, given that other measures to ensure the fairness of the Tender Offer Price are considered to have been sufficiently taken, the mere absence of a so-called “Majority of Minority” does not, by itself, warrant the conclusion that appropriate fairness measures have not been implemented.

(J) Procedural Fairness of the Negotiation Process

- The procedures of the negotiation process concerning the Transactions, including the Tender Offer, are deemed to be fair, and the Tender Offer Price is considered to have been determined based on the results of those negotiations. In fact, as a result of the negotiations, the Company was able to obtain a total price increase of JPY 320 over the Tender Offeror’s initial proposal of JPY 2,200 per Company Share.

- iii. In light of the following points, the Special Committee has determined that the offer price in the Tender Offer and the other terms of the Transactions are fair and reasonable.

(A) Share Valuation Report by Mizuho Securities

- According to the Share Valuation Report (Mizuho Securities), the per-share value of the Company Shares was calculated to be between JPY 1,845 and JPY 2,169 based on the market price method, between JPY 2,491 and JPY 3,099 based on the comparable company analysis method, and between JPY 1,996 and JPY 3,135 based on the DCF Analysis. The Tender Offer Price of JPY 2,520 per share exceeds the upper limit of the calculation results based on the market price method and falls within the range of the calculation results based on the comparable company analysis method and the DCF Analysis.
- The Special Committee received explanations from Mizuho Securities and the Company regarding the valuation methods used in the share valuation by Mizuho Securities, including the selection of valuation approaches, the methods, processes, and content of preparing the Company’s business plan underlying the DCF Analysis, and the basis for calculating the discount rate. After conducting Q&A sessions and reviewing the explanations, the Special Committee found no unreasonable aspects in light of generally accepted valuation practices.

(B) Share Valuation Report and Fairness Opinion by Plutus Consulting

- According to the Share Valuation Report (Plutus Consulting), the per-share

value of the Company Shares was calculated to be between JPY 1,845 and JPY 2,169 based on the market price method, between JPY 2,222 and JPY 2,961 based on the comparable company analysis method, and between JPY 2,097 and JPY 2,821 based on the DCF Analysis. The Tender Offer Price of JPY 2,520 per share exceeds the upper limit of the calculation results based on the market price method, falls within the range of the calculation results based on the comparable company analysis method, and exceeds the median of the calculation results based on the DCF Analysis.

- The Special Committee received explanations from Plutus Consulting and the Company regarding the valuation methods used in the share valuation by Plutus Consulting, including the selection of valuation approaches, the methods, processes, and content of preparing the Company's business plan underlying the DCF analysis, and the basis for calculating the discount rate. After conducting Q&A sessions and reviewing the explanations, the Special Committee found no unreasonable aspects in light of generally accepted valuation practices.
- According to the Fairness Opinion obtained by the Special Committee from Plutus Consulting, in light of the valuation results of the Company Shares based on the business plan prepared by the Company, the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the general shareholders of the Company.

(C) Comparison of Premium Levels with Precedent Transactions, etc.

- The Tender Offer Price represents a premium of 16.18% over the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on May 13, 2025 (JPY 2,169) (rounded to the second decimal place; hereinafter the same with respect to premium percentages), a premium of 26.63% over the simple average closing price for the most recent one-month period (JPY 1,990), a premium of 30.84% over the simple average closing price for the most recent three-month period (JPY 1,926), and a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845). While these premiums are all below the median premium rates (41.40%, 43.00%, 40.00%, and 38.77%, respectively) of 75 similar tender offers (tender offers aimed at making a company a wholly owned subsidiary by a controlling shareholder (excluding MBOs, cases with no minority squeeze-out measures following the tender offer, and two-step tender offers) announced after the Ministry of Economy, Trade and Industry published the "Guidelines for Fair M&A" on June 28, 2019 (using the business day immediately preceding the public announcement as the reference date for calculating the premium over the closing price and the simple average closing prices for the past one, three, and six months)), it is believed that the following factors should be taken into account when assessing the premium levels: (i) (a) The volatility of the Company's share price over the most recent one-month period was 12.97%,

