[Translation]

This document is an English translation of the official Japanese version of the Press Release published on July 29, 2022 (the "**Official Japanese Version**"). This English translation was prepared for your reference, to help you understand what is stated in the Official Japanese Version. In the event of any discrepancy between the Official Japanese Version and the English translation, the Official Japanese Version will prevail.

July 29, 2022

To whom it may concern:

Company Name: MINEBEA MITSUMI Inc.
Representative: Representative Director, CEO & COO
Yoshihisa Kainuma
(Code No. 6479, TSE Prime)
Contact: General Manager,
Corporate Communications and
Investor Relations Office
Yasuo Komine
Phone: +81-(0)3-6758-6703

Notice regarding Commencement of Tender Offer of Shares of Honda Tsushin Kogyo Co., Ltd. (Securities Code: 6826)

MINEBEA MITSUMI Inc. (the "**Offeror**") hereby announces that today, it resolved to acquire shares of common stock in Honda Tsushin Kogyo Co., Ltd. (Securities Code: 6826, Prime Section of the Tokyo Stock Exchange ("**TSE**"); the "**Target Company**") (such shares, the "**Target Company Shares**") through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "**Act**") and related laws and ordinances (the "**Tender Offer**") with the details as described below.

1. Purpose of Tender Offer

(1) Outline of the Tender Offer

The Offeror resolved by resolution under Article 370 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act") as of today to carry out the Tender Offer, as a part of the transaction to acquire the shares of the Target Company listed on the TSE Prime Market and make the Target Company a wholly owned subsidiary of the Offeror (the "**Transaction**"). The Offeror holds no Target Company Shares as of today.

The Offeror, in conducting the Tender Offer, with Panasonic Holdings Co., Ltd. ("**Panasonic**"; number of shares held: 5,002,000shares (the "**Shares Agreed to Sell**"), ownership ratio (Note 1): 21.67%),), which is the largest shareholder of the Target Company and also falls under other affiliate of the Target Company, executed the tender offer contract as of today (the "**Tender Agreement**") to the effect that all of the Shares Agreed to Sell will be offered to sell for the Tender Offer. For details of the Tender Offer Agreement, see "(A) The Tender Agreement" in "(6)Material Agreements Regarding the Tender Offer" below.

Note: "**Ownership ratio**" means the percentage owned (rounded to two decimal places; the same applies hereinafter to the calculation of the ownership ratio) of the difference (23,083,956 shares) between (i) the total number of issued shares of the Target Company as of June 30, 2022 (25,006,200 shares) stated in the Quarterly Financial Statement for the 1st Quarter of the Fiscal Term Ending March 2023 [Japanese Standards] (consolidated) announced by the Target Company today (the "Target Company's first quarter financial results") and (ii) the number of treasury shares held by the Target Company as of June 30, 2022 (1,922,244 shares).

Since the objective is to make the Target Company a wholly owned subsidiary of the Offeror, the minimum number of shares to be purchased by the Offeror shall be 15,389,300 shares (ownership ratio: 66.67%). If the total number of share certificates tendered to sell for the Tender Offer ("**Tendered Share Certificates, etc**.") is less than the minimum number of shares to be purchased, none of the Tendered Share Certificates, etc. shall be purchased. Meanwhile, the Offeror has not set a maximum number of share certificates, etc. to be purchased in the Tender Offer, and if the total number of Tendered Share Certificates, etc. is greater than the minimum number of share certificates, etc. to be purchased (15,389,300 shares), the Offeror will purchase all of the Tendered Share Certificates, etc. The minimum number of share certificates, etc. to be purchased (15,389,300 shares) means the number obtained by multiplying the number of shares constituting one unit of the Target Company, 100 shares, by the number obtained by multiplying the number of voting rights (230,839 units) pertaining to the difference (23,083,956 shares) between (i) the total number of issued shares of the Target Company as of June 30, 2022 (25,006,200 shares) stated in the Target Company's first quarter financial results and (ii) the number of treasury shares held by the Target Company as of June 30, 2022 (1,922,244 shares), by 2/3 (153,893 units; rounded to nearest whole number).

The objective of the Tender Offer is to make the Target Company a wholly-owned subsidiary of the Offeror, and if the Tender Offer is consummated but all of the Target Company's shares (excluding treasury stock owned by the Target Company) cannot be acquired through the Tender Offer and the procedures for share consolidation as stated in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the "Two-Step Acquisition")" below are implemented, special resolutions at the general meetings of shareholders as set forth in Article 309(2) of the Companies Act are stipulated to be requirements. Therefore, the minimum number of share certificates, etc. to be purchased is set so that the Offeror will have two-thirds or greater of the voting rights, which corresponds to the ratio of voting rights that is to be necessary for a special resolution by itself.

If the Tender Offer is consummated but all of the Target Company's shares (excluding treasury stock owned by the Target Company) cannot be acquired through the Tender Offer, after the Tender Offer is consummated, as stated in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the "Two-Step Acquisition")" below, the Offeror plans to carry out a series of procedures to make the Target Company a wholly owned subsidiary of the Offeror (the "**Squeeze-out Procedure**").

According to the "Announcement of Opinion of Support and Recommendation of Tender regarding the Tender Offer for Honda Tsushin Kogyo Co., Ltd.'s Shares by Minebea Mitsumi Inc." issued by the Target Company today (the "**Target Company's Press Release**"), the Target Company determined at its board of directors meeting held today, that the Target Company would express support for the Tender Offer and recommend that its shareholders tender shares in response to the Tender Offer.

The above resolution of the board of directors of the Target Company is adopted subject to contemplation by the Offeror of making the Target Company a wholly owned subsidiary of the Offeror through the Tender Offer and the series of subsequent procedures and scheduled delisting of shares of the Target Company. In addition, the Target Company adopted a resolution at the board of directors' meeting of the Target Company to withdraw the "Plan for Compliance with Listing Criteria for New Market Categories" announced by the Target Company as of October 28, 2021 (the "**Plan**").

For details of the Decision-Making of the Target Company, see the Target Company's Press Release and "(E) Approval by all Directors and no objection from any of the Audit & Supervisory Board Members" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

Mitsumi Electric Co., Ltd., a wholly-owned subsidiary of the Offeror ("**Mitsumi Electric**"), has determined to acquire all outstanding shares of SUMIKO TEC Co., Ltd. ("**SUMIKO TEC**"), a non-listed precision parts manufacturer whose main products are terminals and connectors, from its parent company Sumitomo Metal Mining Co., Ltd., (the "**Acquisition of SUMIKO TEC Shares**") on July 29, 2022.

Each of the Offeror and Mitsumi Electric has considered to implement the Transaction and the Acquisition of SUMIKO TEC Shares as separate transactions and, as a result of individual discussions with the Target Company, SUMIKO TEC and its shareholders, decided to implement the Transaction and the Acquisition of SUMIKO TEC Shares respectively. Therefore, the Transaction and the Acquisition of SUMIKO TEC Shares are being considered and implemented as separate transactions(For details of the Acquisition of SUMIKO TEC Shares, please refer to the "Notice on Acquisition of Shares in Sumiko Tec Corporation (Making it a Subsidiary)" announced on July 29, 2022 by the Offeror.).

(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer

(A) Background, Purpose, and Decision-Making Process of the Offeror with respect to Conducting the Tender Offer

The Offeror was established as Nippon Miniature Ball Bearings Co., Ltd., as Japan's first specialized manufacturer of miniature ball bearings in July 1951, and its shares were approved and listed as over-the-counter stock on the TSE in August 1961. The shares were listed on the Second Section of the TSE in October 1961, and were assigned to the First Section of the TSE in October 1970. Thereafter, the Offeror changed its trade name to Minebea Co., Ltd., in October 1981, and listed on the TSE Prime Market by reconsideration of market category on and after April 4, 2022

On January 27, 2017, the Offeror (at the time doing business under the name MINEBEA Co., Ltd.) conducted a management integration with Mitsumi Electric, an electronic components manufacturer, through a share exchange in which Mitsumi Electric became a wholly owned subsidiary of the Offeror, and had a new start as MINEBEA MITSUMI Inc.

The Offeror was incorporated in 1951 as Japan's first specialized manufacturer of miniature ball bearings as described above, and since then, it has manufactured and sold bearings and other high-precision components. It has also manufactured and sold backlights for liquid crystals employed in smartphones, lighting devices and other products since August 2010. Meanwhile, Mitsumi Electric was established in January 1954 as Mitsumi Electric Seisakujyo, a manufacturer of electronic components, such as coils and transformers. Since then, starting from the invention of Polyvaricons (variable condenser) in March 1955, it developed technical capabilities and has offered electronic components for cutting-edge electronics all over the world during various periods of its history. It changed its trade name to Mitsumi Electric Co., Ltd. in November 1959, and currently, it manufactures and sells electronic equipment and components, such as mechanism components, semiconductor devices, power supply components, high-frequency devices and optical devices for various electronic devices, such as data communications devices, automobiles, healthcare and consumer electronics and leisure devices. In addition, as will be described later, while the Target Company is mainly engaged in the connector business, Mitsumi Electric is in charge of the main business operations of the connector business within the corporate group of the Offeror.

The Offeror and Mitsumi Electric have expanded their combined product business, which fuses the machinery components technology that the Offeror has traditionally possessed with Mitsumi Electric's electronic device technology, through the business integration of both companies, and currently supplies their products to industries such as automobiles, smartphones/tablets, aircraft, office automation equipment, home appliances, and medical equipment as a "integration" manufacturer of precision components that creates synergies in various fields by combining technologies and products.

As of today, the Offeror group is composed of 120 consolidated subsidiaries (not including the Offeror) (together with the Offeror, hereinafter referred to as the "**Offeror Group**"), and mainly engages in the following four businesses: (i) the Machinery Components Business, whose main products are ball bearings (Note 1), rod-end bearings (Note 2), HDD pivot assemblies (Note 3) and other mechanical components, and aircraft screws; (ii) the Electric Devices and Components Business, whose main products are electric devices (such as electronic devices represented by backlights for liquid crystals, sensing devices (measuring components) and IoE (Note 4) solutions), HDD spindle motors (Note 5), stepping motors (Note 6), DC motors (Note 7), air movers (fan motors), precision motors and special components; (iii) the Mitsumi Business, whose main products are semiconductor devices, optical devices, power supply components, high-precision components, and residential equipment components (locks for buildings and residences, etc.), and the U-shin Business, whose main products are automotive components such as key sets, door latches, door handles, high frequency parts, etc., and industrial equipment components.

(Note 1) A ball bearing is a mechanical component, composed of an outer ring, an inner ring, a ball, a retainer (ball holder), a shield (lid), and a snap ring (spring), and is used in the part that supports the shaft for rotating in rotating equipment, etc. stably.

(Note 2) A rod end bearing means a spherical plain bearing, which is a type of bearing mainly used for the purpose of supporting rocking, tilting and low-speed rotational motions to reduce friction, and moves like a joint, if it were to be likened to the human body. The Offeror's rod end bearings are incorporated inside various machines, such as the moving parts of aircraft wings, the joints between engines and wings, and the opening and closing of hatches (doors).

(Note 3) A pivot assembly for a hard disk drive (HDD) is a part used for the fulcrum part of a drive device to which a magnetic head (a part that generates a magnetic field to read and write data to a magnetic disk) is attached to the HDD. The pivot assemblies for hard disk drives (HDD) have built-in ball bearings.

(Note 4) "IoE" is an abbreviation of "Internet of Everything," a concept that represents a further phase of IoT (Internet of Things). It refers to having not only "things" connected by the Internet but also people, systems information, public facilities, data, and the like.

(Note 5) A spindle motor for a hard disk drive (HDD) means a motor that rotates an HDD disk.

(Note 6) A stepping motor is a motor that rotates by moving at a fixed angle like a clock by an electric signal.

(Note 7) A DC motor means a motor that runs on a DC power supply.

The Offeror Group has upheld a basic management philosophy based on the following three principles.

The first principle is transparent management based on the company credo "The Five Principles." Under the company credo, it strives to "be a company where our employees are proud to work," "earn and preserve the trust of our valued customers," "respond to our shareholders' expectations," "work in harmony with the local community" and "promote and contribute to global society." Based on these company credos, the company's basic management policy is to fulfill its social responsibility and to sustainably maximize the corporate value for its various stakeholders, such as employees, business partners, shareholders, local communities, and global society. Aiming at concentrating its management resources on the fields where it has the collective and comprehensive strengths of the corporate group, the Offeror Group has worked proactively on "the development of high-value-added products" and "the advancement of the quality of the products." In addition, the Offeror Group strives to reinforce our corporate management centering on "the strengthening of our financial standing" as well as to implement "the company management having a high-degree of transparency" in a comprehensive manner both internally and externally.

The second principle is to create new value through "difference" that transcends conventional wisdom. While it is required for the manufacturing of the future to deliver new value propositions to society, the Offeror Group established the slogan "Passion to Create Value through Difference," and going forward the Offeror Group will continue to pursue a system to create new value through "difference" that transcends conventional wisdom, demonstrating strengths that cannot be found in other companies, and will vigorously push forward under the philosophy that passion is a power, passion realizes speed and passion brings the future.

The third principle is to approach manufacturing with an attitude of sincerity toward growth of the Company and realization of sustainable growth in the global environment and society. The Offeror Group believes that it is of the utmost importance to share our attitude to manufacturing, how we think about manufacturing, and how the Offeror group pursues best practices for implementing manufacturing across the Offeror Group. The Offeror Group will continue to pursue the thoroughgoing "sincere attitude to manufacturing" that has hitherto, in response to the needs of society, provided better products, more quickly, more inexpensively, in more quantity, and more astutely than before. Regarding policy on the M&A approach, by targeting businesses that have synergistic effects with the technologies and products of the Offeror Group, the Offeror aims to create further corporate value at an early stage in the spirit of equality, appointing excellent human resources in individual divisions regardless of their origins. The Offeror has continued, and will continue to maintain and respect the historically valuable brands of the other party.

The Offeror Group is a comprehensive precision components manufacturer, but we believe that it is a "Mix & Match" precision components manufacturer that creates synergies in various fields by combining technologies and products. The Offeror Group has grown with two wheels: autonomous growth through the challenge of new businesses and utilization of existing management resources within the group, and discontinuous growth through utilization of external resources centered on M&A and has promoted diversification. However, we believe that diversification does not simply mean to increase the types of products, but rather creating new value by creating new products by combining the technologies that each product has in "integration"—in close relation with each other. The Offeror has a policy of continuing to actively take on new product development and M&A for the sustainable growth of the Offeror Group, while strengthening its portfolio by appropriately making decisions to withdraw from the business if necessary.

Meanwhile, according to the Target Company's press release, the Target Company founded Honda Neji Seisakusho, the predecessor of the current Honda Tsushin Kogyo Co., Ltd., in May 1932 in Meguro-ku, Tokyo as a company for the purpose of precision screw processing. Thereafter, with the expansion of the communications equipment components manufacturing business, Honda Tsushin Kogyo Co., Ltd. was established in June 1947 for the purpose of manufacturing and sales of communications equipment components, and in October 1999, the stock was listed with the Japan Securities Dealers Association, then in February 2001, the stock was listed on the TSE Second Section. In April 2008, it formed a capital and business alliance with Matsushita Electric Works Co., Ltd. (currently Panasonic), and in July 2009, it became an affiliate under the equity method of Panasonic Electric Works Co., Ltd. (currently Panasonic). It was re-designated to the TSE First Section in March 2016, and as of today, after the transition to the new market category on TSE on April 4, 2022, the Target Company's shares are listed on the TSE Prime Market. Regarding the reexamination of the market category on the TSE, the Target Company submitted an application dated October 28, 2021 to the effect that it would select the Prime Market in the transition to the new market category in April 2022, and at the same time, it disclosed the Plan; however, as the board of directors of the Target Company, which held a meeting today, adopted a resolution in support of the Tender Offer on condition of delisting, withdrawal of the Plan was also resolved.

As of today, the Target Company's corporate group consists of the Target Company and seven subsidiaries, and is engaged in the manufacture and sales of general electronic components such as connectors, and development, design, and operation of information systems (the "**Target Company Group**").

In the connector business, it primarily manufactures and sells electrical connectors and optical connectors for communications infrastructure applications, FA equipment applications, consumer equipment (Note 8) applications, and, in-vehicle applications. With respect to its main products, the Target Company Group manufactures optical fiber (FTTH) connectors for indoor optical communications infrastructure, interface connectors for connecting control equipment and machine tools for FA equipment, sockets for memory cards for laptop computers and digital cameras for consumer equipment, and connectors for in-vehicle cameras, and cable harnesses for in-vehicle use. Azumino Honda Tsushin Kogyo Co., Ltd., a subsidiary of the Target Company, mainly manufactures quantities of around 100 to 100,000 units of connectors per month for approximately 4000 products, and Honda Connectors MFG (SZ). Ltd. (China), an indirect subsidiary of the Target Company, manufactures more than 100,000 and up to 1,000,000 units per month for hundreds of types of connectors, primarily in-vehicle connectors, which are all sold by the Target Company and four other overseas sales companies.

(Note 8) Consumer equipment means electrical appliances used by ordinary consumers and homes.

In the information systems business, HTK Engineering Co., Ltd., a subsidiary of the Target Company, is in charge of software design, development and system operation. It specializes in virtualization technology centered on VMware and cloud technology centered on AWS, Azure, and ServiceNow, and is engaged in contract software development and maintenance and/or operations support centered on system infrastructure construction.

The Target Company's brand slogan is "Joy through Connecting, Passion for Creation." Providing pleasure and joy of connecting to various scenes, such as "Evolution to a more comfortable and secure communications network," "Convenience of connecting devices to networks," and "Creating value by connecting various information," and creating excitement is the mission of the Target Company for a prosperous future. In addition, as the core of its mission, the Target Company desires to be a company that values connections between people.

The Target Company Group has summed up the shared ways of being and thinking as "Eight Values" and the behavior specifically as the "Code of Conduct" for its mission success. Eight Values specifically means:
"Customer Value": Are our customers impressed and satisfied?
"Collaboration Value": Do we keep mutually developing relationships with our partners?
"Social Value": Do we contribute to the development of society as corporate citizens?
"Personal Value": Do we experience the joy of our work and how it makes us grow?
"Originality Value" : Do we create new ideas from a global perspective?
"Challenge Value": Do we challenge without fearing change?
"Sincerity Value": Are we fair and honest?
"Synergy Value" : Do we respect mutual differences and collaborate for success?
The Target Company Group is committed to work toward being a "Good Company" that can win shareholder/stakeholder trust and thus expected to keep a mutually developing relationship with its partners, to manage the company and its business based on sincerity, and to challenge creating Values and the like.

The environment surrounding the Target Company is becoming more uncertain due to increased risk factors such as trade friction, climate change, and infectious diseases, while business opportunities are expanding due to the rapid evolution of society toward Society 5.0 (Note 9). To realize the Vision for the 100th anniversary of its founding (2032), which was formulated in May 2021, to become a "Good Company" that will grow sustainably based on the trust and expectations earned from all stakeholders in such a rapidly changing environment, the Target Company has announced "Create and launch new products swiftly in 'connecting' markets that will expand with Society 5.0" as its basic policy in order to improve growth potential, profitability and sustainability, and the following have been announced as management and business strategies by product or field.