while the average monthly volatility over the preceding six-month period (October 2024 to March 2025) was 6.80%, indicating a very high level of volatility in the most recent month. (b) Over the four trading days immediately preceding the announcement date, the Company's market share price rose sharply by 9.82%, and the average daily trading volume during this period was 187,225 shares, compared to the average daily trading volume of 60,129 shares over the past year. Given that the trading volume of the Company Shares in the market increased significantly and the Company made no new timely disclosures during that four-trading day period, it is reasonably inferred that speculative trading exceeding normal volumes took place during that time, resulting in a sudden surge in the market price of the Company Shares. In light of (a) and (b) above, it is not appropriate to place undue weight on short-term market prices—particularly the market price on the business day immediately preceding the announcement date, the one-month average market price, or the three-month average market price which tends to be influenced by such recent levels—and instead it is considered appropriate to place greater weight on the comparison with the simple average closing price over the past six months, which is a longer-term indicator. While the median premium rate over the simple average closing price for the past six months in similar cases is 38.77%, the Tender Offer Price represents a premium of 36.59% over the simple average closing price for the most recent six-month period (JPY 1,845), with a deviation of only 2.18%, which is considered small. (ii) (a) Since April 7, 2025, both the Nikkei Stock Average and the share price of the Company Shares have risen sharply (specifically, the Nikkei Stock Average rose by JPY 7,047 (22.63%) from the closing price of JPY 31,136 on April 7, 2025 to JPY 38,183 on May 13, 2025, the business day immediately before the public announcement; the Company's share price rose by JPY 389 (21.85%) from the closing price of JPY 1,780 on April 7, 2025 to JPY 2,169 on May 13, 2025, the business day immediately before the public announcement). (b) According to newspaper and other media reports, the rise in share price was likely driven by the announcement and subsequent suspension of reciprocal tariffs in the United States. (c) Since April 7, 2025, the Company has not made any new timely disclosures, and the share price fluctuations of the Company Shares are not considered to reflect any specific public announcements made by the Company. In view of the above, the share price of the Company Shares on the business day immediately prior to the announcement and the average prices over the past one month may have been temporarily affected by the reciprocal tariff announcements. Therefore, when also referencing premium rates based on April 4, 2025, the business day immediately preceding the sharp rise in share prices, the premium rates over the closing price on that day and the simple average closing prices for the past one, three, and six months as of that day were 39.23%, 32.49%, 35.48%, and 41.97%, respectively, and the premium over the simple average closing price for the past six months exceeded the median premium rate over the past six months in similar cases. Based on the above, it is believed that the Tender Offer Price includes a premium that is not

inferior to those in the comparable cases described above.

- The Tender Offer Price exceeds both the highest closing price of the Company Shares in the past 10 years (JPY 2,153) and the highest intraday price (JPY 2,410).

(D) Reasonableness of Procedures After the Tender Offer

- It is expected that it will be clearly stated in the press release and other disclosures that the minority shareholders that do not tender their shares in the Tender Offer will ultimately receive cash in the Squeeze-Out Procedures scheduled to be implemented after the Tender Offer, and that the amount of that cash will be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each of those shareholders.

- iv. With respect to matters other than those examined in items i. through iii. above, the Special Committee has not identified any particular circumstances suggesting that the Transactions, including the Tender Offer, would be detrimental to the minority shareholders of the Company. Accordingly, the Special Committee has concluded that it would be fair to the minority shareholders of the Company for the Board of Directors of the Company to decide to execute the Transactions, including expressing an opinion in support of the Tender Offer and recommending that the shareholders of the Company tender their shares in the Tender Offer.
- v. In light of i. through iv. above, the Special Committee supports the Board of Directors of the Company expressing its opinion in support of the Tender Offer and resolving to recommend that the shareholders of the Company tender their shares in the Tender Offer.