(Note 9) A human-centered society that achieves both economic development and resolution of social issues through a system that integrates cyber space (virtual space) and physical space (real space) at a high level.

<Business connectors>

Long-term vision: Swiftly solve issues for connecting that will arise in the evolution of society.
Business policy: Launch a series of new products to meet expanding and diversifying needs

<Automobile connectors>

Long-term vision: Support the autonomous driving of mobility by polishing our high-speed transmission technology.
Business policy: Expand business based on our strong track record in in-vehicle cameras and high-speed transmission technology

<Information systems>

Long-term vision: Transform information systems into a DX support business that will bolster the digital revolution of medium-sized companies.

Business policy: Expand business domains by developing its own DX businesses, utilizing new technologies.

<Strengthening the management foundation>

Improve productivity and business durability by strengthening our initiatives for DX and sustainability.

In its business portfolio, the Offeror Group defines a business that is a core product required for various devices, which cannot be easily substituted, such as its original bearings business, as a “Core Business.” Among these, a niche segment, where the Offeror Group can achieve high market share, high profitability, and competitive advantage, have been identified as a future priority field, and among these, (i) bearings, (ii) motors, (iii) access products, (iv) analog semiconductors, (v) sensors, (vi) connectors and switches, (vii) power supplies, and (viii) wireless/communications/software are regarded as the “Eight Spears.” By combining these “Eight Spears” with the core technologies that the Offeror Group has refined, such as ultra-precision machining technology, mass production technology, optical technology, and sensor technology, the Offeror Group will produce the advanced product groups needed by society, and in addition, will also promote the acquisition of new spears (businesses), which will be the 9th and 10th spears, through “integration”, and M&A.

On the other hand, businesses such as smartphones and game parts, which are expected to be in demand temporarily but are considered to be non-permanent due to technological innovation, are defined as Sub-Core Businesses. Due to its high profitability, these businesses are positioned as “cash cow” businesses, and by investing the profits obtained from these businesses in Core Businesses, the Offeror Group has been creating a virtuous cycle of further strengthening of its portfolio.

The Offeror aims for autonomous growth through the utilization of existing management resources within the group and discontinuous growth through the utilization of external resources centered on M&A, and in aiming to expand the business through aggressive M&A, since mid-January 2020, it has been in discussions with Frontier Management Co., Ltd. (“**Frontier Management**”), an M&A advisory company, on policies for business growth including the connector business of the Offeror Group. During such discussions, since the beginning of February 2020, the Offeror came to have an initial idea that a wide range of synergies can be expected in terms of development technology, production, sales, etc. between the connector businesses of the Offeror Group and of the Target Company Group, as the Target Company Group possesses technology and know-how regarding products that are not a part of any product lineups for the connector business of the Offeror, such as products for FA and information infrastructure equipment, among the connector products, and also the Offeror believed that there is no other corporate group other than the Target Company Group that has similar products as its main lineup Thereafter, in the process of the Offeror’s internal examination of the public information of the Target Company Group, including securities reports and timely disclosure reports on the TSE, from the beginning of February 2020 to the beginning of December 2020 about the possibility of M&A with the Target Company and of achieving the above-mentioned broad synergies, the Offeror began to consider that in addition to the above ideas, benefits such as improvement of the performance and cost of the connector products of the Target Company Group by applying the parts and mold manufacturing technology of the Offeror Group, and development of new applications by installing the Target Company Group products in the products to be assembled and processed at the Offeror Group are expected for both the Offeror Group and the Target Company Group, and in early December 2020, the Offeror Group came to the conclusion that synergies of performance improvements of the products of the Target Company, cost improvements, and new application development for the Offeror Group can be expected through an M&A transaction with the Target Company.

Based on this conclusion, the Offeror further advanced the analysis of the business content of the Target Group and together with that, to deepen their understanding of the Target Company Group's business and business environment, the Offeror requested a meeting with Mr. Kinji Kashio, the President of the Target Company, and Mr. Osamu Mizuno, a director of the Target Company, in the middle of January 2021. The Offeror was then able to have an opportunity to meet them in early

February 2021 and introduced the Offeror Group and held discussions with respect to the management status of the Target Company Group. Based on these discussions, the Offeror came to the conclusion in the middle of October 2021 that by the Offeror making the Target Company a wholly-owned subsidiary through this transaction, as stated above, synergies can be expected in the aspects of development technologies, production and sales, etc., between the connector businesses of the two companies, and also they have a working theory that synergies can also be expected for improvement of performance of the Target Company Group's connector products and costs by applying the parts and mold manufacturing technologies of the Offeror Group, and development of new applications by installing the Target Company Group products in the products to be assembled and processed at the Offeror Group, and in the connector business in particular, the best measure would be to contribute to the sustainable improvement of the corporate value of the two companies. At the time of the decision, the Offeror also considered whether to make the Target Company a wholly-owned subsidiary. Other than making the Target Company a wholly-owned subsidiary, there were options to acquire some portion of its shares or to make it a consolidated but delisted subsidiary, as described below (i) through (v), the Offeror considered it indispensable to share and make the utmost use of management resources and know-how of both companies mutually, in order to maximize the synergy effects expected between the connector businesses of the two companies in terms of development technology, production, sales, etc., as well as synergy effects such as improvement of performance and costs of connector products of the Target Company Group by applying the Offeror Group's component and mold manufacturing technology, as well as to establish a system that enables quick decision-making. If the Target Company continues to be publicly listed, it will be necessary to give consideration to the interests of diverse shareholders, including those who seek short-term profits and enhanced shareholder returns for the Target Company Group, and therefore the Target Company will have to be cautious about making upfront investments, such as capital investments in new factories and other facilities, that will contribute to improving corporate value over the medium to long term but are not necessarily consistent with short-term shareholder interests. Additionally, in the business operations of the Target Company Group, it may become difficult to propose the products of the Offeror Group in preference to those of the Target Company Group to customers, and the Target Company will be forced to operate to a certain extent independently from the Offeror Group. Given the possibility of conflicts of interest between the general shareholders of the Target Company and the Offeror, such as the inability to propose the sale of the aforementioned products to customers as a completely integrated enterprise, and given the fact that the Target Company will be required to take into consideration the interests of its general shareholders when making business decisions, it would be difficult for both parties to mutually share confidential information without restrictions on the premise of complete alignment of interests, and since it may be necessary to limit the information to be mutually shared between the two parties from the viewpoint of information management, the interests of the Offeror and the Target Company will not likely be completely aligned, as certain restrictions will be placed on mutual sharing and utilization of management resources and know-how and prompt decision-making, which may be an obstacle against maximizing the synergy effects expected between the connector businesses of the two companies in terms of development technology, production, sales, etc., as well as synergy effects such as improvement of performance and costs of connector products of the Target Company Group and development of new applications for the Offeror Group. Considering these risks, the Offeror Group determined in mid-October 2021 that the best option was to make the Target Company a wholly-owned subsidiary of the Offeror in order to maximize the synergy effects expected between the connector businesses of the two companies in terms of development technology, production, sales, etc., as well as in terms of performance and cost improvement of connector products of the Target Company Group and development of new applications for the Offeror Group.

Thereafter, that same month, the Offeror appointed Frontier Management as a financial advisor and third-party appraiser independent from the Offeror and the Target Company, and started looking into the specific details of conditions of the Transaction including the per-share purchase price of the shares of the Target Company in the Tender Offer (the "**Tender Offer Price**") to improve the corporate value of both companies through realization of synergies by making the Target Company a wholly-owned subsidiary.

On December 16, 2021, the Offeror then submitted a non-binding statement of intent to the effect that the Offeror wished to delist the Target Company by acquiring100% of its shares through the Tender Offer to the Target Company and Panasonic, its largest shareholder and an affiliated company thereof, and, as an initial proposal based on the results of comprehensive decision on the preliminary stock price analysis by the Discounted Cash Flow analysis (“**DCF method**”), comparable company analysis method and market price method based on public information and the medium-term management plan announced by the Target Company on May 11, 2021, and the market price trend of the Target Company’s Stock, etc., the Offeror (i) made a Tender Offer proposal in the range of 520 yen to 606 yen per share of the Target Company, which is the market price with an added premium of 19.78% to 39.74% (rounded to two decimal places; the same applies hereinafter to the percentage of premiums to stock prices) to the closing price of the shares of the Target Company on the TSE 1st Section on December 15, 2021, which was 434 yen; 18.15% to 37.84% to the simple average closing price over the preceding one-month period (November 16, 2021 to December 15, 2021), which was 440 yen (rounded to the nearest whole number; the same applies hereinafter to calculations of the simple average closing price); 14.50% to 33.59% to the simple average closing price over the preceding three-month period (September 16, 2021 to December 15, 2021), which was 454 yen; and 10.84% to 29.31% to the simple average closing price over the preceding six-month period (June 16, 2021 to December 15, 2021), which was 469 yen, and at the same time is above the upper limit in the market price method and within the range of the comparable company method and the DCF method in the preliminary equity value analysis results as of December 16, 2021, which the Offeror did not consider to be disadvantageous to minority shareholders of the Target Company, as such price is estimated to be higher than the price at which its minority shareholders holding short to medium-term investments of less than two years at the time the letter of intent was submitted purchased the Target Company Shares, considering that the period of one or two turns of the Target Company’s stock likely covers the period when existing shareholders, who are looking for short-term to medium-term investments of less than two years, acquired such shares, and based on the result where the volume-weighted average price for a period of one rotation, which is from Aplil 9, 2020 to December 1, 2021, is 472 yen and that for a period of two rotations, which is from June 14, 2019 to December 1, 2021, is 499 yen for the total number of shares issued excluding treasury stock of the Target Company and shares owned by Panasonic; (ii) made the Target Company a wholly owned subsidiary of the Offeror through a subsequent series of transactions, and (iii) proposed official due diligence to commence thereafter.

On January 6, 2022, the Offeror received an answer from the Target Company that it would be necessary for the Target Company to consider whether the alliance with the Offeror Group would contribute to the enhancement of the corporate value of the Target Company, and together with the answer, the Offeror received a document requesting reconsideration of the asking price because the Target Company determined that it would be difficult to explain to existing shareholders in terms of price with the received share value. Meanwhile, on January 11, 2022, the Offeror received a document from Panasonic stating that it was positively considering the content of the proposal.

Thereafter, on February 19, 2022, the Offeror received from the Target Company a business plan for the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026, as information necessary for the Offeror to deepen its understanding of the Target Company Group's business and business environment, and to reconsider the price. In addition, in early March of the same year, the Offeror received an explanation from the Target Company about the business plan and the information system business of the Target Company Group. In parallel with the above, the Offeror repeatedly held consultations with the management of the Target Company multiple times during the period from early February to late March 2022, and conducted further examinations, and as a result, on April 6, 2022, the Offeror again submitted a non-binding statement of intent to the Target Company and Panasonic, and as a revised proposal based on the results of a comprehensive determination of the preliminary stock price analysis by the DCF Method, comparable company analysis method and market price method calculated based on public information, the aforementioned business plan for the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026, received from the Target Company on February 19, 2022, consultations with the management of the Target Company, and additionally received information, the Offeror (i) made a proposal for a tender offer in the range of 563 yen to 650 yen per share of the Target Company, which is a price with as premium of 18.78% to 37.13% added to the closing price of the shares of the Target Company on the TSE Prime Market on April 5, 2022, which was 474 yen; 19.03% to 37.42% to the simple average closing price over the preceding one-month period (March 7, 2022 to April 5, 2022), which was 473 yen; 22.66% to 41.61% to the simple average closing price over the preceding three-month period (January 6, 2022 to April 5, 2022), which was 459 yen; and 24.56% to 43.81% to the simple average closing price over the preceding six-month period (October 6, 2021 to April 5, 2022), which was 452 yen, which is above the upper limit in the market price method and within the range of the preliminary equity value analysis resulting from the comparable company method and the DCF method as of April 6, 2021, which the Offeror did not consider to be disadvantageous to the minority shareholders of the Target Company, as such price is estimated to be higher than the price at which its minority shareholders for short to medium-term investments at the time the letter of intent was submitted purchased the Target Company Shares, considering that the period of one or two turns in the market of the Target Company's stock likely covers the period when existing shareholders, who are looking for short-term to medium-term investments of less than two years, acquired such shares, and based on the volume-weighted average price for a period of one rotation (from September 4, 2019 to March 22, 2022) which was 479 yen, and for a period of two rotations (from November 11, 2019 to March 22, 2022) which was 494 yen, for the total number of shares issued excluding treasury stock of the Target Company and shares owned by Panasonic; (ii) made the Target Company a wholly-owned subsidiary of the Offeror through a subsequent series of transactions; and (iii) proposed official due diligence to commence thereafter.

On April 28, 2022, the Offeror received communications from the Target Company to the effect that the Target Company was again requesting reconsideration of the asking price because the Target Company determined that it would still be difficult to explain to existing shareholders with the received share value, and the Special Committee regarding the Transaction (the "**Special Committee**") was established as of the same day. In addition, the Offeror received a written answer from Panasonic on the same day to the effect that it intended to continue positive consultations on the Transaction including execution of the Tender Agreement based on the above-stated expression of intent submitted on April 6, 2022. On May 13, 2022, the Offeror provided the Target Company with a description of the Offeror Group's business. Then, while holding consultations with the management of the Target Company, the Offeror received proposals from the Target Company through Daiwa Securities Co., Ltd. ("**Daiwa Securities**"), which is the financial advisor of the Target Company, on June 8, 2022, to the effect that although the Target Company considered the price range per share of the Target Company proposed by the Offeror insufficient, it believed the Transaction would contribute to improvement of the corporate value of the Target Company, and subject to a sincere examination by the Offeror on an increase in the Tender Offer Price, the Target Company would agree to commence due diligence on the Transaction. As the Offeror accepted the above-stated conditions on June 8, 2022, it was decided that due diligence would commence in mid-June 2022 to late July 2022 and thereafter.

The Offeror then carried out that due diligence on the Target Company Group and, based on the progress by early July 2022, the Offeror submitted a legally-binding proposal relating to the Transaction to the Target Company and Panasonic on July 8, 2022, and taking into consideration the recent business performance including the ongoing FY2022 terms and future business plan of the Target Company, the result of the due diligence conducted by the Offeror, the Offeror's determination that although the performance of the fiscal year ended March 31, 2022 was less affected by COVID-19 and was on a recovery trend due to the recovery of the automobile market and the recovery of demand for the Target Company Group products in light of the increase in capital investment by client companies, the unstable economic situation and stock market trends, the great deal of uncertainty about the business results after the fiscal term ending March 31, 2023, the risk of a downturn in business results, the trends in the market price of the Target Company Shares, and the fact that the market share price of the Target Company Shares has remained below the TOPIX (Tokyo Stock Exchange Price Index) for most of the recent one-year period since early July 2021 through May 11, 2022, which was the date of the announcement of financial results for the first quarter of the fiscal year ending March 31, the Offeror (i) made a proposal for a tender offerr at 650 yen per share of the Target Company, which is a price with an added 23.57% premium to the closing price of 526 yen of the Target Company Shares on the TSE Prime Market on July 8, 2022; 23.11% to the simple average closing price of 528 yen over the preceding one-month period (June 9, 2022 to July 8, 2022); 30.00% to the simple average closing price of 500 yen over the preceding three-month period (April 11, 2022 to July 8, 2022); or a premium of 35.42% to the simple average closing price of 480 yen over the preceding six-month period (January 11, 2022 to July 8, 2022). Although the premium was below the median premiums (38.60% of the simple average of closing prices for the past 1 month from the business day before the announcement date, 41.20% of the simple average of closing prices for the past 3 months from the business day before the announcement date, and 45.90% of the simple average of closing prices for the past 6 months from the business day before the announcement date) in past tender offer cases (71 successful cases of tender offers for the purpose of going private since the publication of the “Guidelines on Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Interests” issued by the Ministry of Economy, Trade and Industry (**“METI”**) on June 28, 2019), the Offeror did not consider such price to be disadvantageous to minority shareholders of the Target Company, as such price is estimated to be higher than the price at which its minority shareholders for short to medium-term investments at the time the letter of intent was submitted purchased the Target Company Shares, considering that the period of one or two turns of the Target Company’s stock in the market likely covers the period when existing shareholders, who are looking for short-term to medium-term investments of less than two years, acquired such shares, and based on the result where the volume-weighted average price for a period of one rotation (from September 4, 2020 to March 22, 2022) was 479 yen, and for a period of two rotations (from November 11, 2019 to March 22, 2022) was 494 yen for the total number of shares issued, excluding treasury stock and Panasonic-held shares; and (ii) made a revised proposal regarding the subsequent series of transactions to make the Target Company a wholly owned subsidiary. Subsequently, on April 28, 2022, the Offeror received a communication from the Target Company indicating that it had determined that it would still be difficult to explain to existing shareholders at the share price received, and that it was requesting the Offeror to reconsider the price submitted. The Offeror then submitted a legally-binding proposal relating to the Transaction to the Target Company and Panasonic on July 13, 2022, and taking into consideration the same factors as at the time of submission of the proposal on 8th of the same month, made a proposal for a tender offer at 680 yen per share of the Target Company, which is a price with addition of 31.78% premium to the closing price of 516 yen of the Target Company Shares on the TSE Prime Market on July 12, 2022; 29.52% to the simple average closing price of 525 yen over the preceding one-month period (June 13, 2022 to July 12, 2022); 35.45% to the simple average closing price of 502 yen over the preceding three-month period (April 13, 2022 to July 12, 2022); or a premium of 41.08% over the simple average closing price of 482 yen over the preceding six-month period (January 13, 2022 to July 12, 2022). Although the premium was below the median premiums (38.60% of the simple average closing price for the preceding one-month period from the business day before the announcement date, 41.20% of the simple average closing price for the preceding three-month period from the business day before the announcement date, and 45.90% of the simple average closing price for the preceding six-month period from the business day before the announcement date) in past tender offer cases (71 successful tender offers for the purpose of going private since the publication of the “Guidelines for Fair M&A: Enhancing Corporate Value and Securing Shareholder Profits” issued by METI on June 28, 2019), the Offeror believed such price not to be disadvantageous to minority shareholders of the Target Company, as such price is estimated to be higher than the price at which its minority shareholders for short to medium-tern investments at the time the letter of intent was submitted purchased the Target Company Shares, considering that the period of one or two turns of the Target Company’s stock in the market likely covers the period when existing shareholders, who are looking for short-term to medium-term investments of less than two years, acquired such shares, and based on the result where the volume-weighted average price for a period of one rotation (from September 4, 2020 to March 22, 2022) was 479 yen and that for a period of two rotations (which is from November 11, 2019 to March 22, 2022) was 494 yen for the total number of shares issued excluding treasury stock and Panasonic shares and made a revised proposal regarding the subsequent series of transactions to make the Target Company a wholly owned subsidiary of the Offeror. Subsequently, on July 15, 2022, the Offeror received a communication from the Target Company indicating that, even considering the premium level in tender offer cases for delisting purposes, it is a prerequisite for the Target Company to issue an opinion of support and recommendation of tender that the premium level of the Tender Offer Price over a certain period (e.g., 1 month, 3 months, 6 months) be comparable to the premium level in other cases; the market share prices after the announcement of the financial results for FY2021 (May 11, 2022) and the most recent market share price best reflects the current status of the Target Company and the market share price during these periods are assumed to be the most important for the Target Company's minority shareholders; the price had not yet reached a sufficient level from those perspectives; and therefore it would still be difficult to explain to existing shareholders at the share price received and that it was requesting the Offeror to reconsider the price submitted.