(iv) Share Valuation Report and Fairness Opinion Obtained by the Special Committee from an Independent Third-Party Appraiser

(a) Name of the Appraiser and Relationship with the Company and the Tender Offeror

In examining the Inquiry Matters, the Special Committee requested Plutus Consulting, an independent third-party appraiser independent of both the Tender Offeror Group and the Company Group, to evaluate the value of the Company Shares, conduct related financial analyses, and provide an opinion on the fairness of the Tender Offer Price (the Fairness Opinion), in order to ensure the fairness of the transaction terms related to the Transactions, including the Tender Offer Price. As a result, the Special Committee obtained the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, both dated May 13, 2025.

Plutus Consulting is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” above, the Special Committee selected Plutus Consulting as its independent third-party appraiser after considering the independence, expertise,

and track record of several candidate third-party appraisers. In addition, the compensation to be paid to Plutus Consulting in connection with the Transactions consists solely of a fixed fee that is payable regardless of whether the Transactions are successfully completed, and does not include any incentive fee contingent upon the completion or other outcome of the Transactions, including the Tender Offer.

(b) Summary of Calculation

Plutus Consulting considered various valuation methods to determine which should be applied in valuing the Company Shares. Based on the premise that the Company is a going concern and the view that it would be appropriate to conduct a multifaceted evaluation of the value of the Company Shares, Plutus Consulting adopted the market price method, taking into account trends in the market price of the Company Shares; the comparable company analysis method, as there are multiple listed companies comparable to the Company, making it possible to estimate the value of the Company Shares by comparison; and the DCF Analysis, in order to reflect the Company's performance and forecasts in the valuation. Using these methods, Plutus Consulting analyzed and valued the per-share value of the Company Shares, and the Special Committee obtained the Share Valuation Report (Plutus Consulting) and the Fairness Opinion from Plutus Consulting on May 13, 2025.

The ranges of the per-share value of the Company Shares calculated based on each of the above methods are as follows.

Market price method:	JPY 1,845 – JPY 2,169
Comparable company analysis method	JPY 2,222 – JPY 2,961
DCF Analysis	JPY 2,097 – JPY 2,821

Under the market price method, using May 13, 2025 as the valuation reference date, Plutus Consulting calculated the per-share value range of the Company Shares to be from JPY 1,845 to JPY 2,169, based on the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on the reference date (JPY 2,169), the simple average of the closing prices for the previous one-month period (from April 14, 2025 to May 13, 2025) (JPY 1,990), the previous three-month period (from February 14, 2025 to May 13, 2025) (JPY 1,926), and the previous six-month period (from November 14, 2024 to May 13, 2025) (JPY 1,845).

Under the comparable company analysis method, Plutus Consulting selected Toa Road Corporation, Seikitokyu Kogyo Co., Ltd., and Nichireki Group Co, Ltd. as listed companies considered to be similar to the Company, and calculated the value of the Company Shares using EBIT and EBITDA multiples relative to enterprise value. Based on that analysis, Plutus Consulting calculated the per-share value range of the Company Shares to be from JPY 2,222 to JPY 2,961.

Under the DCF Analysis, Plutus Consulting analyzed the enterprise value and equity value of the Company by discounting, at a certain discount rate, the free cash flows the Company is expected to generate from the fourth quarter of the fiscal year ending March 2025 based on the Business Plan. That analysis was conducted using revenue, investment plans, publicly available information, and other factors contained in the five-year business plan covering the fiscal year ending March

2025 through the fiscal year ending March 2030. Based on that analysis, Plutus Consulting calculated the per-share value range of the Company Shares to be from JPY 2,097 to JPY 2,821. The discount rate applied ranged from 7.7% to 10.8%, and in calculating the going concern value, Plutus Consulting used both the perpetual growth method and the multiple method. A perpetual growth rate of 0% was used, and the equity value was calculated using EBIT and EBITDA multiples, which were set at 8.3 times and 6.0 times, respectively.

The financial projections used as the basis for the analysis using the DCF Analysis are as follows, and while they do not include fiscal years in which significant fluctuations in profit or loss are expected, they do include fiscal years in which significant fluctuations in free cash flow are expected. Specifically, free cash flow is expected to fluctuate significantly in each fiscal year due to the following factors: an increase in working capital in the fiscal year ending March 2027; a decrease in working capital and an increase in capital expenditures in the fiscal year ending March 2028; and a decrease in capital expenditures in the fiscal year ending March 2029. In addition, except for the cost savings expected from the elimination of listing maintenance costs, the financial projections below do not reflect any synergies expected to be realized through the execution of the Transactions, as it is currently difficult to estimate them with specificity.

(Unit: million yen)

	Fiscal year ended March 2025 (three months)	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Net sales	42,457	167,000	169,000	172,500	177,000	180,000
Operating income	2,480	9,400	10,100	10,800	12,000	13,000
EBITDA	3,850	13,576	13,873	14,366	15,438	16,258
Free cash flow	(950)	4,823	2,749	3,997	5,752	5,686

(c) Summary of the Fairness Opinion

On May 13, 2025, the Special Committee obtained the Fairness Opinion from Plutus Consulting stating that the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the shareholders of the Company (excluding the Tender Offeror and the Company). The Fairness Opinion expresses the view that, in light of the valuation results of the Company Shares based on the Business Plan, the Tender Offer Price of JPY 2,520 per share is fair from a financial point of view for the general shareholders of the Company. Plutus Consulting issued the Fairness Opinion following valuation of the Company Shares after the Company disclosed and explained to Plutus Consulting the current status of the business of the Company Group, and the business forecast, etc. and after undergoing a process consisting of question-and-answer sessions with the Company regarding the overview, background, and purpose of the Tender Offer, analysis of the Company Group's business environment, and the economic, market, and financial situation to the extent it deemed necessary, and a review by an examination committee independent of the engagement team.

(Note) In preparing the Fairness Opinion, Plutus Consulting relied on the materials provided

by the Company, publicly available information, and information obtained from the Company, on the assumption that such information is accurate and complete. Plutus Consulting did not independently investigate or verify the accuracy or completeness of that information and is not obligated to do so, and therefore assumes no responsibility for any deficiencies in those materials or for any failure to disclose material facts.

Plutus Consulting assumed that the Business Plan and other materials used as the basis for the Fairness Opinion were reasonably prepared based on the best forecasts and judgments available at the time of their preparation. Plutus Consulting does not guarantee the feasibility of those projections and does not express any opinion on the analyses or forecasts underlying those materials or the assumptions on which they were based.

Plutus Consulting is not a legal, accounting, or tax advisory firm. Accordingly, Plutus Consulting does not express any opinion on, and is not obligated to address, any legal, accounting, or tax matters related to the Tender Offer.

Plutus Consulting has not conducted any independent evaluation or appraisal with respect to the assets and liabilities of the Company and its affiliates (including off-balance-sheet assets and liabilities and other contingent liabilities), including any analysis and valuation of individual assets and liabilities, nor has it received any evaluation reports or appraisal reports concerning those matters. Accordingly, Plutus Consulting has not conducted any evaluation of the solvency of the Company or its affiliates.

The Fairness Opinion represents a statement of opinion from a financial point of view on the fairness of the Tender Offer Price, prepared for the purpose of assisting the Company in its deliberations in expressing its opinion on the Tender Offer. Accordingly, the Fairness Opinion does not express any opinion on the relative merits of the Tender Offer compared to any alternative transactions, the benefits that might result from the conduct of the Tender Offer, or whether the Tender Offer should be conducted.

The Fairness Opinion does not express any opinion to the holders of securities issued by the Company or the creditors or other related parties of the Company, and Plutus Consulting is not liable in any way to any shareholders or third parties that rely on the Fairness Opinion.