Thereafter, the Offeror submitted a legally binding proposal for the Transaction to the Target Company and Panasonic on July 20, 2022, made a re-proposal for the Tender Offer at a price of 695 yen per share and make the Target Company a wholly-owned subsidiary of the Offeror through a series of subsequent transactions. The same factors as the proposal on July 13, 2022 were taken into account: a premium of 34.69% was added to the closing price of 516 yen of the Target Company Shares on the TSE on July 19, 2022; a premium of 32.89% to the simple average closing price of 523 yen for the preceding one-month period (June 20, 2022 to July 19, 2022); a premium of 37.08% to the simple average closing price of 507 yen for the preceding three-month period (April 20, 2022 to July 19, 2022); and a premium of 43.30% to the simple average closing price of 485 yen for the preceding six-month period (January 20, 2022 to July 19, 2022). The premiums were roughly in line with the median premiums (38.60% of the simple average closing price for the preceding one-month period from the business day before the announcement date, 41.20% of the simple average closing price for the preceding three-month period from the business day before the announcement date, and 45.90% of the simple average closing price for the preceding six-month period from the business day before the announcement date) in past tender offer cases (71 successful tender offers for the purpose of going private since the publication of the "Guidelines for Fair M&A: Enhancing Corporate Value and Securing Shareholder Profits" issued by METI on June 28, 2019), which the Offeror believed not to be disadvantageous to minority shareholders of the Target Company.

However, subsequently, on July 22, 2022, the Offeror was informed by the Target Company that it would request the Offeror to reconsider the offer price, as the Target Company determined that the proposed Tender Offer Price was still difficult to explain to its existing shareholders, for the price had not yet reached a sufficient level, even considering the premium level in tender offer cases for delisting purposes.

Thereafter, the Offeror submitted again a legally binding proposal for the Transaction to the Target Company and Panasonic on July 25, 2022, and made a re-proposal for the Tender Offer at a price of 705 yen per share and make the Target Company a wholly-owned subsidiary of the Offeror through a series of subsequent transactions. The same factors as the proposal on July 20, 2022 were taken into account; a premium of 32.77% were added to the closing price of 531 yen of the Target Company Shares on the TSE on July 22, 2022, a premium of 34.03% to the simple average closing price of 526 yen for the last month (June 23, 2022 to July 22, 2022), and a premium of 38.24% to the simple average closing price of 510 yen for the last three months (April 25, 2022 to July 22, 2022), and a premium of 44.47% to the simple average closing price of 488 yen for the last six months (January 24, 2022 to July 22, 2022). The premium was roughly in line with the median premiums (38.60% of the simple average of closing prices for the past 1 month from the business day before the announcement date, 41.20% of the simple average of closing prices for the past 3 months from the business day before the announcement date, and 45.90% of the simple average of closing prices for the past 6 months from the business day before the announcement date) in past tender offer cases (71 successful cases of tender offers for the purpose of going private since the publication of the "Guidelines on Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Interests" issued by METI on June 28, 2019), which the Offeror believed not to be disadvantageous to minority shareholders of the Target Company. Subsequently, on July 26, 2022, the Offeror was informed by the Target Company that it would request the Offeror to reconsider the offer price for the benefit of the existing shareholders.

Thereafter, on July 27, 2022, the Offeror verbally informed the Target Company and Panasonic through Frontier Management, that it would not raise the price further from 705 yen taking into account the same factors as the proposal on July 25, 2022; a premium of 28.42% was added to the closing price of 549 yen of the Target Company Shares on the TSE on July 26, 2022, a premium of 33.27% to the simple average closing price of 529 yen for the last month (June 27, 2022 to July 26, 2022), and a premium of 37.43% to the simple average closing price of 513 yen for the last three months (April 27, 2022 to July 22, 2022), and a premium of 43.88% to the simple average closing price of 490 yen for the last six months (January 27, 2022 to July 22, 2022); the premium was roughly in line with the median premiums (38.60% of the simple average of closing prices for the past 1 month from the business day before the announcement date, 41.20% of the simple average of closing prices for the past 3 months from the business day before the announcement date, and 45.90% of the simple average of closing prices for the past 6 months from the business day before the announcement date) in past tender offer cases (71 successful cases of tender offers for the purpose of going private since the publication of the "Guidelines on Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Interests" issued by METI on June 28, 2019), which the Offeror believed not to be disadvantageous to minority shareholders of the Target Company. Subsequently, on July 28, 2022, the Offeror received a communication from the Target Company that it accepts the Tender Offer Price of 705 yen, and reached an agreement with the Target Company regarding the Tender Offer Price.

In parallel with the above discussion and deliberation of the Tender Offer Price, from early to mid- July 2022, the Offeror has had multiple rounds of discussions with the Target Company regarding the management structure of the Target Company after the Transaction, and specifically, the continuation of the Target Company as a legal entity and other matters to be set forth in the Agreement (defined in "(B) The Agreement" in "(6) Material Agreements Regarding the Tender Offer" below)Specifically, on July 1, 2022, the Offeror received a proposal from the Special Committee that certain written agreements should be reached regarding the management structure after the Transaction, and as the Offeror accepted this proposal on the same day, the Offeror and the Target Company decided to begin discussions regarding the terms of the Agreement. On July 2, 2022, the Offeror received a proposal from the Target Company regarding the terms of the Agreement.

Since the initial draft of the agreement received on July 2, 2022 stated that the legal entity of the Target Company would unconditionally survive, on July 7, 2022, the Offeror proposed a revised draft and added conditions that the operation of the connector business and the information system business by the Target Company Group shall be consistent with the business strategy of the Offeror Group, and that the Target Company Group's business performance shall progress in accordance with business plans or that the Target Company Group shall take necessary measures to appropriately operate its business even if its business performance is not progressing in accordance with business plans. Subsequently, on July 12, 2022, the Offeror received from the Target Company a revised proposal, which was basically unchanged from the proposal sent on July 7, 2022, with minor revisions such as including "Executive Officers" into "the Target Company's existing management team" as described in item (F) of "(B) The Agreement" in "(6) Material Agreements Regarding the Tender Offer" below.

Subsequently on July 14, 2022, the Offeror informed the Target Company that it accepts the terms of the revised proposal received from the Target Company on July 12, 2022 and sent a revised proposal with minor revisions such as inserting proviso regarding the maintenance of employment etc., as described in item (E) of "(B) The Agreement" in "(6) Material Agreements Regarding the Tender Offer" below. Subsequently, on July 20, 2022, the Offeror was informed by the Target Company that it would accept the revised proposal on July 14, 2022 from the Offeror, thus the Offeror and the Target Company reached an agreement regarding the terms of the Agreement.

Moreover, in parallel with the above discussion and deliberation of the Tender Offer Price, on and from July 6, 2022, the Offeror conducted consultation regarding the Tender Agreement with Panasonic. Specifically, the Offeror proposed an initial draft of the Tender Agreement on July 6, 2022 and received a revised draft proposal from Panasonic on July 20, 2022. On July 21, 2022, the Offeror and Panasonic reached an agreement regarding the terms of the Tender Agreement as the Offeror accepted the revised proposal of Panasonic.

The Offeror expects that due to the Transaction it will specifically be able to expect the following synergy effects.

(i) Efficient business development utilizing the mutually complementary development roadmap of the two company groups

Connectors for telecommunications infrastructures and FA equipment, which are manufactured and sold by the Target Company Group as its major products, are not regarded as major products in the Offeror Group. On the other hand, HSD connectors (Note 10), FAKRA connectors (Note 11) and USCAR connectors (Note 12), which are manufactured and sold by the Offeror Group as its major products in the field of electrical connectors for automotive applications, are not regarded as major products in the Target Company Group. Thus, the Offeror Group and the Target Company Group have a complementary product lineup. Therefore, making the Target Company a wholly-owned subsidiary of the Offeror through the Tender Offer will enable the Offeror Group as a fully integrated corporate group with the Target Company Group to offer its customers a one-stop value proposition by making proposal and selling connectors for communications infrastructure, FA equipment, HSD connectors, FAKRA connectors and USCAR connectors, and other in-vehicle electrical connectors as equally important product lines. If the Target Company does not become a wholly-owned subsidiary of the Offeror, the Target Company will be compelled to maximize its own profits to protect the interests of its minority shareholders, hence it is difficult for the Offeror Group to propose its products to customers in preference to those of the Target Company Group, the Target Company would have to operate independently from the Offeror Group to a certain extent, and therefore it would be impossible to propose selling these products to customers as a fully integrated company. Therefore, the Offeror believe that these synergy effects can only be realized through a structure which makes the Target Company a wholly-owned subsidiary of the Offeror.

(Note 10) HSD connector means the connector that supports HSD, a connector standard used for high-speed data transmission between in-vehicle information communication devices.

(Note 11) FAKRA connector means the connector that supports FAKRA, a connector standard used for high-speed data transmission between in-vehicle communication devices.

(Note 12) USCAR connector means the connector that supports USCAR, another connector standard used for high-speed data transmission between in-vehicle communication devices.

In addition, the Offeror Group is experiencing a shortage of design and development resources, as the number of designers and their working hours are limited and they are sometimes unable to perform the design work they wish to perform when it is necessary. The Offeror believes that the Offeror Group can resolve these resource shortages and will be able to strengthen its product lineup and speed up the development of new products by sharing the design and development resources of the Offeror Group and the Target Company to eliminate such resource shortages. Since the design and development know-how and resources are an important source of competitiveness for the Target Company Group, if the Target Company does not become a wholly-owned subsidiary of the Offeror, the Offeror believes that the Target Company will be compelled to place considerable restrictions on the sharing of its design and development know-how and resources due to general concerns about the Target Company Group’s resources being used in a manner not in line with its interests, such as using them by the Offeror Group to develop products that compete or may compete with the Target Company Group’s products. However, the Offeror believes that making the Target Company its wholly-owned subsidiary will eliminate concerns regarding the sharing of the Target Company Group’s design and development resources and know-how, thereby strengthening the product lineup and speeding up the development of new products.

(ii) Expanding competitiveness of the Target Company’s products by utilizing the manufacturing capabilities and production technologies of the entire Offeror Group

By utilizing the in-house production capacity of the Offeror Group’s production automation equipment, the Target Company will be able to introduce automation equipment at a lower cost and in a shorter period of time than before, and by reducing the time required for manufacturing per unit compared to before using dedicated equipment manufactured in-house, the productivity of the Target Company will be improved, labor costs will be optimized by production utilizing the overseas production bases of the Offeror Group, and by using in-house parts, the Target Company can prevent the outflow of added value externally due to the use of external parts, and further increase the competitiveness of the Target Company’s products.

For the Offeror Group, the in-house production know-how of its production automation facilities is also a source of competitive advantage and, in principle, the Offeror does not provide in-house production automation facilities to anyone outside the Offeror Group. By making the Target Company Group a wholly-owned subsidiary of the Offeror, the Offeror Group will be able to internalize the automation equipment for the Target Group without any concern that the Target Company Group may use the know-how and information concerning the in-house production of the Offeror Group's production automation facilities in a manner that is not in line with the interests of the Offeror Group as a whole, such as using such know-how and information to manufacture products that compete or may compete with the Offeror Group's products or products that the Offeror believes should be manufactured by other members of the Offeror Group for the best benefit of the Offeror Group as a whole.

(iii) Development of sales channels and markets by utilizing the customer base and business bases of the Offeror Group

As a connector specialized manufacturer, the Target Company has a customer base primarily in the domestic consumer equipment market, in-vehicle equipment market, and industrial equipment market, while the Offeror Group has a customer and sales network in domestic and overseas markets as a general components manufacturer. Therefore, the Offeror believes that it will be possible to cross-sell products to customers of both companies and expand the products of the Target Company to a wider area, including overseas.

If the Target Company does not become a wholly-owned subsidiary of the Offeror, the Target Company will be compelled to maximize its own profits to protect the interests of its minority shareholders, hence creating a difficulty for the Offeror Group to propose its products to customers in preference to those of the Target Company Group, which will force the Target Company to operate independently from the Offeror Group to a certain extent, and therefore making it difficult to propose selling these products to customers as a fully integrated company. As a result, the Offeror believe it becomes possible only through making the Target Company a wholly owned subsidiary of the Offeror to sufficiently cross-sell their products to its customers or expand the Target Company Group's products into a broader geographic area, including overseas.

(iv) Reduction of materials costs and improvement of price competitiveness

By jointly purchasing raw materials by both company groups, reducing materials costs and optimizing production and improving efficiency in the same product categories, the Offeror believes that it will be possible to provide customers of both groups with products that are less expensive than ever while maintaining quality, and as a result, price competitiveness will be improved. In order for both groups to jointly procure raw materials, they must disclose to each other confidential information and know-how concerning the procurement of raw materials. If the Target Company Group does not become a wholly-owned subsidiary of the Offeror, disclosure of confidential information and know-how concerning the procurement is difficult due to a general concern that the other party may use the confidentiality and know-how of the disclosing party's group regarding the procurement of raw materials in a manner that is not in line with the interests of the disclosing party's group, such as using by the other group for procurement of raw materials for the manufacturing of products that compete or may compete with the products of the disclosing party's group. However, the Offeror believes that making the Target Company its wholly-owned subsidiary will eliminate concerns regarding reciprocal sharing of such confidentiality and know-how, and will enable the Offeror Group and the Target Company Group to achieve the abovementioned reduction in material costs and improvement in price competitiveness.

(v) Utilization of production and outsourcing control methods of the Target Company for Offeror Group product production

The Offeror Group believes that the Target Company possesses superior know-how in terms of optimal production methods for each manufacturing item with different production volume and selection and management of partner companies, and that utilizing this know-how in business operations for the business operations of the Offeror Group will enable the Offeror Group to manufacture products in more efficient manner. If the Offeror does not make the Target Company its wholly-owned subsidiary, the Target Company will be compelled to maximize its profits to protect the interests of its minority shareholders. Certain restrictions would have to be placed on the know-how to be shared with the Offer Group due to a general concern that such know-how may be used by the Offeror in the manufacture of products that compete or may compete with the products of the Target Company Group if unrestricted know-how concerning the production and subcontracting control is provided to the Offeror. The Offeror believes that if the Target Company does not become a wholly-owned subsidiary of the Offeror, it is difficult for the Offeror Group to have access to such know-how and fully utilize such know-how, and that efficient production through the use of the above know-how can only be achieved by making the Target Company a wholly-owned subsidiary of the Offeror.

In addition, the Target Company is currently utilizing the global sales network of Panasonic, which is its largest shareholder and also falls under other affiliated companies, and even if Panasonic ceases to be a shareholder of the Target Company through the Transaction, it will still be possible to continue sales by changing the commercial distribution, such as delivering the products directly to the distributor without passing through Panasonic, and the costs incurred accordingly are considered to be minor, ranging from 4 to 5 million yen. In addition, with regard to the development of new customers overseas, the Target Company used to utilize Panasonic's sales channels, but Panasonic is no longer active in the sales of connectors to the Target Company, which is an equity-method affiliate of the Offeror. If the Offeror Group successfully makes the Target Company its wholly-owned subsidiary, the Target Company can actively utilize the overseas sales network of the Offeror Group with its sales offices in 24 countries, and the Offeror believes that new deliveries of the products of the Target Company to global companies can be expected more than ever. Furthermore, although the Target Company has currently been utilizing support from 5 on-site personnel from Panasonic, all of the said employees have been transferred from Panasonic to the Target Company and are expected to continue to be engaged as employees of the Target Company even after the Transaction. Although it is assumed that the Offeror Group will not be able to receive any new human resources support from Panasonic after the Transaction, the Offeror Group is willing to provide human resources support after the Transaction, from which the Target Company Group will benefit in terms of the number of people, the type of work and duties engaged, etc. more than it currently does from the human resources received from Panasonic, and the details of such support will be determined after the completion of the Transaction upon consultation with the Target Company Group. The Offeror Group has approximately 86,000 employees as of March 31, 2022, and believes that it can secure suitable personnel for such human resources support. Given these factors, even if Panasonic ceases to be a shareholder of the Target Company through the Transaction, we believe that there will be no adverse effect on the Target Company's business.

Based on the above discussions and examinations, the Offeror resolved as of today to start the Tender Offer as part of the Transaction, with the Tender Offer Price set at 705 yen.

In addition, the Offeror entered into the Tender Agreement with Panasonic as of today.

(B) The Decision-making process and reasons for the Target Company to support the Tender Offer

In order to realize the vision of the 100th anniversary of its founding (2032), the Target Company has a recognition that improvement of productivity by automating assembly, etc. and further improvement of profitability by in-house production of plating processes is more necessary than ever in terms of manufacturing connectors, that in terms of sales of connectors, there is a limit to its overseas sales network due to the shortage of overseas bases and human resources, and in terms of management, there is a problem with the shortage of core human resources in manufacturing technologies and production management, and a shortage of human resources overseas in terms of sales.

In addition, although the Target Company has received support from Panasonic, which is a major shareholder, in the provision of human resources and overseas sales channels, etc., Panasonic's priority for the connector business and its policy has changed from the time of the capital alliance in 2008, which was intended to increase Panasonic's customer satisfaction in the connector market by building a mutually cooperative relationship in each area of development, manufacturing, and sales, and therefore there is a limit to expecting further synergies in the future.

Under the above-mentioned recognition of issues and circumstances, the Target Company has been searching not only for a method for improving the corporate value of the Target Company by itself, but also a possibility of a method for improving the corporate value of the Target Company Group through alliance with a strategic partner as an optional method of improving the corporate value of the Target Company Group.

Specifically, from late May 2018 to late January 2022, there have been discussions and examinations of strategic alliances with four candidates from the connector industry and related electronic component industry with which synergies can be expected other than the Offeror, two of which approached the Target Company for discussions regarding broad alliances including capital alliances, and the Target Company approached the remaining candidates and had discussions regarding alliances including capital alliances. However, although discussions and examinations with the candidates of the four companies were held, they either did not result in concrete business alliance discussions that would lead to an increase in the corporate value of the Target Company, or they held concrete discussions but did not arrive at an agreement in the end. In the meantime, as described in "(A) Background, Purpose, and Decision-Making Process of the Offeror with respect to Conducting the Tender Offer" above, the Target Company received a proposal from the Offeror to meet with Mr. Kinji Kashio, the President of the Target Company, and Mr. Osamu Mizuno, a director of the Target Company, in mid-January 2021, and had a meeting with the Offeror in early February 2021 to introduce the Offeror Group and discuss the management status of the Target Company Group, and then the Target Company received a non-legally binding expression of intent from the Offeror as of December 16, 2021, to offer a price of 520 yen to 606 yen per share of the Target Company for delisting of the shares of the Target Company by acquiring all of its shares. However, on January 6, 2022, the Target Company responded to the Offeror that it would be necessary for the Target Company to consider whether the alliance with the Offeror Group would contribute to the enhancement of the corporate value of the Target Company, and together with the answer, the Offeror received a document requesting reconsideration of the asking price because the Target Company judged that it would be difficult to explain to existing shareholders in terms of price with the received share value. Thereafter as well the Target Company continued discussions with the Offeror, meanwhile the Target Company submitted its business plan for a period biggening from the fiscal year ending March 2022 to the fiscal year ending March 2026 on February 19, 2022, and provided an explanation of its information system business in early March of the same year, as the information was necessary for the Offeror to deepen understanding of the business and business environment of the Target Company Group and reconsider the price. At the same time, the Target Company appointed Daiwa Securities as a financial adviser and a third-party appraiser independent from the Offeror Group and the Target Company in the middle of February 2022, and Hibiya Park Law Office as a legal adviser independent from the Offeror Group and the Target Company in the middle of March of the same year, respectively. From early February to late March of the same year, in parallel with the above, the Target Company held multiple discussions with the Offeror, and on April 6, 2022, as a result of considerations based on the above discussions, the Target Company received a non-binding statement of intent from the Offeror which include an offer for the Tender Offer at a price in a range of 563 yen to 650 yen per share, and for a series of subsequent transactions to make the Target Company a wholly-owned subsidiary, as well as a subsequent offer to conduct formal due diligence. Thereafter, from April 12 to 14, 2022, it conducted a site visit to the Cebu Plant ("**Cebu Plant**") owned by the Offeror Group in the Philippines, and confirmed the significance of considering the Tender Offer and becoming a wholly owned subsidiary by the Offeror. However, the Target Company determined that it would still be difficult to explain to the existing shareholders with the received share value, and requested again that the Offeror reconsider the asking price on April 28 of the same year. In addition, on the same date, with the aim of paying close attention to the decisions of the Target Company board of directors regarding the Transaction, eliminating arbitrariness in the decision-making process of the Target Company board of directors, and ensuring its fairness, the Target Company informed the Offeror that it established the Special Committee (for the composition of the Special Committee and the specific activities, etc., please refer to "(D) Establishment of a Special Committee at the Target Company and Acquisition of a Report from the Special Committee" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest") below. In addition, based on the explanation of the business content of the Offeror Group by the Offeror on May 13, 2022, the Target Company intensified its examination of the significance of the efforts as Target Company regarding the Tender Offer and the change to wholly-owned subsidiary by the Offeror. On June 8, 2022, in consideration for the discussions and examinations and the result of site visits so far, the price range per share of the Target Company offered by the Offeror through Daiwa Securities, with the approval of the Special Committee, was insufficient for the Target Company. However, since it considered that the Transaction would contribute to the enhancement of the corporate value of the Target Company, the Target Company proposed to agree to Due Diligence on the condition that the Offeror seriously considered raising the offered price.

Thereafter, on July 8, 2022, the Target Company received a legally binding proposal for the Transaction and a re-proposal from the Offeror to set the Tender Offer Price at 650 yen per share of the Target Company and the subsequent series of transactions to make the Target Company a wholly owned subsidiary. In response, the Target Company determined that the Tender Price would be difficult to explain to shareholders, taking into consideration that the premium level in the latest stock price (closing price of 526 yen as of July 9, 2022 (with the simple moving average of closing prices over the past month of 528 yen (June 9, 2022 to July 8, 2022))) did not reach a level comparable to the premium level (based on the fact that the largest number of cases (24 cases) involved a premium of 30% to 40% to the simple average of closing prices over the past month up to the day before the date of publication, the Target Company focusing on the premium added to the simple moving average of closing prices to smooth out stock price fluctuations caused by temporary factors as the Target Company shares tend to be highly volatile) of 100 cases of tender offers for the purpose of delisting announced after August 2019, which is about 3 years before the scheduled the announcement date, to May 2022 excluding tender offers conducted as part of the first step in two-step transactions at discounted prices and tender offers that were leaked before the announcement date, and that an appropriate corporate value evaluation based on profitability, growth potential, and synergies would be necessary, on July 11, 2022, it requested the Offeror raise the Tender Offer Price.

Thereafter on July 13, 2022, the Target Company received a legally binding proposal for the Transaction and a re-proposal from the Offeror to set the Tender Offer Price at 680 yen per share of the Target Company and the subsequent series of transactions to make the Target Company a wholly owned subsidiary. Then, just as in the above, the Target Company requested an increase in the Tender Offer Price on July 15, 2022, because it has not yet reached a sufficient price even considering the premium level in the case of tender offers for the purpose of delisting; therefore, the Target Company determined that it would still be difficult to explain to the existing shareholders with the received share value.

The Target Company also received, on July 20, 2022, a legally binding proposal for the Transaction and a re-proposal from the Offeror to set the Tender Offer Price at 695 yen per share of the Target Company and the subsequent series of transactions to make the Target Company a wholly-owned subsidiary. In response, just as in the above, on July 22, 2022, the Target Company requested an increase in the Tender Offer Price, because it has not yet reached a sufficient price even considering the premium level in the case of the Tender Offer for the purpose of delisting; therefore, it would still be difficult to explain to the existing shareholders with the received share value.

Thereafter, on July 25, 2022, the Target Company again received a legally binding proposal for the Transaction and a re-proposal from the Offeror to set the Tender Offer Price at 705 yen per share of the Target Company and the subsequent series of transactions to make the Target Company a wholly-owned subsidiary, but on July 26, 2022, the Target Company requested the Offeror to raise the Tender Offer Price for the benefit of its existing shareholders. In response, the Target Company was informed by the Offeror on July 26, 2022, it would not raise the price further, and at the Special Committee meeting held on July 28, 2022, the Special Committee concluded that there were no circumstances that would impair the fairness of the Tender Offer Price of 705 yen, as described in "(D) Establishment of Special Committee at the Target Company, and acquisition of report from Special Committee" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure

Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest." Subsequently, on July 28, 2022, the Target Company informed the Offeror the above conclusion, and reached an agreement with the Target Company to set the Tender Offer Price of 705 yen.

In parallel with consultations and examinations regarding the Tender Offer Price described above, the Target Company repeatedly held discussions and examinations with the Offeror multiple times, from early-July to mid July 2022, for the terms of the Agreement, as described in "(B) The Agreement" in "(6) Material Agreement regarding the Tender Offer" regarding the management structure after the Transaction such as the continuity of the Target Company as a legal entity among others. Specifically, on July 1, 2022, the Special Committee proposed to the Offeror that certain written agreements should be reached regarding the management structure after the Transaction, and as the Offeror accepted this proposal, the Offeror and the Target Company decided to begin discussions regarding the terms of the Agreement. As a result, the Target Company made a proposal to the Offeror regarding the terms of the Agreement on July 2, 2022. Subsequently, while the Target Company stated in the initial draft of the agreement sent on July 2, 2022 that the legal entity of the Target Company would unconditionally survive, on July 7, 2022, the Target Company received a revised proposal from the Offeror with additional conditions that the operation of the connector business and the information system business by the Target Company Group shall be consistent with the business strategy of the Offeror Group, and that the Target Company Group's business performance shall progress in accordance with business plans or that the Target Company Group shall take necessary measures to appropriately operate its business even if its business performance is not progressing in accordance with business plans. Subsequently, on July 12, 2022, the Target Company sent to the Offeror a revised proposal, which was basically unchanged from the proposal received on July 7, 2022, with minor revisions such as including "Executive Officers" into " the Target Company's existing management team" as described in item (F) of "(B) The Agreement" in "(6) Material Agreement regarding the Tender Offer". Thereafter, on July 14, 2022, the Offeror informed the Target Company that it accepts the terms of the revised proposal received from the Target Company on July 12, 2022, and the Target Company received the proposal with minor revisions such as inserting a proviso regarding the maintenance of employment etc., in item (E) of "(B) The Agreement" in "(6) Material agreement regarding the Tender Offer." Subsequently, on July 20, 2022, the Target Company informed the Offeror that it would accept the revised proposal received on July 14, 2022 from the Offeror, thus the two parties reached agreement.

As a result of above consultations and examinations, the Target Company arrived at the idea at its board of directors meeting held today, that considering the following points, etc., to become a wholly owned subsidiary through the Transaction would contribute to improvement of the corporate value of the Target Company and be necessary for achievement of the vision of 100th anniversary of its founding.

(i) In-house production of design and manufacture of equipment and devices for which the Target Company currently relies on external production, such as fully automated machines for assembly processes.

While the Target Company does not have the know-how to design and manufacture equipment, the Offeror Group does design and manufacture automated machines for in-vehicle parts, which are products that require high quality, in its production technology divisions in Japan, China, and the Philippines. It is considered possible to improve the productivity and profitability of the Target Company by automating the production equipment of the Target Company by utilizing these technical capabilities. In addition, the Offeror Group manufactures high-speed processing machines in-house in the inspection process (image inspection, electrical inspection), which is a bottleneck in the semi-automatic machine line and hand-assembly line, and in comparison with the case of outsourcing, since fine adjustments, etc. of machines can be completed in-house, the speed from production to introduction of the high-speed processing machines to the line is fast, and by using the technology, it is considered possible for the Target Company to reduce the cost of outsourced manufacturing and improve productivity.

(ii) Productivity improvements and profit improvements by utilizing KPI management in manufacturing, and technological capabilities in each production process of the Offeror Group

The Target Company produces about 4,000 varieties of its products, with the smallest production volume being a few dozen pieces per month, and the largest production volume being about 10,000 pieces per month for FA and other industrial applications. For in-vehicle and consumer applications combined, production volume is about 100 thousand to 1 million pieces per month. KPI management for these production has been limited to partial performance management due to lack of know-how. However, it was confirmed through site visit at the Cebu Plant, and it is considered that introducing the Offeror Group’s KPI management related to reduction of work hours, reduction of workers, etc. in efforts to improve productivity, make it possible to improve the productivity and profitability of the Target Company. In addition, by promoting automation and process improvements by utilizing the technical capabilities and know-how in each production process for high-speed pressing, simultaneous molding by its own modified molding machine in the molding process, automation of multiple plating and inspection processes, etc. of the Offeror Group, which provides in-vehicle products that emphasize safety and require high quality, it is considered possible to improve the productivity and profitability of the Target Company.

(iii) Utilization of plating processes and engineers of the Offeror Group

While the Target Company does not have in-house plating processes and no engineers, the Offeror Group has both technologies: hoop plating used for connector terminals and barrel plating used for connector housings, etc. In the future, as the adoption of metal shells for high-speed transmission connectors is expected to increase, it is thought that in-house production by utilizing the Offeror Group’s barrel plating technology will contribute to cost reduction. Even if the Target Company creates the plating process in-house, it is believed that the construction can be done in a shorter time by utilizing the existing human resources and know-how of the Offeror Group rather than if the Target Company constructs the plating processes while training the human resources involved in the plating processes alone.

(iv) Strengthen overseas sales network

The Target Company recognizes that its overseas sales network is not sufficient in such respects as not having its own sales bases, especially in the United States and China, which will be important markets in the future. In addition to business relationships between bases around the world and customers in the mobility field such as automotive, agricultural machinery, and construction machinery, the Offeror believe that it has sales capabilities that meet the standards of after-sales service required by the Target Company. Therefore, by utilizing the overseas sales network of the Offeror Group, new deliveries of the Target Company's products to global companies can be expected.

(v) Personnel exchange / dispatching

The Target Company lacks the core personnel in manufacturing technology and production control, and the number of overseas personnel who can carry out overseas operations and exchanges with overseas bases is few. In fact, in the site visit, it was confirmed that management at overseas factories was being carried out appropriately by the Offeror Group, and through personnel exchanges with the Offeror Group and dispatchment of personnel from the Offeror Group, it is thought possible to increase these personnel that are in short supply at the Target Company, and eventually strengthen its organizational strength.

(vi) Use of overseas bases

The Target Company has had the issue of the necessity of establishing a new overseas plant for further growth, but it is expected that the Target Company's products will be manufactured by utilizing the Cebu Plant of the Offeror Group and harnesses will be manufactured in-house at the Cambodia Plant

(vii) Dissolution of capital relationship with Panasonic

With the dissolution of the capital relationship with Panasonic, it will be impossible to use Panasonic’s global sales network, however, sales to existing customers can be continued mostly by changing the commercial distribution such as by providing direct delivery to distributors without passing through Panasonic, and the cost that will be incurred is considered minor ranging from about 4 to 5 million yen. In addition, as stated in (iv) above, with regard to the development of new overseas customers, while Panasonic has become less aggressive in selling connectors of the Target Company, which is an equity-method affiliate of Panasonic, if the Offeror Group makes the Target Company its wholly owned subsidiary, the Target Company Group will be able to actively utilize the overseas sales network of the Offeror Group, which has sales offices in 24 countries, and it is considered that new delivery of the products of the Target Company to global companies can be expected more than ever. Furthermore, although the Target Company has the support of 5 personnel at practical level from Panasonic, all of the said employees have been transferred from Panasonic to the Target Company and are expected to continue to be engaged as employees of the Target Company even after the Transaction. Also, although it is assumed that the Target Company will not be able to receive any new human resources support from Panasonic after the Transaction, the Offeror Group is willing to provide human resources support after the Transaction from which the Target Company Group will benefit in terms of the number of people, the type of work and duties engaged, etc. more than it currently receive from the human resource support from Panasonic.

(viii) In general, the disadvantages associated with delisting of shares are the inability to raise funds through equity financing from the capital market and the impossibility of enjoying the benefits of being a listed company, such as improved name recognition and social credibility. However, as for funds procurement through equity financing, this can be replaced by the financial support of the Offeror Group, and as for name recognition and social credibility as well, it is possible to maintain those by continuing to execute business with integrity as the Target Company, and besides, considering the fact that by joining the Offeror Group the name recognition and social credibility of the Offeror Group can be enjoyed, the disadvantages associated with delisting of the shares of the Target Company are considered limited.

As a result of considering the following points at the Target Company board of directors meeting held today, the Target Company came to judge that the Tender Offer Price is a reasonable price that ensures the interests that minority shareholders of the Target Company should enjoy through the Transaction.

(i) The Tender Offer Price exceeds the upper limit of calculations based on the market price method and the comparable company comparison method, and exceeds the lower limit of calculations based on the DCF method, as contained in a share Price valuation report (the "**Share Price Valuation Report**"), as described in the section below titled "(B) Obtainment by the Target Company of Share Price Valuation Report from an Independent Third-Party Appraiser" of "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" that the Target Company received from Daiwa Securities on July 28, 2022.

(ii) The Tender Offer Price represents, with a reference date of July 28, 2022 (one business day prior to the Tender Offer announcement date), a premium of 22.40% on 576 yen which is the closing price of the Target Company Shares on the TSE Prime Market, a premium of 32.52% on 532 yen which is the respective simple average closing price for the most recent one-month period, a premium of 36.63% on 516 yen for the most recent three-month period, and a premium of 43.00% on 493 yen for the most recent six-month period, which can be considered to be a reasonable premium compared to the premium level in other companies' cases similar to the Tender Offer (the premium level (based on the fact that the largest number of cases (24 case) involved a premium of 30% to 40% to the simple average of closing prices over the past month up to the day before the date of publication, the Target Company's focusing on the level of premium to the simple moving average of closing prices to smooth out stock price fluctuations caused by temporary factors as the Target Company shares tend to be highly volatile)) of the Tender Offer among 100 tender offer cases conducted as part of the first step in two-step transactions for the purpose of delisting, published from August 2019, which is about 3 years before the scheduled announcement, to May 2022, excluding discounted tender offers and tender offers that were leaked before the announcement date)

(iii) In determining the Tender Offer Price, the Target Company has taken measures to ensure the fairness of the price and has taken into consideration the interests of minority shareholders of the Target Company, as described in "(3)

Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(iv) The Tender Offer Price is the price proposed as a result of serious and continuous discussions and negotiations between the Target Company and the Offeror after the above measures have been taken.

(v) The Target Company has discussed and examined strategic alliances with parties other than the Offeror. However, even in light of the process and details and the results of these discussions and examinations, there are no circumstances that may undermine the appropriateness of the Tender Offer Price or any other transaction terms pertaining to the Transaction.

(vi) The terms of the Transaction, including the Tender Offer Price, are also concluded to be reasonable in the written report (the “**Report**”) obtained by the Target Company from the Special Committees as of July 29, 2022, as described in “(D) Establishment of Special Committee at the Target Company, and acquisition of report from Special Committee” of “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

Based on the above, the Target Company passed a resolution at the Target Company’s board of directors meeting held today to the effect that it will declare its support for the Tender Offer and recommend that the Target Company’s shareholders accept the Tender Offer.

The Target Company submitted an application dated October 28, 2021 to the effect that it would select the Prime Market in the transition to the new market category in April 2022, and at the same time, it disclosed the Plan; however, as mentioned above, after the subsequent examination, the Target Company judged that the Tender Offer would contribute to the improvement of the corporate value of the Target Company Group even in comparison with the transition to the prime market and offer reasonable opportunities to sell the shares to the shareholders of the Target Company. Therefore, at the board of directors meeting of the Target Company held today, the above opinion regarding the Tender Offer was announced and a resolution to withdraw the Plan was adopted.

(C) Management Policy After the Tender Offer

Regarding the management structure of the Target Company after it became a wholly owned subsidiary, as described in “(B) The Agreement” of “(6) Material Agreements Regarding the Tender Offer” below, at present, except for the dispatch of a few officers, including directors, corporate auditors and executive officers from the Offeror Group, no changes are planned. The number of officers and employees to be dispatched to the Target Company from the Offeror and the treatment of officers who are from Panasonic and are currently employed by the Target Company are under consideration. In addition, as described in “(B) The Agreement” of “(6) Material Agreements Regarding the Tender Offer” below, the Offeror has agreed with the Target Company that if the Offeror want to change the management structure of the Target Company, it will have discussions in good faith within the Offeror Group, including the management teams of the Target Company.

In addition, as stated in “(B) The Agreement” of “(6) Material Agreements Regarding the Tender Offer” below, the policy is, while maintaining the legal personality of the Target Company, to operate the connector business divisions of the Target Company Group and the Offeror Group in an integrated manner. Details including treatment of directors and corporate auditors from Panasonic, of which the relationship with the Target Company Group will be dissolved by the Tender Offer, will be determined upon consultations with the Target Company. In addition, as stated in “(B) The Agreement” of “(6) Material Agreements Regarding the Tender Offer” below, the Offeror is planning to maintain the employment and treatment and work conditions of employees of the Target Company Group in Japan, unless the business performance or environment of the Target Company Group deteriorates significantly.