Plutus Consulting does not solicit, and is not authorized to solicit, investments in the Company. Accordingly, the Fairness Opinion does not constitute a recommendation to shareholders on whether to tender their shares or take any other action in connection with the Tender Offer.

The Fairness Opinion is an opinion as of the date of its submission, on whether the Tender Offer Price is fair to the general shareholders of the Company from a financial point of view, based on the financial and capital markets, economic conditions, and other circumstances as of the date on which the Fairness Opinion was submitted, as well as on information provided to or obtained by Plutus Consulting by that date. Even if any of these assumptions change due to future developments, Plutus Consulting is under no obligation to revise, change or supplement its opinion.

The Fairness Opinion does not infer or imply any opinion with respect to any matter other than

as expressly set forth therein or with respect to any matter after the date of filing of the Fairness Opinion.

(v) Advice From an Independent Law Firm Obtained by the Special Committee

As stated in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” above, the Special Committee appointed TMI Associates as its independent legal advisor, independent from both the Tender Offeror Group and the Company Group, and has received legal advice including on the measures to be taken to ensure procedural fairness in the Transactions, as well as on the methods and processes of the deliberations by the Special Committee on the Transactions.

TMI Associates is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. In addition, the compensation paid to TMI Associates does not include any incentive fee contingent upon the completion of the Transactions.

(vi) Advice From an Independent Law Firm Obtained by the Company

As stated in “1. Purpose and Reason for the Share Consolidation” above, the Company appointed Gaiken Partners as its legal advisor, independent from both the Tender Offeror Group and the Company Group, and has received legal advice, including on the measures to be taken to ensure procedural fairness in the Transactions, the various procedures relating to the Transactions, and the methods and processes of the Company’s decision-making with respect to the Transactions.

Gaiken Partners is not a related party of either the Tender Offeror Group or the Company Group and does not have any material interest in connection with the Transactions, including the Tender Offer. In addition, the compensation paid to Gaiken Partners does not include any incentive fee contingent upon the completion of the Transactions.

(vii) Establishment of an Independent Examination Framework at the Company

As stated in “1. Purpose and Reason for the Share Consolidation” above, the Company established an internal framework for examining, negotiating, and making decisions regarding the Transactions from a position independent of the Tender Offeror Group other than the Company Group. Specifically, from the time the Company received an initial indication of interest regarding the Transactions from the Tender Offeror on January 9, 2025, the Company established a review team consisting of 17 officers and employees (Mr. Toshihiko Kasai, Mr. Koji Osada, and Mr. Minoru Kaiho, as well as 14 other employees), and since then, that review team, together with the Special Committee, has been involved in the negotiation process with the Tender Offeror regarding the terms of the Transactions and in the preparation of the Business Plan serving as the basis for the valuation of the Company Shares. In addition, in order to eliminate structural conflicts of interest, the Company has excluded from involvement any of its officers or employees who currently serve as officers or employees of any company in the Tender Offeror Group other than the Company Group, including Mr. Yohei Kishi, as well as any of its officers or employees who have served in such roles within the past ten years, including Mr. Masakazu Hyodo.

The internal framework established within the Company for the examination of the Transactions (including the scope of officers and employees involved in the examination, negotiations, and decision-making regarding the Transactions and their respective roles) was developed based on advice from Gaien Partners, and the Special Committee approved the framework after confirming that there were no issues with respect to its independence and fairness.

(viii) Approval of All Disinterested Directors of the Company and Opinion of No Objection of All Corporate Auditors Disinterested in the Company

As stated in “1. Purpose and Reason for the Share Consolidation” above, the Board of Directors of the Company, based on the legal advice received from Gaien Partners, the financial advice received from Mizuho Securities, and the contents of the Share Valuation Report (Mizuho Securities), and while giving maximum deference to the conclusions of the Special Committee as set forth in the Special Committee Report, carefully discussed and considered whether the Transactions, including the Tender Offer, would contribute to the enhancement of the corporate value of the Company and whether the terms and conditions of the Transactions, including the Tender Offer Price, were reasonable.