(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

As of today, the Offeror has no shares of the Target Company, and thus the Tender Offer does not fall under tender offer by controlling shareholder. Moreover, the Transaction including the Tender Offer does not fall under so-called management buyout (MBO) transaction, either. However, taking into consideration that the Offeror has executed the Tender Agreement with Panasonic, which is the largest shareholder of the Target Company and its other affiliated company, to the effect that all of the Shares Agreed to Sell (5,002,000) shares, ownership ratio: 21.67%) will be tendered for the Tender Offer, and that the Offeror aims to make the Target Company a wholly owned subsidiary of the Offeror in the Tender Offer, the Offeror and the Target Company, carried out the following measures while ensuring the fairness of the Tender Offer Price, to eliminate the risk of arbitrariness and conflicts of interest in the decision-making process leading to the decision to implement the Tender Offer, and to ensure its fairness and transparency, the following measures have been taken.

The measures taken by the Target Company described below are based on explanations by the Target Company.

(A) Obtainment by the Offeror of a Share Price Valuation Report from a Third-Party Appraiser Independent from the Offeror

The Offeror has, in relation to determination of the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, requested its financial advisor Frontier Management as a third-party appraiser independent from the Offeror and the Target Company, to evaluate the share value of the Target Company Shares, and received a share price valuation report on July 28, 2022 (the "**Offeror Share Price Valuation Report**"). Frontier Management is not a related party of the Offeror or the Target Company and has no material interest in relation to the Tender Offer. Moreover, as the Offeror judges and decides on the Tender Offer Price comprehensively considering factors stated in "(B) Background of Valuation" in "(4) Basis of Valuation of Price for Tender Offer" in "2. Outline of the Tender Offer" and after consultations and negotiations with Panasonic and the Target Company, the Offeror has received no opinion on the fairness of the Tender Offer Price (a fairness opinion) from Frontier Management.

For the details of the Offeror Share Price Valuation Report obtained from Frontier Management by the Offeror, please see "(A) Basis of Valuation" and "(B) Background of Valuation" under "(4) Basis of Valuation of Price for Tender Offer" in "2. Outline of the Tender Offer" below.

(B) Obtainment by the Target Company of the Share Price Valuation Report from an Independent Third-Party Appraiser

According to the Target Company's Press Release, the Target Company has, in order to ensure the fairness and appropriateness of the Tender Offer Price, requested Daiwa Securities as a third-party appraiser independent from the Offeror and the Target Company, to evaluate the share value of the Target Company Shares, and the Target Company received the Share Price Valuation Report on July 28, 2022. Daiwa Securities is not a related party of the Offeror or the Target Company and has no material interest in relation to the Transaction including the Tender Offer. Moreover, compensation for Daiwa Securities includes a contingency fee, which is paid subject to establishment of the Tender Offer, within the scope of general practice in the same types of transactions. As this Transaction does not fall under purchase transaction by controlling shareholders of a dependent company or a so-called MBO transaction, the Target Company did not receive an opinion on the fairness of the Tender Offer Price (a fairness opinion).

Daiwa Securities examined the valuation method to be adopted when calculating the share value of the Target Company from among multiple share value calculation methods, and based on the idea that it would be appropriate to evaluate the value of the Target Company Shares in multiple aspects based on the condition that the Target Company was a going concern, it evaluated the Target Company Share value by using (a) a market price method, as the Target Company Shares are listed on the TSE Prime Market and a market share price exists, (b) a comparable company comparison method, as it is possible to draw analogies with the share prices of comparable companies, and (c) a DCF method in order to reflect the business performance results and forecast, etc. of the Target Company to the assessment. The following shows the value per Target Company Share that was calculated using each calculation method above.

Market price method:	: From 493 yen to 576 yen

Comparable company comparison method	: From 313 yen to 567 yen
DCF method	: From 648 yen to 800 yen

For the market price method, the share value range per Target Company Share of 493 yen to 576yen was derived based on the following figures quoted on the TSE Prime Market as of the reference date of July 28, 2022: 532yen, which was simple average closing price over the preceding one-month period; 516 yen, which was the simple average closing price over the preceding three-month period; and 493yen, which was the simple average closing price over the preceding six month period.

For the comparable company comparison method, the value range of 313 yen to 567 yen per Target Company Share was derived by comparing the market share prices and financial indicators such as the profitability of listed companies engaged in similar business to that of the Target Company.

For the DCF method, the value range of 648 yen to 800 yen per Target Company Share was derived by evaluating the Target Company's corporate value and share value, calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate based on the profit and investment plan in the Target Company's business plan for the period from the fiscal period ending March 2023 to the fiscal period ending March 2026, provided by the Target Company, publicly disclosed information, and the like. In the Target Company's business plan above, the business year in which considerable income increases or decreases are expected is included in a year-on-year comparison. Specifically, in the fiscal year ending March 2023, temporary excess inventory caused by late delivery is expected to be resolved, so operating profit (73% increase, rounded down to the nearest whole number, with the same applying hereafter with respect to descriptions of increase/decrease in profit in the business plan) and free cash flow will both increase significantly, while by the end of the fiscal year ending March 2024, we anticipate that both operating profit (30% decrease) and free cash flow (36% decrease) will decrease significantly as the special circumstance of excess inventory disappears. However, from the fiscal year ending March 31, 2025 and thereafter, operating income (32% increase) and free cash flow are expected to increase again due to strong orders due to increased demand in the connector market as a whole. At the time when the above business plan was created, it was difficult to specifically estimate the effects and costs expected to be incurred by executing the Transaction, so the business plan is not based on the assumption that the Transaction will be executed. In addition, in the presentation material for the financial results for FY2021 ("**Medium-Term Plan**"), which has been released to the public, the Target Company states that its Medium-term targets for FY2025 are net sales of 25 billion yen and operating income of 2.5 billion yen, with the targeted net sales for each segment. However, since this is not an accumulation of projected sales for each product, but the target based on the assumption that everything regarding new product development, sales expansion, etc. is realized, and the target is the maximum value of the scenario, the Target Company believes that there is no problem with the difference between this Medium-Term plan and the above business plan.

(C) Advice from a Law Firm Independent from the Target Company

According to the Target Company's Press Release, the Target Company appointed Hibiya Park Law Office as its legal adviser independent from the Offeror Group, Target Company and Panasonic, in order for a careful decision by the Target Company's board of directors to be made in relation to the Transaction, eliminate arbitrariness in the decision-making process of the Target Company's board of directors and ensure the fairness thereof, and received legal advice from that law firm on the measures to take to ensure the fairness of the procedures in the Transaction, various procedures for the Transaction, decision-making processes and methods of the board of directors of the Target Company relating to the Transaction, and all other matters relating to the Transaction. Hibiya Park Law Office has no material interest in the Transaction including the Tender Offer. In addition, Hibiya Park Law Office's fee is based only on time, and a contingency fee payment system that is contingent on the announcement or closing of this transaction has not been adopted.

(D) Establishment of Special Committee at the Target Company, and acquisition of report from Special Committee

According to the Target Company's Press Release, although the Transaction does not fall under purchase transaction by controlling shareholders of a dependent company or a so-called MBO transaction, considering the fact that the Tender Offer is conducted as a part of the Transaction aiming at delisting of the Target Company Shares through the Tender Offer, in order for a careful decision to be made by the Target Company's board of directors in relation to the Transaction, eliminate arbitrariness in the decision-making process of the Target Company's board of directors and ensure the fairness thereof, on April 28, 2022, the Special Committee was established, consisting of Takashi Hanazawa, the outside director of the Target Company Kazuo Moro, and Mami Nagawaki, as the outside corporate auditors of the Target Company, independent from the Target Company, Offeror Group and Panasonic. Members of the Special Committee have not been changed since its initial establishment.

The Target Company then resolved to request the Special Committee, at its board of directors meeting, to consider (i) the reasonability of the purpose of the Transaction (including whether or not the Transaction will contribute to the improvement of the Target Company's corporate value); (ii) the reasonableness of the terms of the Transaction (including the reasonableness of the method of implementation of the Transaction and the price of the purchase, etc.); (iii) the fairness of the negotiation process and other procedures leading to the Transaction (including consideration of the extent to which any measures to ensure fairness should be taken); and (iv) based on (i) through (iii) above and other matters, whether or not the Transaction (including the Target Company's board of directors' expression of its opinion in favor of the Tender Offer and the recommendation to the shareholders of the Target Company's shares to accept the Tender Offer) is disadvantageous to the minority shareholders of the Target Company (the "**Matters of Inquiry**"). In passing such resolution, the Target Company also resolved the following: (a) the Special Committee shall be positioned as a consultative body that is independent from the board of directors of the Target Company, and at the same time, the Special Committee shall consider and decide on the consultations from the standpoint of the interests of the Target Company and the Target Company's minority shareholders, and in making a decision on the Transaction, the board of directors of the Target Company shall respect the opinions of the Special Committee to the maximum extent and shall not pass a resolution to conduct the Transaction if the Special Committee judges the Transaction inappropriate; (b) in negotiating the terms and conditions of the Transaction with the Offeror, the Target Company shall report the status of such negotiations to the Special Committee in a timely manner and receive opinions, instructions and requests from the Special Committee at any important stage; (c) if deemed necessary by the Special Committee, the Special Committee may, at the expense of the Target Company, appoint its own attorneys, appraisers, certified public accountants, or other advisors; and (d) the Special Committee may, at the expense of the Target Company, conduct an investigation related to its duties (including asking questions and requesting explanations or advice on matters necessary for its duties from officers or employees of the Target Company or advisors or other related parties of the Target Company involved in the Transaction). In addition, as compensation for their duties, the members of the Special Committee are to be paid a fixed amount of remuneration regardless of the content of their report, and the Target Company has not adopted a system of payment of contingent fees contingent on the announcement or conclusion of the Transaction, etc.

The Special Committee had held meetings 11 times from May 17, 2022 to July 28, 2022 for a total of approximately 11 hours, and carefully considered and discussed the matters for consultation as described above in "(B) The Decision-making process and reasons for the Target Company to support the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy". Specifically, the Special Committee collected and reviewed materials submitted by the Offeror and the Target Company and other necessary information and materials, and conducted interviews with Daiwa Securities, the Target Company's third-party appraiser, Hibiya Park Law Offices, the legal advisor, and the Offeror. The Special Committee was explained through these interviews the content, background, significance and purpose of the Transaction, impact on the Target Company's corporate value, independence of the third-party appraisers, reasonableness of the Tender Offer Price calculation method, appropriateness of the facts underlying the analysis, existence of undue interference by interested parties, status of the Offeror and the Target Company, the appropriateness of the decision-making process of the Offeror and the Target Company, the adequacy of disclosure, and other matters related to the Transaction and conducted question-and-answer sessions about the content. In addition, the Special Committee received an explanation of the Target Company's business plan from directors of the Target Company, and after question-and-answer sessions, the Special

Committee received an explanation of the Target Company's share valuation report from Daiwa Securities, the Target Company's third-party valuation institution, and conducted an interview and investigation regarding the assumptions used in the said valuation. In addition, the Special Committee received and reviewed an explanation of the content of legal advice obtained by the Target Company from Hibiya Park Law Offices, the legal advisor to the Target Company, regarding the decision-making process, decision-making methods, and other points to be considered in making decisions regarding the Transactions, including the Tender Offer, at the Target Company.

Based on the above background, the Special Committee carefully considered and discussed the Matters of Inquiry, and as a result, on July 29, 2022, the Special Committee submitted a report to the board of directors of the Target Company with the unanimous approval of all the members, which is summarized as follows.

(i) Opinion of the Special Committee

i The Transaction will contribute to the improvement of the Target Company's corporate value, and the purpose of the Transaction is reasonable.

ii. The terms and conditions of the Transaction are reasonable.

iii. The Transaction, including the negotiation process, was conducted through fair procedures, and sufficient consideration was given to the interests of the minority shareholders of the Target Company.

iv. The Transaction is not disadvantageous to the minority shareholders of the Target Company, and it is reasonable for the board of directors of the Target Company to express its opinion in favor of the Tender Offer and to recommend that the shareholders tender their shares in the Tender Offer.

(ii) Reasons for the above opinion

i Based on the following points, the Transaction will contribute to the improvement of the Target Company's corporate value, and the purpose of the Transaction is reasonable.

・The Special Committee does not find any particular unreasonableness in the Offeror's recognition of the significance of the Transaction stated in "(B) The Decision-making process and reasons for the Target Company to support the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy" above.

・The Special Committee believes that the Target Company's business, and business environment and management issues, and the Target Company's recognition of the significance of the Transaction, can be supported by the Special Committee as stated in "(A) Background, Purpose, and Decision-Making Process of the Offeror with respect to Conducting the Tender Offer" and "(B) The Decision-making process and reasons for the Target Company to support the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy" above.

・In other words, in terms of the Target Company's business and its business environment and management issues, the Target Company recognizes that, on the manufacturing side, it is necessary to improve productivity through more automated assembly and to improve profitability by bringing plating processes in-house. On the sales front, there is a lack of overseas bases and a limited overseas sales network. And, in terms of management, there is a problem with the shortage of core human resources in manufacturing technologies and production management, and a shortage of human resources overseas in terms of sales. On the other hand, since the connector business itself is no longer a core business for Panasonic, which is a major shareholder, it is difficult to expect further synergy effects from Panasonic in the future. Therefore, we believe that it is reasonable to seek a method to increase the Target Company Group's corporate value not only by increasing the Target Company Group's corporate value on its own, but also through an alliance with a strategic partner.

・It is agreeable that the Target Company considers, after careful consideration, becoming a wholly-owned subsidiary of the Offeror through the Transaction will contribute to the improvement of the Target Company's corporate value and will also be effective in achieving the vision of the 100th anniversary of the Target Company's establishment. Furthermore, considering the Agreement to be executed between the Target Company and the Offeror on July 29, 2022, which provides that the Offeror Group will provide the Target Company with active support in manufacturing, including automation, mold making, and in-house plating, as well as support in sales and reinforcement of human resources to the extent that it is consistent with the business strategy of the Offeror Group and economically reasonable, the Special Committee does not disagree with the Target Company's recognition that the Transaction will enhance the corporate value of the Target Company.

ii Based on the followings, the terms and conditions of this transaction are reasonable.

a Reasonability of the negotiation process

・As for the process regarding the terms of the Transaction, upon taking the measures to ensure fairness described in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest"., the Special Committee gave instructions, etc. to the Target Company and Daiwa Securities regarding the negotiation policy, etc. mainly the Tender Offer Price, taking into consideration various factors, including the status of the valuation of the share value by Daiwa Securities, the premium level in similar cases, and the past share price trends of the Target Company's shares. Negotiations were conducted with the Offeror as described in "(B) The Decision-making process and reasons for the Target Company to support the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy" above.

・In the course of such negotiations, the results of the analysis of the proposal by the Target Company and the Target Company's advisors, as well as the response policy and proposed response, were explained to the Special Committee at each time in response to the Offeror's proposal regarding the terms of purchase, and the Special Committee expressed its opinions. The response to the Offeror was made after appropriately reflecting the opinions of the Special Committee. As a result, the Tender Offer Price was increased a total of five times from the originally proposed prices of 520 yen to 606 yen by 185 yen to 99 yen (a 16.34% to 35.58% increase over the originally proposed prices of 520 yen to 606 yen). There is no evidence that the negotiation process was distorted by the influence of interested parties, and it can be understood that arms' length negotiations were conducted between the two companies and that the Target Company tenaciously negotiated to raise the Tender Offer Price as much as possible, and that no unfair price negotiations were conducted without considering the interests of minority shareholders.

・In addition to the above, and taking into consideration the fact that sufficient measures to ensure fairness were taken with respect to the method of implementation of the Transaction as described in b. of iii below, the process of negotiating the terms and conditions of the Transaction, mainly price, was reasonable.

b Reasonability of calculation method and results of share value calculations

・The calculation method and results of the calculation of the value of the Target Company's shares by Daiwa Securities are as described above in "(B) Obtainment by the Target Company of a Share Price Valuation Report from an Independent Third-Party Appraiser". The calculation method and results of the calculation of the value of the Target Company's shares by Frontier Management are as described in "(A) Obtainment by the Offeror of a Share Price Valuation Report from a Third-Party Appraiser Independent from the Offeror" above. Daiwa Securities and Frontier Management calculated the range of share value per share of the Target Company's stock using the market price method, the DCF method, the comparable company analysis method, and other methods. The valuation methods selected are calculation methods that are commonly used in the practice of valuing shares in similar transactions, and no unreasonableness was found in the selection of the valuation methods.

・The Special Committee examined the process of preparation and reasonableness of the business plan (the "**Business Plan**") on which Daiwa Securities and Frontier Management based their calculations using the DCF method, based on the results of interviews with the Target Company and other factors. While the Business Plan was prepared based on the actual results of FY2021 for the purpose of use in the Transaction, it is recognized as the most feasible business plan for the Target Company at present, taking into consideration the current market conditions and incorporating sufficient effort factors at the Target Company, which can be expected to be feasible. The Special Committee therefore believes that the Business Plan has a certain degree of rationality.
・Based on the above, the Special Committee approved the financial forecasts based on the Business Plan as the premise for the share price calculation by Daiwa Securities and Frontier Management.

c Reasonability of the level of purchase price, method of acquisition, and type of purchase price, etc.
・The Tender Offer Price (705 yen) represents a premium of 22.40% added to the Target Company stock closing price of 576 yen recorded on the Prime Market of the TSE on July 28, 2022, which is one business day prior to the Tender Offer announcement date. It also represents a premium of 32.52% added to a simple average of 532 yen for the Target Company stock closing prices over the preceding one month. Likewise, it represents a premium of 36.63% added to a simple average of 516 yen for the Target Company stock closing prices over the preceding three months, and a premium of 43.00% added to a simple average of 493 yen for the Target Company stock closing prices over the preceding six months. The premium level is considered to be comparable to the premium level in 100 cases of past tender offers for the purpose of delisting announced from August 2019 through May 2022 (the largest number of cases involved a premium of 30% to 40% to the simple average of closing prices over the past month up to the day before the date of publication), excluding discounted tender offers conducted as part of the first step in two-step transactions and tender offers that were leaked before the announcement.
・The method of acquisition in the Transaction, including the type of consideration, is considered reasonable because it is a method commonly used to make a listed company a wholly owned subsidiary, and it is a scheme that can be challenged through court proceedings if minority shareholders believe that the purchase price is unreasonably low.
・There is no other fact that the Offeror has unfairly benefited at the expense of the Target Company's minority shareholders in the terms and conditions of the Transaction other than the price, and there are no circumstances that impair the appropriateness of the terms and conditions of the Transaction.

d Execution of the Tender Agreement through diligent negotiations with Panasonic
・Since Panasonic does not plan to re-invest in the Target Company, it has only a position as a seller of shares in the Transaction, and in this respect, Panasonic is considered to have a common interest with the minority shareholders of the Target Company and does not share any material interest with the Offeror.
・The fact that the Offeror was able to enter into the Tender Agreement with Panasonic at the Tender Offer Price through sincere negotiations may be one circumstance that supports the fairness of the terms and conditions of the Tender Offer.

iii From the following points, it can be said that the Transaction, including its negotiation process, was conducted through fair procedures and that sufficient consideration was given to the interests to be received by the minority shareholders of the Target Company.

a Legality of the Transaction
・In order to ensure the fairness and appropriateness of the decision-making of the Target Company's board of directors, the Target Company has appointed Hibiya Park Law Offices as its outside legal advisor, and has received legal advice regarding the decision-making process and method of the Target Company's board of directors regarding the Tender Offer and a series of subsequent procedures, and other points to note. No procedures in conflict

with the Financial Instruments and Exchange Law, the Companies Act, or other applicable laws and regulations are contemplated in each of the transactions composing the Transaction. Therefore, the legality of the Transaction is ensured as a basis of the fairness of the procedures in the Transaction.

b Measures to ensure fairness

・The Target Company requested Daiwa Securities, an independent third-party appraiser, to calculate the value of the Target Company's shares and obtained a share valuation report as of July 28, 2022, and the Offeror requested Frontier Management, a financial advisor to the Offeror, to calculate the value of the Target Company's shares and obtained a share valuation report as of July 28, 2022.