As a result, as stated in “(c) Content of Decision” in “1. Purpose and Reason for the Share Consolidation” above, the Company has determined that the Transactions will contribute to enhancing its corporate value and that the terms and conditions of the Transactions, including the Tender Offer Price, are reasonable. Accordingly, at the meeting of the Board of Directors of the Company held on May 14, 2025, out of the eight directors of the Company, all seven of the Company’s directors, excluding Mr. Masakazu Hyodo, who participated in the deliberations and resolution unanimously resolved to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer.

At the meeting of the Board of Directors of the Company held on May 14, 2025, the above resolution was adopted unanimously by all seven directors who participated in the deliberations, excluding Mr. Masakazu Hyodo. In light of the fact that Mr. Masakazu Hyodo served as Executive Officer of the Tender Offeror until March 2023, he did not participate in the deliberations or resolutions of the Board of Directors of the Company concerning the Transactions, including the meeting held on May 14, 2025, in order to eliminate the risk of any influence from structural conflicts of interest or information asymmetry in connection with the Transactions. He has also not participated, in his capacity as a director of the Company, in any discussions or negotiations with the Tender Offeror regarding the Transactions.

In addition, at the meeting of the Board of Directors of the Company held on May 14, 2025, all four corporate auditors in attendance, excluding Mr. Yohei Kishi, stated their opinion that they had no objection to the above resolution. In light of the fact that Mr. Yohei Kishi concurrently serves as an Audit & Supervisory Board Member (part-time) of Shimizu Real Estate Asset Management Corporation, a member of the Tender Offeror Group, he did not participate in the deliberations or resolutions of the Board of Directors of the Company concerning the Transactions, including the meeting held on May 14, 2025, in order to eliminate the risk of any influence from structural conflicts of interest or information asymmetry in connection with the Transactions. He also refrained from expressing any opinion in connection with the resolutions of those Board meetings.

(ix) No Deal Protection Clause

Neither the Company nor the Tender Offeror has entered into any agreement containing deal protection provisions that would prohibit the Company from contacting any Competing Offeror or otherwise restrict a Competing Offeror from contacting the Company. By not obstructing opportunities for competing tender offers or other acquisitions, the parties have taken care to ensure the fairness of the Tender Offer.

(x) Measures to Ensure Opportunities for the Company's Shareholders to Appropriately Determine Whether to Tender Their Shares in the Tender Offer

As stated in “(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)” in “3. Details, Basis and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release, (a) the Tender Offeror, promptly after the completion of the settlement of the Tender Offer, intends to, depending on the number of shares to be acquired through the Tender Offeror through completion of the Tender Offer, make a request for a demand for the sale of shares, or request the Company to convene the Extraordinary Shareholders' Meeting at which proposals will be submitted to implement the Share Consolidation, and to partially amend the Articles of Incorporation to abolish the provision on the number of shares constituting one unit, conditional upon the effectiveness of the Share Consolidation. The Tender Offeror will not adopt any method that would deprive the shareholders of the right to demand the purchase of shares or the right to petition the court for a determination of the share price. In addition, (b) the Tender Offeror has clearly stated that in the event of a demand for the sale of shares or the Share Consolidation, the amount of cash to be delivered to each shareholder of the Company (excluding the Tender Offeror and the Company) as consideration will be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by that shareholder. In this way, the Tender Offeror has taken care to ensure that the shareholders of the Company are provided with an opportunity to appropriately decide whether to tender their shares in the Tender Offer and that the Tender Offer will not be coercive.

The Tender Offeror has also set the Tender Offer Period at 30 business days, although the statutory minimum period prescribed by law is 20 business days. The Tender Offeror has stated that, by setting the Tender Offer Period longer than the statutory minimum, it aims to ensure that the shareholders of the Company are provided with an opportunity to make an appropriate decision regarding whether to tender their shares in the Tender Offer, while also allowing opportunities for parties other than the Tender Offeror to make competing offers for the Company Shares, thereby ensuring the fairness of the Tender Offer Price.