・The Target Company has appointed Hibiya Park Law Offices as its independent legal advisor and has received necessary legal advice from the firm.

・The Target Company established this Special Committee for the purpose of carefully making its decision at the board of directors of the Target Company regarding the Transaction, eliminating arbitrariness in the decision-making process of the board of directors of the Target Company and ensuring the fairness of the decision-making process of the board of directors of the Target Company with respect to the Transaction. This Special Committee met 11 times from May 17, 2022 to July 28, 2022, for a total of approximately 11 hours, and after careful consideration and discussion of the Matters of Inquiry, the Special Committee has submitted this Report.

・None of the directors and corporate auditors of the Target Company who will participate in the deliberations and resolutions of the board of directors of the Target Company regarding the Transaction has any interest in the Transaction. Mr. Hitoshi Yonezawa, one of the directors of the Target Company, and Mr. Masahiro Uchiyama, one of the corporate auditors of the Target Company, were previously employees of Panasonic, but retired from Panasonic in January 2021 and June 2015, respectively. Since approximately one and a half years and more than seven years have passed since their retirement, the Special Committee considers their relationship with Panasonic to be attenuated.

・The Offeror has not entered into any agreement with the Target Company that restricts a competing takeover offeror from contacting, etc., the Target Company, and has set the Tender Offer Period at 30 business days, which is longer than 20 business days, the minimum period required by law. In this case, it is recognized that the Offeror is taking measures to ensure that other acquirers have the opportunity to make a takeover bid.

・In the Transaction, including the Tender Offer, it is recognized that consideration has been given to ensure that minority shareholders have an appropriate opportunity to make a decision as to whether or not to tender their shares in the Tender Offer, so that coercion does not occur.

・The minimum number of shares to be purchased in the Tender Offer is set to exceed the number equivalent to the so-called Majority of Minority, as described in "(F) Setting the minimum number of shares to be purchased in order to meet the majority-of-minority requirement" below. Since the Offeror places importance on the will of the shareholders of the Target Company and will not conduct the Tender Offer if it cannot obtain the approval of at least a majority of shareholders of the Target Company (excluding Panasonic), this is recognized as a measure to ensure fairness of the Tender Offer.

・It is recognized that the Target Company will appropriately provide the Target Company's minority shareholders with important decision-making materials that will contribute to their judgment on the appropriateness of the terms of the Transaction, including the details of the Transaction.

c Negotiation process for prices and other terms of the Transaction

・The negotiation process for the terms and conditions of the transaction is as described in "(B) The Decision-making process and reasons for the Target Company to support the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy" above, and the negotiation process for the terms and conditions, mainly the price, is considered reasonable and there are no circumstances that impair fairness.

iv Based on the followings, the Transaction is not disadvantageous to minority shareholders of the Target Company, and it is reasonable for the board of directors of the Target Company to express its opinion in favor of the Tender Offer and to recommend that shareholders tender their shares in the Tender Offer.

・As discussed above, the implementation of the Transaction is deemed to contribute to the improvement of the Target Company's corporate value, and the appropriateness of the terms of the Transaction and the fairness of the procedures are recognized from the perspective of the interests of the Target Company's minority shareholders. Therefore, the Special Committee believes that the decision by the board of directors of the Target Company to express its opinion in favor of the Transaction, including the Tender Offer, and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer and the decision to make a demand for sale of shares or a consolidation of shares after the Tender Offer as part of the Transactions will not be disadvantageous to the minority shareholders of the Target Company.

(E) Approval by all Directors and no objection from any of the Audit & Supervisory Board Members

According to the Target Company's press release, the Target Company supports the Tender Offer, as it believes that it will help enhance the Company's corporate value because synergies outweigh the dis-synergies, as described in "(B) The decision-making process and reason for the Target Company to approve the Tender Offer" in the above section, "(2) Background, purpose and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer", and has resolved to recommend that the Target Company shareholders accept the Tender Offer because the Target Company has determined that the Tender Offer Price is reasonable and ensures that the interests of minority shareholders of the Target Company are met through the Transaction, as described in "(B) The decision-making process and reason for the Target Company to approve the Tender Offer" in the above section, "(2) Background, purpose and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer." This decision is based on the content of the Target Company Stock Valuation Report acquired from Daiwa Securities and the legal advice obtained from Hibiya Park Law Offices. While fully respecting the content of the report obtained from the Special Committee, the decision was a result of careful deliberation and consideration of the terms and conditions of the Transaction, based on the agreement all of the Target Company's Directors (8 including 3 Outside Directors) at the Target Company board of directors meeting held today. It was decided that the Target Company could become a wholly owned subsidiary of the Offeror through this Transaction, as described in "(B) Decision-making process and reason for the Target Company to approve the Tender Offer" in the above section, "(2) Background, purpose and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer". The board of directors meeting above was attended by three Audit & Supervisory Board Members (including two outside Audit & Supervisory Board Members) of the Target Company, who all stated that they had no objection to the above resolution. Although Mr. Hitoshi Yonezawa, a Director of the Target Company, and Mr. Masahiro Uchiyama, an Audit & Supervisory Board Member of the Target Company, used to be employees of Panasonic, they retired from Panasonic in January 2021 and June 2015, respectively. Since it has been about one and a half years and more than seven years, respectively, since they retired, and the relationship with Panasonic is considered attenuated, neither were deemed to have any remaining interests in Panasonic.

(F) Setting the minimum number of shares to be purchased in order to meet the majority-of-minority requirement

Since the objective is to make the Target Company a wholly owned subsidiary of the Offeror, the minimum number of shares to be purchased by the Offeror is 15,389,300 shares (ownership ratio: 66.67%). If the total number of tendered share certificates is less than the minimum planned number of shares to be purchased, none of the tendered share certificates will be purchased. As of June 30, 2022, the Target Company's total number of issued shares is 25,006,200 shares, as stated in its first quarter financial results. The number of treasury shares owned by the Target Company as of the same day is 1,922,244 shares. The remaining number of shares less the Shares Tendered (5,002,000 shares) is 18,081,956 shares. This divided by two is 9,040,978 shares (rounded up to the nearest whole number). The result plus the Shares Tendered (5,002,000 shares) equals 14,042,978 shares, a figure that is less than the minimum number of shares to be purchased (15,389,300 shares). This means that the minimum number of planned shares to be purchased under the Tender Offer exceeds the so-called majority-of-minority requirement. The Offeror places great importance on the wishes of the Target Company shareholders. If at least a majority of the shareholders of the Target Company excluding Panasonic are not in agreement, the Tender Offer will not be carried out, thereby ensuring a fair process for the Tender Offer.

(G) Ensuring the appropriateness of the Tender Offer Price along with other objective conditions to ensure the fairness of the Tender Offer

While the shortest tender offer period under applicable laws and ordinances is 20 business days, the Offeror will establish this period (the "**Tender Offer Period**") as 30 business days. By setting the Tender Offer Period to a relatively long period, the Offeror intends to ensure that the Target Company's shareholders are provided with an opportunity to make an appropriate decision on whether or not to accept the Tender Offer. The fairness of the Tender Offer is also ensured by securing opportunities for competing offers for the Target Company Shares by parties other than the Offeror (the "**Competing Offer Proponent**").

In addition, no agreement has been reached between the Offeror and the Target Company that might include transaction protection clauses to prohibit the Target Company from contacting a Competing Offer Proponent, or other agreement to limit a Competing Offer Proponent from contacting the Target Company. The Offeror has given consideration to guarantee the fairness of the Tender Offer by setting the above Tender Offer Period and securing opportunities for competing offers.

(4) Policy for organizational restructuring after the Tender Offer (matters relating to the "Two-Step Acquisition")

As the Offeror is as described in "(1) Outline of the Tender Offer" above. To carry out the Tender Offer as part of the Transaction to make the Target Company a wholly owned subsidiary of the Offeror, if all of the Target Company's shares (excluding treasury stock owned by the Target Company) cannot be acquired through the Tender Offer, the following Squeeze-out Procedure is planned after the completion of the Tender Offer.

(A) Demand for the Sale of Shares

Immediately after the completion of the Tender Offer, if the total Target Company voting rights owned by the Offeror are 90% or more of the total voting rights of the Target Company, the Offeror will ask all remaining shareholders of the Target Company (excluding the Offeror and the Target Company) to sell all the Target Company Shares that they own (the "**Demand for the Sale of Shares"**), based on Article 179 of the Companies Act. In the event of a Demand for the Sale of Shares, each of the Target Company Shares held by the Target Company Shareholders (excluding the Offeror and Target Company) will be exchanged for cash consideration equal to the Tender Offer Price. In such an event, the Offeror will notify the Target Company of the Demand for the Sale of Shares and seek the Target Company's approval thereof. If the Target Company approves the Demand for the Sale of Shares by a resolution of the board of directors, then, in accordance with the procedures provided for in applicable laws and regulations and without requiring the consent of the individual Target Company Shareholders, on the day stipulated by the Demand for the Sale of Shares, the Offeror will acquire all of the Target Company Shares held by the Target Company Shareholders (excluding the Offeror and the Target Company). In this event, the Offeror will deliver an amount of cash consideration per share equal to the Tender Offer Price to the Target Company Shareholders concerned in exchange for the Target Company Shares held by those shareholders. According to the Target Company's press release, the Target Company intends to approve the Demand for the Sale of Shares at its board of directors meeting if and when the Offeror makes that request.

In the interest of protecting the rights of minority shareholders in circumstances involving a Demand for the Sale of Shares, the Companies Act provides that the Target Company Shareholders (excluding the Offeror and Target Company) are able to petition a court to determine the price of the Target Company Shares which are owned by them in accordance with Article 179-8 of the Companies Act and other applicable laws and regulations. In the event that the petition described above is filed, the purchase price of the Target Company Shares concerned will be finally determined by the court.

(B) Share Consolidation

If the total Target Company voting rights owned by the Offeror are less than 90% of the total voting rights of the Target Company after the completion and settlement of the Tender Offer, the Offeror intends to consolidate the Target Company Shares based on Article 180 of the Companies Act (the "**Share Consolidation**"). The Offeror will request the Target Company to hold an extraordinary shareholders' meeting (the "**Extraordinary Shareholders' Meeting**") early November, 2022 at which the following proposals will be submitted: (i) to conduct the Share Consolidation, and (ii) to make a partial amendment to the Target Company's articles of incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation becomes effective. The Offeror intends to approve proposals described above at the Extraordinary Shareholders' Meeting. If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, the number of shares is a fraction less than one, each shareholder with such fractional shares will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of shares less than one unit (with such aggregate sum rounded down to the nearest whole number; the same applies hereinafter) to the Offeror or the Target Company as per the procedures specified in Article 235 and Article 234-2 through 234-5 of the Companies Act and other applicable laws and regulations. The purchase price for the aggregate sum of shares less than one unit in the Target Company will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Offeror and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares owned by each such shareholder. Based on this, the Offeror will ask the Target Company to file a petition for voluntary sale permission with the court. Although the ratio of the Share Consolidation of the Target Company Shares has not been determined as of today, the Offeror intends to ask the Target Company to ensure that shareholders (excluding the Offeror and the Target Company) who held shares in the Target Company and did not tender in the Tender Offer will have their shares classified as shares less than one unit in order for the Offeror to become the owner of all of the issued Target Company Shares (excluding treasury shares held by the Target Company). According to the Target Company's press release, the Target Company will comply with such requests from the Offeror if the Tender Offer is successful.

As a provision to protect the rights of minority shareholders related to the above procedure,
when there are shares less than one unit after Share Consolidation, each shareholder may request that the Target Company purchase all such shares less than one unit at a fair price, and such shareholders may file a petition to the court to determine the price of the Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. In the event that holders of shares less than one unit file the above petition with the court, the acquisition price will be finally determined by the court.

Regarding the procedures in (A) and (B) above, the method and timing of implementation may change depending on potential amendment, and the actual enforcement and/or interpretation by the authorities, with respect to the relevant laws and regulations. However, even in such a case, it is intended that a method will be used whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Offeror and the Target Company) will ultimately receive cash consideration equal to the number of Target Company Shares held by such shareholders multiplied by the Tender Offer Price in exchange for their shares. In such a case, the Target Company, after consulting with the Target Company, will promptly announce specific details and expected timing once determined.

It is further noted that shareholders of the Target Company will not be solicited to agree to the Tender Offer at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company are solely responsible for seeking their own advice from tax specialists etc. with regard to the tax consequences of receiving money through the Tender Offer or the application for the Tender Offer.

(5) Prospects and Reasons for Delisting

The Target Company Shares are currently listed on the Prime Market of the TSE as of today. However, since the Offeror has not set a maximum limit on the number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria set out by the TSE, depending on the results of the Tender Offer. Also, even in the event that the delisting criteria are not met upon completion of the Tender Offer, the Offeror will implement the Squeeze-out Procedure stated in the section titled "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the 'Two-Step Acquisition')" in the event of the successful completion of the Tender Offer. Therefore, if the Squeeze-out Procedure concerned is performed, the Target Company Shares will be delisted through the prescribed procedures in accordance with the stock delisting criteria of the TSE. After delisting, the Target Company Shares will no longer be traded on the TSE.

(6) Material Agreements Regarding the Tender Offer

(A) The Tender Agreement

As described in "(1) Outline of the Tender Offer" above, the Offeror has concluded the Tender Agreement with Panasonic, which is the largest and major shareholder of the Target Company and its affiliated company, as of today. Panasonic agrees to accept the Tender Offer for all its applicable shares (5,002,000shares, ownership ratio: 21.67%).

The Tender Agreement consists of the following.

I. Tender Offer implementation by the Offeror

The Offeror shall begin the Tender Offer on the condition that all of the following preconditions are satisfied or abandoned. However, the Offeror may waive all or part of these preconditions at its discretion.

- i) All of Panasonic's representations and warranties (Note 1) are true and accurate in important respects.
- ii) Panasonic has fulfilled or complied with all the relevant obligations (Note 2) based on this Tender Agreement in important respects.
- iii) The board of directors of the Target Company resolves that it will express its opinion in favor of the Tender Offer and will recommend that the Target Company Shareholders accept the Tender Offer. The resolution is published in accordance with relevant laws and regulations, and the statement of opinion is not subsequently changed or withdrawn.
- iv) The special committee established by the Target Company submits a report to the board of directors of the Target Company stating its opinion that (x)(a)it is appropriate to support the Tender Offer and recommend the Target Company Shareholders to accept the Tender Offer, (b) the Transaction is not disadvantageous to the minority shareholders of the Target Company, and is valid and issued legally. An outline of the report is then released in a press release by the Target Company, and (y) the report is not subsequently withdrawn or changed.
- v) There is no petition, proceeding, or procedure pending to request that a judicial or administrative entity limit or prohibit any part of the Transaction. Moreover, there is no decision by a judicial or administrative entity to restrict or prohibit any part of the Transaction, and there is no risk of such a decision occurring.
- vi) Except for facts regarding the Transaction, there are no undisclosed material facts regarding the Target Company or undisclosed facts relating to the Tender Offer implementation.
- vii) After the conclusion of the Tender Agreement, there are no actual or potential reasons or occurrences that could have a significant adverse effect on the businesses, operating results, financial positions, cash flows, assets, liabilities or business outlooks of the Target Company and/or its subsidiaries and affiliates.

(Note 1) Panasonic makes the following representations and warranties: a) it is and will remain a viable company; b) it has the rights and capabilities necessary to conclude and fulfill the Tender Agreement and the necessary internal procedures are in place; c) it can be subject to compulsory enforcement regarding the Tender Agreement; d) it has the necessary permits, etc., for the conclusion and performance of the Tender Agreement; e) it has the ability to conclude and carry out the Tender Agreement without violating any laws or regulations, or its own internal rules or contracts; f) it is not under bankruptcy proceedings, etc.; g) it has no relations with antisocial forces, etc.; and h) it attests to having the legal and effective holding and disposal authority concerning the Applicable Shares (defined in section II below).

(Note 2) Panasonic has the following obligations based on the Tender Agreement: a) it will not engage or agree to engage in transactions that substantially conflict with the Tender Offer or make it difficult to execute the Tender Offer, and it will not propose, solicit, consult, negotiate or provide information regarding such transactions; b) it will follow the instructions of the Offeror for exercising voting rights; c) it will notify in the event of, or when there is a possibility of, a breach of the representations and warranties, or a breach of obligations under the Tender Agreement; and d) it will not exercise the right to cancel the patent license agreement (dated July 13, 2009) between Panasonic and the Target Company.

II. Tender Offer Acceptance by Panasonic

(i) On condition that the Offeror has commenced the Tender Offer, the Tender Offer has not been withdrawn, and all of the following preconditions are satisfied or waived, Panasonic shall accept the Tender Offer (the "**Acceptance**") promptly (at the latest within 20 business days after the Tender Offer commencement date (the "**Commencement Date**")) for all of the Target Company Shares owned by Panasonic, specifically 5,002,000 shares (the "**Applicable Shares**"). In addition, after the Acceptance, it shall not withdraw the Acceptance and shall not terminate the contract relating to the purchase of the Applicable Shares established by the Acceptance. Provided, that, Panasonic may waive all or part of the following conditions at its discretion:

i) All of the Offeror's representations and warranties (Note 3) are true and accurate in all material respects.

ii) The Offeror has fulfilled or complied with all the relevant obligations (Note 4) based on this Tender Agreement in all material respects by the Commencement Date.

iii) The board of directors of the Target Company has resolved that it will express its opinion in favor of the Tender Offer and will recommend that the Target Company Shareholders tender their shares in the Tender Offer. The resolution has been published in accordance with relevant laws and regulations, and the statement of opinion has not subsequently changed or withdrawn.

iv) The special committee established by the Target Company submits a report to the board of directors of the company stating its opinion that (x)(i) it is appropriate to support the Tender Offer and recommend the Target Company Shareholders to tender their shares in the Tender Offer, (ii) the Transaction is not disadvantageous to the minority shareholders of the Target Company, and has been valid and issued legally, and an outline of the report has been released in a press release by the Target Company, and (y) the report has not been subsequently withdrawn or changed.

v) There is no petition, proceeding, or procedure pending to request that a judicial or administrative entity limit or prohibit any part of the Transaction. Moreover, there is no decision by a judicial or administrative entity itself to restrict or prohibit any part of the Transaction, and it is not expected that such circumstances occurring.

vi) Except for facts regarding the Transaction, there are no undisclosed material facts regarding the Target Company or the implementation of a tender offer etc.,.