4. Future Outlook

As a result of the implementation of the Share Consolidation, the Company Shares are expected to be delisted, as stated in “(i) Delisting” in “(2) Expected Delisting of the Company Shares” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” above.

5. Matters Concerning Transactions with Controlling Shareholders

- (1) Transaction that Constitutes a Transaction with a Controlling Shareholder and Compliance with the Guidelines on the Policies for Protection of Minority Shareholders

The Tender Offeror is a controlling shareholder (parent company) of the Company, and the Transactions constitute a transaction with a controlling shareholder. In the Corporate Governance Report disclosed on June 21, 2024, the Company set forth the following under “4. Guidelines on Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholders” and “1. Basic Approach”:

“When engaging in competitive transactions or conflict-of-interest transactions with related parties such as directors, parent companies, subsidiaries, or other affiliated companies, the Company requires deliberation and resolution by the Board of Directors to ensure that those transactions do not harm the interests of the Company or the common interests of its shareholders.”

“The Company has established a Special Committee as an advisory body to the Board of Directors, and for transactions directly with the parent company that the Special Committee determines require deliberation and review from the perspective of protecting the interests of minority shareholders, the Special Committee will conduct those deliberations and examinations and provide advice and recommendations to the Board of Directors.”

With respect to the Transaction, the Company has implemented measures to address structural conflicts of interest and information asymmetry and to ensure the fairness of the terms of the Transactions, including the Tender Offer Price, as described in (3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” above. The Company believes that these measures are in line with the above-mentioned guidelines.

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

As stated in “(1) Transaction that Constitutes a Transaction with a Controlling Shareholder and Compliance with the Guidelines on the Policies for Protection of Minority Shareholders” above, since the Transactions, including the Tender Offer, constitute a transaction with a controlling shareholder for the Company, the Company determined that it was necessary to implement measures to ensure fairness and to avoid conflicts of interest. Accordingly, the Company has made its determinations regarding the Transactions after ensuring fairness and avoiding conflicts of interest by implementing the measures described in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” above.

- (3) Summary of the Opinion Obtained from a Person who Does not Have any Interest in the Controlling Shareholders of the Company that the Transactions is Not Detrimental to the Interests of the Minority Shareholders of the Company

On May 13, 2025, the Company received the Special Committee Report from the Special Committee, stating that the Special Committee does not believe that a resolution by the Board of Directors of the Company to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer would be detrimental

to the interests of the minority shareholders of the Company. For more details, see “(c) Content of Decision” in “(iii) Establishment of an Independent Special Committee by the Company and Obtaining a Report from the Special Committee” in “(3) Measures to Ensure Fairness of the Transactions and to Avoid Conflicts of Interest” in “3. Basis for the Proceeds Expected to Be Delivered to Shareholders Due to the Fractional Share Treatment” above. The Special Committee Report also states the Special Committee’s opinion that making the Company a wholly-owned subsidiary by the Tender Offeror, as described in “(5) Policies for Organizational Restructuring, Etc. After the Tender Offer (Matters Relating to the So-Called Two-Step Acquisition)” in “3. Details, Basis and Reasons for the Opinion on the Tender Offer” in the Opinion Press Release, after the successful completion of the Tender Offer, would not be detrimental to the interests of the minority shareholders of the Company.

II. Abolishment of the Provision on Share Units

1. Reason for the Abolishment

Upon the effectiveness of the Share Consolidation, the total number of issued shares of the Company will be reduced to eight, eliminating the need to prescribe a number of shares per unit.

2. Scheduled Effective Date

October 15, 2025

3. Conditions for the Abolishment

The abolishment is subject to the approval at the Extraordinary Shareholders’ Meeting of the proposals for (i) the Share Consolidation and (ii) the partial amendment of the Articles of Incorporation concerning the abolishment of the provision on share units (see “III. Partial Amendment to the Articles of Incorporation” below). The abolishment will become effective upon the effectiveness of the Share Consolidation.