(Note 3) The Offeror makes the following representations and warranties: a) validity of the establishment and existence of the Offeror; b) possession of required capability and implementation of required internal corporate approval necessary to execute and fulfill by the Offeror of its obligations under the Tender Agreement; c) enforceability of the Tender Agreement against the Offeror; d) obtainment and performance regarding the necessary permits, etc. for the conclusion and performance of the Tender Agreement by the Offeror; e) absence of conflicts with laws and regulations, internal rules or contracts regarding the execution and performance by the Offeror of the Tender Agreement; f) absence of bankruptcy proceedings, etc. with respect to the Offeror; and g) absence of any relationship with antisocial forces, etc..

(Note 4) The Offeror is obliged to notify in the event of a breach or threatened breach of its representations and warranties or its covenants under the Tender Agreement.

(ii) From the date of the Tender Agreement conclusion to the Tender Offer settlement start date (the "**Settlement Start Date**"), whether the period is calculated directly or indirectly, calculated by Panasonic or someone else, Panasonic will not acquire or transfer Target Company Shares, transfer Applicable Shares, put them up as collateral or dispose of them by any other methods. Panasonic will not engage in or agree to engage in other transactions that substantially conflict with the Tender Offer or make it difficult to execute the Tender Offer, nor will Panasonic engage in any proposals, solicitations, consultations, negotiations or information provision regarding such transactions. If Panasonic receives information, proposals, solicitations, consultations or other offers regarding such transactions from a third party, it will promptly notify the Offeror of the facts and details, and will discuss the relevant response in good faith.

(iii) After the conclusion of the Tender Agreement, if the following two conditions are both met, Panasonic may discuss or reach an agreement with a party (other than the Offeror) initiating a competing tender offer (the "**Competing Offer Proponent**"), or transfer the Applicable Shares to the Competing Offer Proponent, based on advance written notification to the Offeror, provided that a) up to the last day of the Tender Offer Period (the "**Tender Offer Period Expiration Date**"), Panasonic is not in violation of paragraph(ii) immediately above, and the competing tender offer is initiated without setting a maximum number of the Target Company Shares, and b) (i) it is objectively and reasonably recognized, after considering all relevant factors, that Panasonic accepting the Tender Offer or following through with the Acceptance already submitted will violate the duty of Panasonic directors to exercise due care as prudent managers, or (ii) the board of directors of the Target Company withdraws or changes its opinion in favor of the Tender Offer above, or the Special Committee established by the Target Company withdraws or changes the report in favor of the Tender Offer above.

(iv) Once the Tender Offer and its settlement is completed, and when the Target Company shareholders' meeting is held after the Settlement Start Date with a date before the Settlement Start Date as the reference date for exercising voting rights, regarding the exercise of voting rights at the shareholders' meeting and all other rights relating to the Target Company Shares purchased through the Tender Offer, Panasonic will exercise voting rights in accordance with the instructions of the Offeror.

III Other provisions

(i) Panasonic and the Offeror shall indemnify each other against any damages, expenses, or other losses (including reasonable legal fees and other professional fees; "**Losses**"), arising from or in relation to a breach of its representations and warranties or covenants under the Tender Agreement.

(ii) Prior to the Commencement Date, Panasonic and the Offeror may terminate the Tender Agreement by giving written notice to the other party, (i) in the event of any material breach of any representation or warranty, (ii) in the event of any material breach of covenants by the other party under the Tender Agreement, or (iii) if the Tender Offer has not commenced by November 30, 2022 without any causes attributable to the terminating party.

(B) The Agreement

On July 29, 2022, the Offeror will conclude an agreement with the Target Company (the "**Agreement**") for the purpose of improving the competitiveness of the Offeror and Target Company after execution of the Transaction, and to enhance their corporate value over the medium and long term. The Agreement consists of the following.

- After the execution of the Transaction, the Target Company and its subsidiary, HTK Engineering Co., Ltd., will conduct business in good faith for the growth of their connector and information system businesses as part of the Offeror's corporate group.
- The Offeror will maintain the legal personality of the Target Company Group even after execution of the Transaction and respect the independence of the Target Company's management. This is based on the following premises (the "**Preconditions**"): the operation of the connector and information system businesses by the Target Company Group is consistent with the business strategy of the Offeror Group. If the performance of the Target Company Group is not progressing according to its business plan, the Target Company's businesses are being operated appropriately, including the taking of necessary measures as a Target Company Group.
- The Offeror confirms the following specific matters in relation to the above.
  (A) After the execution of the Transaction, the Offeror will not change the Target Company's name in the commercial registry and the articles of incorporation for the time being. If there is consideration for potentially changing the name of the Target Company Group, the Offeror will make the decision after consultation in good faith between the management teams of the Target Company and the Offeror Group.
  (B) From the perspective of maintaining and strengthening the competitiveness of the Target Company group, as long as the Preconditions are satisfied, no special additional restrictions will be imposed on, compared with before the Transaction execution, the Target Company Group 's freedom to procure parts and materials at its own discretion, unless measures are required to generate synergies through centralized purchasing, etc. In the case of bidding projects, etc., the Offeror will promptly cooperate with the Target Company Group as necessary, including taking measures for credit support (parent company guarantee provision and bond contribution, etc.).
  (C) After execution of the Transaction, as long as the Preconditions are satisfied, the Target Company will play a major role in the integrated operation of the connector business in the Offeror Group.
  (D) The Target Company will continue business operations at its Azumino plant, as long as the Preconditions are satisfied.
  (E) Unless the business performance or business environment of the Target Company Group deteriorates significantly, the Offeror Group will maintain an employment relationship with the Japan-based employees of the Target Company as of the Tender Offer settlement start date and continuing after the Transaction execution. Moreover, regarding the personnel system and compensation, the Offeror will maintain the employment conditions of these employees so that they are substantially the same as before the corporate integration. In principle, the Offeror will not change the employment conditions in ways that are substantially disadvantageous to these employees. In the unlikely event that a disadvantageous change needs to be considered, the Offeror will take appropriate measures after sufficient consultation with and the agreement of the Target Company, its labor unions and/or the representatives of other Target Company labor groups. However, this will not apply in the following cases: i) the measure is to be carried out in accordance with the employment rules of the Target Company Group due to misconduct in the performance of duties, violation of laws and regulations or the articles of incorporation, physical or mental disability, or other reasons such as unfitness for duty, ii) the business performance or business environment of the Target Group deteriorates significantly and the situation continues, and iii) the measure is based on the intention or consent of the employees.
  (F) As long as the Preconditions are satisfied, the Offeror will continue to respect the Target Company's existing management structure after the Transaction execution. In the case that the Offeror wishes to change the Target Company's existing management team (including Executive Officers, but excluding Outside Directors and Outside Audit & Supervisory Board Members), it will discuss the proposal in good faith with the Target Company in advance. However, this will not apply to the assignment of additional officers from the Offeror Group.
  (G) If the Offeror Group wants to transfer to a third party or otherwise dispose of all or part of the Target Company Shares acquired through the Transaction, as long as the Preconditions are satisfied, it will be discussed in good faith in advance within the Offeror Group, including with the management team of the Target Company.

(H) After the Transaction execution, if the Offeror Group wants to engage in a merger or other organizational restructuring that involves the Target Company, or intends to take any other action that would significantly change the management structure of the Target Company, as long as the Preconditions are satisfied, it will be discussed in good faith in advance within the Offeror Group, including with the management team of the Target Company.

(I) After the Transaction execution, the Offeror Group will provide the proactive support for automation, mold making and other activities expected by the Target Company, within a scope that is economically feasible and consistent with the business strategy of the Offeror Group. The same support will be provided in the area of human resources needed to strengthen the Target Company.

(J) Regarding sales systems and the utilization of overseas sales networks after the Transaction execution, discussion will be carried out in good faith within the Offeror Group, including with the management team of the Target Company, and relevant policies for synergy creation will be determined.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(A)	Name	Honda Tsushin Kogyo Co., Ltd.	
(B)	Address	Osaki MT Building, 5-9-11, Kitashinagawa, Shinagawa-ku, Tokyo, Japan	
(C)	Title and Name of Representative	Kinji Kashio, President and Representative Director	
(D)	Description of Business	Manufacture and sale of electronic components (connectors), system design, and software development	
(E)	Capital	1,501,750,000 yen (as of June 30, 2022)	
(F)	Date of Establishment	June 14, 1947	
(G)	Major Shareholders and Shareholding Ratios (as of March 31, 2022) (Note 2)	Panasonic Corporation (Note 1)	21.66%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	5.89%
		Business Partner Stockholding Association of Honda Tsushin Kogyo	4.98%
		Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	4.38%
		SMBC Nikko Securities Inc.	2.79%
		Custody Bank of Japan, Ltd. (Trust Account)	2.20%
		Yukio Akiyama	2.08%
		Employee Stockholding Association of Honda Tsushin Kogyo	2.08%
		Nippon Life Insurance Company	1.95%
		MUFG Bank, Ltd.	1.91%
(H)	Relationship between Offeror and Target Company		
	Capital Relationship	Not applicable	
	Personnel Relationship	Not applicable	
	Business Relationship	There are transactions between the Offeror and the Target Company regarding the purchase of connectors via a trading company.	
	Status as Related Party	Not applicable	

(Note 1) Panasonic Corporation changed its name to Panasonic Holdings Corporation on April 1, 2022.

(Note 2) The information in (G) Major Shareholders and Shareholding Ratios (as of March 31, 2022) and Note 1 above is taken from “Status of the Major Shareholders” in the Annual Securities Report for the Year Ending March 31, 2022 (the “**Target Company Securities Report**”) submitted by the Target Company on June 28, 2022.

(2) Schedule, etc.

(A) Schedule

Resolution of the board of directors	(Fri) July 29, 2022
Date of tender offer commencement	(Mon) August 1, 2022 Public notice is to be issued online and in the Nihon Keizai Shimbun. (Electronic public notice site: https://disclosure.edinet-fsa.go.jp/)
Tender offer notification submission date	(Mon) August 1, 2022

(B) Period of purchase from the time of notification

(Mon) August 1, 2022 to (Mon) September 12, 2022 (30 business days)

(C) Possibility of extension based on Target Company request

Not applicable

(3) Price of Tender Offer

705 yen per share of common stock

(4) Basis of Valuation of Price for Tender Offer

(A) Basis of Valuation

In deciding the Tender Offer Price, the Offeror requested its financial adviser Frontier Management to evaluate the Target Company's share value as a third-party appraiser independent from the Offeror and the Target Company to ensure fairness of the Tender Offer Price. The resulting Offeror Stock Valuation Report was obtained on July 28, 2022. Frontier Management does not constitute a related party of either the Offeror or the Target Company, nor does it have any material interests in the Tender Offer.

Frontier Management believes that it is appropriate to valuate the Target Company's shares from multiple perspectives on the premise that the Target Company is a going concern. After considering the most appropriate valuation approaches, the stock price valuation was determined using three methods. Since the Target Company is listed on the Prime Market of the TSE, the market price method was used. Since there are similar listed companies that can be used for comparison to estimate the stock value, the comparable company analysis method was also adopted. In order to reflect the status of future business activities of the Target Company in the valuation, the stock value was also determined using the discounted cash flow (DCF) valuation method.

Since the Tender Offer Price was determined through discussions and negotiations with Panasonic and the Target Company, taking into consideration various factors described in "(B) Background of Valuation" below, the Offeror did not obtain a written fairness opinion regarding the Tender Offer Price provided by Frontier Management.

The price ranges per share for the Target Company stock provided by Frontier Management using each of the above valuation methods are as follows.

Market price method:	493 to 576 yen
Comparable company analysis method:	444 to 662 yen
DCF method	608 to 916 yen

Under the market price analysis method, with a reference date of July 28, 2022 (one business day prior to the Tender Offer announcement date), the Target Company's stock per share was valued to be in the range of 444 to 662 yen, on the basis of the closing price recorded on the Prime Market of the TSE on the reference date (576 yen), and the respective simple average closing prices for the most recent one-month period (532 yen), the most recent three-month period (516 yen), and the most recent six-month period (493 yen).

Under the comparable company analysis method, the value range of 444 to 662 yen per Target Company Share was derived by comparing the market share prices and financial indicators such as the profitability of listed companies engaged in relatively similar business to that of the Target Company.

The DCF method was applied based on an earning forecast prepared by the Target Company that was adjusted by the Offeror in consideration of various factors such as relevant publicly disclosed information. Other factors were also taken into consideration including recent business performance trends based on a management plan (for the fiscal year ending March 2023 to the fiscal year ending March 2026) obtained from the Target Company, as well as the results of due diligence conducted by the Offeror on the Target Company from mid-June 2022 to early July 2022. The DCF method resulted in a Target Company per share value range from 608 to 916 yen. This was achieved by analyzing the corporate value and stock value, discounted using a certain rate, and by using the value of free cash flows the Target Company is expected to generate after the Tender Offer settlement start date. The above management plan includes fiscal years in which a significant fluctuation in profit is expected compared to the previous fiscal year. Specifically, in the fiscal year ending March 2023, temporary excess inventory caused by delivery delays is expected to be resolved, causing both operating income and free cash flow to increase significantly. While in the fiscal year ending March 2023, both operating income (73% increase (rounded down to the nearest decimal, with the same applying hereafter to descriptions of increases/decreases in profit in the business plan)) and free cash flows are expected to increase significantly as the temporary excess inventory that had been caused by the delayed delivery is expected to be eliminated, both operating income (30% decrease) and free cash flows (36% decrease) are expected to decrease significantly in the fiscal year ending March 31, 2024 as the excess inventory, which was a special circumstance, will no longer be there in that fiscal year. However, in the fiscal year ending March 2025 and thereafter, both operating income (32% increase) and free cash flows are expected to increase again due to strong orders received in response to expanding demand in the connector market as a whole. The management plan above is not based on execution of the Tender Offer. This is because at the time of plan preparation, it was difficult to estimate the specific costs and benefits that would rise from the execution of the Transaction.

The Tender Offer Price of 705 yen represents a premium of 22.40% added to the Target Company stock closing price of 576 yen recorded on the Prime Market of the TSE on July 28, 2022, which is one business day prior to the Tender Offer announcement date. It also represents a premium of 32.52% added to a simple average of 532 yen for the Target Company stock closing prices over the preceding one month. Likewise, it represents a premium of 36.63% added to a simple average of 516 yen for the Target Company stock closing prices over the preceding three months, and a premium of 43.00% added to a simple average of 493 yen for the Target Company stock closing prices over the preceding six months.

(B) Background of Valuation

(Background of the Decisions on the Tender Offer Price)

In conducting the Transaction, including the Tender Offer, the background of the decisions made by the Offeror on the Tender Offer Price is as follows.

(i) Name of Third Party from whom Offeror Received Advice upon Valuation

In deciding the Tender Offer Price, the Offeror has requested its financial adviser Frontier Management to evaluate the Target Company's share value as a third-party appraiser independent from the Offeror and the Target Company to ensure fairness of the Tender Offer Price. The resulting Offeror Stock Value Calculation Report was obtained on July 28, 2022.

Since the Tender Offer Price was determined through discussions and negotiations with Panasonic and the Target Company, taking into consideration various factors described in "(iii) Background of the Decision on the Tender Offer

Price upon Consideration of Relevant Advice" below, the Offeror did not obtain a written fairness opinion regarding the Tender Offer Price provided by Frontier Management.

(ii) Outline of Said Advice

Frontier Management has calculated the price of the Target Company's stock using the market price method, the comparable company analysis method and the DCF method. The price ranges per share for the Target Company stock calculated using each of those methods are as follow.

Market Price Method:	493 to 576 yen
Comparable Company Analysis Method:	444 to 662 yen
DCF Method:	608 to 916 yen

(iii) Background of the Decision on the Tender Offer Price upon Consideration of Said Advice

In mid-October 2021, the Offeror selected Frontier Management as a financial advisor and Third-Party Appraiser independent from the Offeror and the Target Company, and in order to pursue the enhancement of corporate value of both companies by achieving synergies through making the Target Company a wholly owned subsidiary, began considering the specific terms and conditions of the Transaction, including this Tender Offer Price.

Then, on December 16, 2021, the Offeror submitted to the Target Company and Panasonic a non-legally binding letter of intent to delist the Target Company by acquiring 100% of its shares through the Tender Offer. The initial proposal was based on the results of a comprehensive judgement of an preliminary share value analysis using the DCF method, the comparable company analysis method and the market price method, based on publicly available information and the medium-term management plan announced by the Target Company on May 11 2021.The price represents the value is above the upper limit in the market price method and within the range of the comparable company analysis method and the DCF method under the result of the preliminary stock price analysis as of December 16, 2021, and a premium of 19.78% to 39.74% added to the Target Company stock closing price on the First Section of the TSE on December 15, 2021. Likewise, it represents a premium of 18.15% to 37.84% added to the simple average of 440 yen for the Target Company stock closing prices over the preceding one month (November 16, 2021 to December 15, 2021); a premium of 14.50% to 33.59% added to the simple average of 454 yen for the Target Company stock closing prices over the preceding three months (September 16, 2021 to December 15, 2021); and a premium of 10.84% to 29.31% added to the simple average of 469 yen for the Target Company stock closing prices over the previous six months (June 16, 2021 to December 15, 2021); and is above the upper limit in the market price method and within the range of the preliminary equity value analysis results of the comparable company method and the DCF method as of December 16, 2021, and which the Offeror considered not to be disadvantageous to minority shareholders of the Target Company as such price is estimated to be higher than the price at which minority shareholders of the Target Company for short to medium-term investments at the time the letter of intent was submitted purchased the Target Company Shares, considering that the period of one or two turns in the market of the Target Company's stock likely covers the period when existing shareholders, who are looking for short-term to medium-term investments of less than two years, acquired such shares, and based on the result that the volume weighted average price from April 9, 2020 to December 1, 2022, which is the period of one turnover, was 472 yen, and the volume weighted average price from June 14, 2019 to December 1, 2021, which is the period of two turns, was 499 yen, for the total number of shares issued, excluding treasury stock of the Target Company and shares owned by Panasonic, made a proposal for a tender offer in the range of 520 yen to 606 yen per share of the Target Company's shares, and for a series of subsequent transactions to make the Target Company a wholly owned subsidiary, as well as a subsequent offer to conduct formal due diligence.

Subsequently, on January 6, 2022, the Offeror received a response from the Target Company stating that the Target Company needed to consider whether an alliance with the Offeror Group would contribute to improving the Target Company's corporate value, as well as a written request to reconsider the offered price since the Target Company determined it would be difficult to explain to existing shareholders in terms of price at the share value received. On January 11, 2022, the Offeror also received a written response to its proposal from Panasonic, indicating Panasonic was giving the proposal its positive consideration.