III. Partial Amendment to the Articles of Incorporation

1. Purpose of the Amendments

- (1) If Proposal No. 1 is approved as originally proposed and the Share Consolidation becomes effective, the total number of authorized shares of the Company will be reduced to 32 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 effectiveness of the Share Consolidation.
- (2) If Proposal No. 1 is approved as originally proposed and the Share Consolidation becomes effective, the total number of issued shares of the Company will be reduced to eight, eliminating the need to prescribe a share unit. Therefore, conditional upon the effectiveness of the Share Consolidation, the provisions concerning share units of the Company Shares (currently 100 shares per unit) in Article 7 (Number of Shares Constituting One Unit) and Article 8 (Rights Regarding Shares Less Than One Unit) of the Articles of Incorporation will be deleted in their entirety, and the article numbers will be

renumbered accordingly.

- (3) If Proposal No. 1 is approved as originally proposed and the Share Consolidation becomes effective, the Company Shares will be delisted, and the Tender Offeror will become the sole shareholder holding one or more Company Shares. Accordingly, the provisions relating to the record date for the annual general meeting of shareholders and the electronic provision system for shareholder meeting materials will no longer be necessary. Therefore, conditional upon the effectiveness of the Share Consolidation, Article 12 (Record Date for the Annual General Meeting of Shareholders) and Article 13 (Electronic Provision Measures) of the Articles of Incorporation will be deleted in their entirety, and the article numbers will be renumbered accordingly.

2. Details of the Amendments to the Articles of Incorporation

The details of the proposed amendments are as set forth below. These amendments will take effect on October 15, 2025, the effective date of the Share Consolidation, conditional upon the approval of Proposal No. 1 as originally proposed at the Extraordinary Shareholders' Meeting and the effectiveness of the Share Consolidation.

Articles of Incorporation (Current and Amended Provisions)

(Underlined portions indicate the sections to be amended)

Current Articles of Incorporation	Proposed Amendments
(Total Number of Authorized Shares)	(Total Number of Authorized Shares)
Article 6: The total number of authorized shares of the Company shall be <u>175,000,000</u> shares.	Article 6: The total number of authorized shares of the Company shall be <u>32</u> shares.
(Number of Shares Constituting One Unit)	
Article 7: The number of shares constituting one unit of the Company shall be 100 shares.	<i>(Deleted)</i>
(Rights Regarding Shares Less Than One Unit)	
Article 8: Shareholders of the Company may not exercise any rights with respect to shares less than one unit, except for the following:	
1. Rights listed in each item of Article 189, paragraph (2) of the Companies Act	<i>(Deleted)</i>
2. Right to demand purchase under Article 166, paragraph (1) of the Companies Act	
3. Right to be allotted shares and share acquisition rights according to the number of shares held	
Articles <u>9</u> to <u>11</u> : <i>(Omitted)</i>	Articles <u>7</u> to <u>9</u> : <i>(No change)</i>

Current Articles of Incorporation

Proposed Amendments

(Record Date for the Annual General Meeting of Shareholders)

Article 12: The record date for voting rights at the Company's Annual General Meeting of Shareholders *(Deleted)* shall be March 31 of each year.

(Electronic Provision Measures)

Article 13: The Company shall take electronic provision measures with respect to information that constitutes the reference documents for the General Meeting of Shareholders.

Among the matters subject to electronic provision, the *(Deleted)* Company may omit from the written documents delivered to shareholders who request paper delivery by the record date such items as prescribed by the relevant Ordinance of the Ministry of Justice.

Articles 14 to 35: (Omitted)

Articles 10 to 31: *(No change)*

3. Schedule of the Amendments

October 15, 2025 (tentative)

4. Conditions for the Amendments to the Articles of Incorporation

The effectiveness of the amendments is conditional upon the approval of Proposal No. 1 as originally proposed at the Extraordinary Shareholders' Meeting and the Share Consolidation taking effect.

-End-