Subsequently, on February 19, 2022, the Offeror received from the Target Company a business plan for the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026, as information necessary for the Offeror to deepen its understanding of the Target Company Group's business and business environment, and to reconsider the price. In addition, in early March of the same year, the Offeror received an explanation from the Target Company about the business plan and the information system business of the Target Company Group. In parallel with the above, the Offeror held multiple discussions with the Target Company's management from early February to late March of the same year in order to deepen its understanding of the Target Company's business and business environment, and conducting further reviews. As a result, on April 6, 2022, the Offeror submitted to the Target Company and Panasonic another non-legally binding letter of intent, based on the results of a comprehensive judgement of an initial share value analysis using the DCF method, the comparable company analysis method and the market price method, based on publicly available information, the business plan for the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026, received from the Target Company on Feburualy 19, 2022, discussions with the Target Company's management and additional information received, as well as trends, etc. in the market price of the Target Company's shares. The price represents the value is above the upper limit in the market price method and within the range of the comparable company analysis method and the DCF method under the result of the preliminary stock price analysis as of April 6, 2022, and a premium of 18.78% to 37.13% added to the Target Company stock closing price on the TSE Prime Market on April 5, 2022 of 474 yen; a premium of 19.03% to 37.42% added to the simple average of 473 yen for the Target Company stock closing prices over the preceding one month (March 7, 2022 to April 5, 2022); a premium of 22.66% to 41.61% added to the simple average of 459 yen for the Target Company stock closing prices over the preceding three months (January 6, 2022 to April 5, 2022); and a premium of 24.56% to 43.81% added to the simple average of 452 yen for the Target Company stock closing price over the preceding six months (October 6, 2021 to April 5, 2022), and which is above the upper limit in the market price method and within the range of the preliminary equity value analysis resulting from the comparable company method and the DCF method as of December 16, 2021, and which the Offeror considered not to be disadvantageous to minority shareholders of the Target Company, as such price is estimated to be higher than the price at which most minority shareholders of the Target Company for short to medium-term investments at the time the letter of intent was submitted purchased the Target Company Shares, considering that the period of one or two turns in the market of the Target Company's stock likely covers the period when existing shareholders, who are looking for short-term to medium-term investments of less than two years, acquired such shares, and based on the result that the volume weighted average price from September 4, 2020 to March 22, 2022, which is the period of one turnover, was 479 yen and the volume weighted average price from November 11, 2019 to March 22, 2021, which is the period of two turns, was 494 yen for the total number of shares issued, excluding treasury stock of the Target Company and shares owned by Panasonic. The Offeror thus made a proposal for an offer in the range of 563 yen to 650 yen, and for a series of subsequent transactions to make the Target Company a wholly-owned subsidiary, as well as a subsequent offer to conduct formal due diligence.

Subsequently, on April 28, 2022, the Offeror received a communication from the Target Company indicating it had determined that it would still be difficult to explain to existing shareholders at the share priced received, that it was requesting the Offeror to reconsider the offered price, and that on that same date the Special Committee had been established. Also on that same date, the Offeror received a written response from Panasonic stating that based on the letter of intent noted above submitted April 6, 2022, it intended to continue with positive discussions regarding the Transaction, including concluding the Offer Contract. The Offeror provided the Target Company with a description of the Offeror Group's business on May 13, 2022. Subsequently, as the Offeror continued its discussions with the Target Company's management, on June 8, 2022 it received a proposal from the Target Company through Daiwa Securities, the Target Company's financial advisor, stating that while the Target Company still considered the price range per share of the Target Company's shares proposed by the Offeror to be inadequate, it believed the Transaction would contribute to improving the Target Company's corporate value, and would accept due diligence regarding the Transaction conditional upon the Offeror giving serious consideration to raising the Offer price. Subsequently, because the Offeror accepted that condition on June 8, 2022, it was decided that due diligence would begin in middle of June to early July, 2022.

Subsequently, in mid-June 2022, the Offeror began performing due diligence on the Target Company Group. Based on progress with that due diligence through early July, 2022, on July 8, 2022, the Offeror submitted to the Target Company and Panasonic a legally binding proposal for the Transaction. Taking into consideration the result of the Target Company's near-term business performance, including its actual results in the ongoing 2022 fiscal year, and future business plans, as well as the due diligence performed by the Offeror as noted above, the Offeror's belief that though business performance for the fiscal year ending March 31, 2022 was on a recovery trend due to the easing of the impact of the COVID-19 pandemic and a recovery in the automobile market, as well as recovery in demand for the Target Company Group's products, the economic situation and stock market trends remain unstable, and with major uncertainties about business performance in the fiscal year ending March 31, 2023 and beyond, that downside risks to business performance also exist, and the fact that the market share price of the Target Company Shares has remained below the TOPIX (Tokyo Stock Exchange Price Index) for the recent one-year period from early July 2021 through May 11, 2022, which was the date of the announcement of financial results for the first quarter of the fiscal year ending March 31, the Offeror made another proposal at a price representing a premium of 23.57% over the Target Company's stock closing price on the TSE Prime Market on July 8, 2022 of 526 yen; a premium of 23.11% added to the simple average of 528 yen for the Target Company stock closing prices over the preceding one month (June 9, 2022 to July 8, 2022); a premium of 30.00% added to the simple average of 500 yen for the Target Company stock closing prices over the preceding three months (April 11, 2022 to July 8, 2022); and a premium of 35.42% added to the simple average of 480 yen for the Target Company stock closing price over the preceding six months (January 11, 2022 to July 8, 2022). Although the premium price was below the median premiums (38.60% of the simple average of closing prices for the past 1 month from the business day before the announcement date, 41.20% of the simple average of closing prices for the past 3 months from the business day before the announcement date, and 45.90% of the simple average of closing prices for the past 6 months from the business day before the announcement date) in past tender offer cases (71 successful cases of tender offers for the purpose of going private since the publication of the "Guidelines on Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Interests" issued by METI on June 28, 2019), the volume weighted average price for a period of one rotation was 479 yen and that for a period of two rotations was 494 yen for the total number of shares issued excluding treasury stock and Panasonic-held shares and such price is estimated to be higher than the price at which most minority shareholders of the Target Company at the time the letter of intent was submitted purchased the Target Company Shares, The Offeror believed such price would not be disadvantageous to the minority shareholders of the Target Company, and thus made a proposal for a tender offer of 650 yen per share of the Target Company's shares, and for a series of subsequent transactions to make the Target Company a wholly-owned subsidiary. Subsequently, on July 11, 2022, the Offeror received a communication from the Target Company indicating that it had determined that it would still be difficult to explain to existing shareholders at the share price received, and that it was requesting the Offeror to reconsider the price submitted.

On July 13, 2022, the Offeror again submitted to the Target Company and Panasonic a legally binding proposal for the Transaction. Taking into consideration the same factors as with the proposal submitted on July 8, the Offeror made another proposal at a price representing 31.78% over the Target Company's stock closing price on the TSE Prime Market on July 12, 2022 of 516 yen; a premium of 29.52% added to the simple average of 525 yen for the Target Company stock closing prices over the preceding one month (June 13, 2022 to July 12, 2022); a premium of 35.45% added to the simple average of 502 yen for the Target Company stock closing prices over the preceding three months (April 13, 2022 to July 12, 2022); and a premium of 41.08% added to the simple average of 482 yen for the Target Company stock closing prices of the preceding six months (January 13, 2022 to July 12, 2022). Although the premium was below the median premiums (38.60% of the simple average of closing prices for the past 1 month from the business day before the announcement date, 41.20% of the simple average of closing prices for the past 3 months from the business day before the announcement date, and 45.90% of the simple average of closing prices for the past 6 months from the business day before the announcement date) in past tender offer cases (71 successful cases of tender offers for the purpose of going private since the publication of the "Guidelines on Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Interests" issued by METI on June 28, 2019), the Offeror believed such price not to be disadvantageous to minority shareholders of the Target Company as such price is estimated to be higher than the price at which minority shareholders of the Target Company, at the time the letter of intent was submitted, purchased the Target Company Shares, based on the result that the volume weighted average price from September 4, 2020 to March 22, 2022, which is the period of one turnover, was 479 yen, and the volume weighted average price from November 11, 2019 to March 22, 2022, which is the period of two turns, was 494 yen, for the total number of shares issued, excluding treasury stock of the Target Company and shares owned by Panasonic, and thus the Offeror made a proposal for a tender offer of 680 yen per share of the Target Company Shares, and for a series of subsequent transactions to make the Target Company a wholly owned subsidiary.

Subsequently, on July 15, 2022, the Offeror received a communication from the Target Company indicating that the premium level of the Tender Offer Price over certain periods (e.g., 1 month, 3 months, 6 months) must be comparable to the premium level in other cases, and it would still be difficult to explain to existing shareholders at the share price received as the price had not yet reached a sufficient level in terms of the above, even considering the premium level in tender offer cases for delisting purposes, and that it was requesting the Offeror to reconsider the price submitted.

Thereafter, the Offeror submitted a legally binding proposal for the Transaction to the Target Company and Panasonic on July 20, 2022, made a re-proposal for the Tender Offer at a price of 695 yen per share and make the Target Company wholly-owned subsidiary of the Offeror through a series of subsequent transactions. The same factors as the proposal on July 13, 2022 were taken into account; a premium of 34.69% were added to the closing price of the 516 yen of the Target Company Shares on TSE on July 19, 2022, a premium of 32.89% to the simple average closing price of 523 yen for the last month (June 20, 2022 to July 19, 2022), and a premium of 37.08% to the simple average closing price of 507 yen for the last three months (April 20, 2022 to July 19, 2022), and a premium of 43.30% to the simple average closing price of 485 yen for the last six months (January 20, 2022 to July 19, 2022). The premiums were roughly in line with the median premiums (38.60% of the simple average closing price for the preceding one-month period from the business day before the announcement date, 41.20% of the simple average closing price for the preceding three-month period from the business day before the announcement date, and 45.90% of the simple average closing price for the preceding six-month period from the business day before the announcement date) in past tender offer cases (71 successful tender offers for the purpose of going private since the publication of the "Guidelines for Fair M&A: Enhancing Corporate Value and Securing Shareholder Profits" issued by METI on June 28, 2019), which the Offeror believed not to be disadvantageous to minority shareholders of the Target Company. However, subsequently, on July 22, 2022, the Offeror was informed by the Target Company that they would request the Offeror to reconsider the offer price as the Target Company determined that the proposed Tender Offer Price was still difficult to explain to the existing shareholders.

Thereafter, the Offeror submitted again a legally binding proposal for the Transaction to the Target Company and Panasonic on July 25, 2022, and made a re-proposal for the Tender Offer at a price of 705 yen per share and making the Target Company a wholly-owned subsidiary of the Offeror through a series of subsequent transactions. The same factors as the proposal on July 20, 2022 were taken into account; a premium of 32.77% were added to the closing price of 531 yen of the Target Company Shares on the TSE on July 22, 2022, a premium of 34.03% to the simple average closing price of 526 yen for the last month (June 23, 2022 to July 22, 2022), and a premium of 38.24% to the simple average closing price of 510 yen for the last three months (April 25, 2022 to July 22, 2022), and a premium of 44.47% to the simple average closing price of 488 yen for the last six months (January 24, 2022 to July 22, 2022). The premium was roughly in line with the median premiums (38.60% of the simple average of closing prices for the past 1 month from the business day before the announcement date, 41.20% of the simple average of closing prices for the past 3 months from the business day before the announcement date, and 45.90% of the simple average of closing prices for the past 6 months from the business day before the announcement date) in past tender offer cases (71 successful cases of tender offers for the purpose of going private since the publication of the "Guidelines on Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Interests" issued by METI on June 28, 2019), which the Offeror believed not to be disadvantageous to minority shareholders of the Target Company. Subsequently, on July 26, 2022, the Offeror was informed by the Target Company that it would request the Offeror to reconsider the offer price for the benefit of the existing shareholders.

Thereafter, on July 27, 2022, the Offeror verbally informed the Target Company and Panasonic through Frontier Management, that it would not raise the price further from 705 yen taking into account the same factors as the proposal on July 25, 2022; a premium of 28.42% was added to the closing price of 549 yen of the Target Company Shares on the TSE on July 26, 2022, a premium of 33.27% to the simple average closing price of 529yen for the last month (June 27, 2022 to July 26, 2022), and a premium of 37.43% to the simple average closing price of 513 yen for the last three months (April 27, 2022 to July 26, 2022), and a premium of 43.88% to the simple average closing price of 490 yen for the last six months (January 27, 2022 to July 26, 2022); the premium was roughly in line with the median premiums (38.60% of the simple average of closing prices for the past 1 month from the business day before the announcement date, 41.20% of the simple average of closing prices for the past 3 months from the business day before the announcement date, and 45.90% of the simple average of closing prices for the past 6 months from the business day before the announcement date) in past tender offer cases (71 successful cases of tender offers for the purpose of going private since the publication of the "Guidelines on Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Interests" issued by METI on June 28, 2019), which the Offeror believed not to be disadvantageous to minority shareholders of the Target Company. Subsequently, on July 28, 2022, the Offeror received a communication from the Target Company that it accepts the Tender Offer Price of 705 yen, and reached an agreement with the Target Company regarding the Tender Offer Price.

The Offeror resolved today to set a Tender Offer Price at 705 yen, which is a price above the upper limit in the market price method and the comparable company method and within the range of the DCF method in the share valuation report obtained from Frontier Management, taking into comprehensive consideration, in addition to the results of the above discussions and negotiations, the valuation results in the Offeror's Share Price Valuation Report, the results of due diligence on the Target Company conducted by the Offeror, trends in the market share price of the Target Company's shares, the likelihood of support for the Tender Offer by the Target Company's board of directors and other factors.

(C) Relationship with Appraiser

Frontier Management, the Offeror's financial advisor, does not constitute a related party of either the Offeror or the Target Company, nor does it have any material interests in the Tender Offer.

(5) Number of Share Certificates, etc. to be Purchased

Type of Share Certificates, etc.	Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
Common stock	23,083,956 (shares)	15,389,300 (shares)	- (share)
Total	23,083,956 (shares)	15,389,300 (shares)	- (share)

Note 1: If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the share certificates, etc. to be purchased (15,389,300 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of the share certificates, etc. to be purchased (15,389,300 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

Note 2: Shares less than one unit are also subject to the tender offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

Note 3: The Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

Note 4: Since no maximum number of share certificates, etc. to be purchased has been set under this Tender Offer, the number of share certificates, etc. to be purchased is the maximum number of share certificates, etc. (23,083,956 shares) to be acquired by the Offeror through this Tender Offer. That maximum number (23,089,956 shares) is the number of issued shares in the Target Company as of June 30, 2022 (25,006,200 shares) as stated in the Target Company's Quarterly Financial Statement for the First Quarter, less the total number of treasury shares held by the Target Company (23,083,956) as of that date.

(6) Changes in Ownership Ratio of Share Certificates, etc. through the Tender Offer

Number of voting rights represented by share certificates, etc. held by the Offeror before the Tender Offer	- voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: -%)
Number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer	- voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer:-%)
Number of voting rights represented by share certificates, etc. held by the Offeror after the Tender Offer	230,839 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 100.00%)
Number of voting rights represented by share certificates, etc. held by the special related parties after the Tender Offer	- voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: -%)
Number of voting rights of all shareholders of the Target Company	230,754 voting rights	

(Note 1) The number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer is the total of the number of share certificates, etc. held by each special interested party (excluding, however, those special interested parties who are excluded pursuant to the provisions of Article 27, Paragraph 2, Item 1 of the Cabinet Office Ordinance (Ministry of Finance Ordinance No. 38 of 1990, as amended) on the Disclosure of Tender Offers for Share Certificates, etc. by Persons Other than the Issuers in Calculating the Ownership Ratio of Share Certificates, etc. (the "**Cabinet Ordinance**"), based on Article 3, Paragraph 2, Item 1.) Note that going forward, the Offeror plans to confirm the share certificates, etc. of the Target Company held by the special related parties, and in the event corrections are necessary, will promptly disclose the details of those corrections.

(Note 2) The "Number of voting rights of all shareholders of the Target Company" is the number of voting rights of all shareholders, etc. as stated in the Annual Securities Report of the Target Company. However, since shares less than one unit are subject to the Tender Offer, when calculating the "Ownership ratio of share certificates, etc. before the Tender Offer" and "Ownership ratio of share certificates, etc. after the Tender Offer," the number of voting rights (230,839 voting rights) represented by 23,083,956 shares is used as a denominator. This number of shares (25,006,200 shares) is all the issued shares of the Target Company as of June 30, 2018 as stated in the Target Company's Quarterly Financial Statement for the First Quarter, less the number of treasury shares (1,922,244 shares) held by the Target Company as of that date.

(Note 3) "Ownership ratio of share certificates, etc. before the Tender Offer" and "Ownership ratio of share certificates, etc. after the Tender Offer" have been rounded to two decimal places.

(7) Purchase Price 16,274,188,980 yen

(Note) The Purchase Price is the produce of the number of share certificates, etc. to be purchased (23,083,956 shares) multiplied by the Tender Offer Price per share (705 yen).

(8) Method of Settlement

(A) Name and address of the head office of the financial instruments business operator, bank, etc. that will settle the Tender Offer

SMBC Nikko Securities Inc. 3-3-1 Marunouchi, Chiyoda-ku, Tokyo

(B) Settlement Start Date

September 16, 2022 (Friday)

(C) Method of Settlement

Without delay following the end of the Tender Offer Period, a notice of purchase, etc. through the Tender Offer shall be mailed to those persons who accept the offer for the purchase of share certificates, etc. under the Tender Offer or who apply for the sale, etc. (the "**Tendering Shareholders, etc.**"). In the case of shareholders, etc. who are residents of foreign countries (including corporate shareholders, etc., the "**Foreign Shareholders, etc.**"), notice shall be mailed to the address or location of their standing proxy in Japan (the "**Standing Proxy**"). For applications submitted via online trading (https://trade.smbcnikko.co.jp/) ("**Nikko Easy Trade**"), documents shall be delivered by electronic means.

Purchases shall be made in cash. In accordance with the instructions of the Tendering Shareholders, etc. (or the Standing Proxy in the case of Foreign Shareholders, etc.), the Tender Offer Agent shall remit the sales price for the purchased share certificates, etc. to the places designated by the Tendering Shareholders, etc. (or the Standing Proxy in the case of Foreign Shareholders, etc.) without delay following the settlement commencement date.

(D) Method of Returning Share Certificates, etc.

In the event all of the Tendered Share Certificates, etc. are not purchased pursuant to the conditions set forth in "(A) Conditions set forth in each item of Article 27-13, Item 4 of the Act and the details thereof," or "(B) Conditions of withdrawal, etc. of the Tender Offer, details thereof and method of disclosure of withdrawal, etc." of (9) below, "Other Conditions and Methods of Purchase," the Tender Offer Agent shall return those share certificates, etc. required to be returned to the Tendering Shareholders on the second business day following the last day of the Tender Offer Period (or the date of withdrawal, etc. if the Tender Offer is withdrawn), in the state in which they were tendered to the Tendering Shareholder account of the Tender Offer Agent (The "state at the time they were tendered" means the state in which execution of the order to apply for the Tender Offer was cancelled.)

(9) Other Conditions and Methods of Purchase

(A) Conditions set forth in each item of Article 27-13, Item 4 of the Act and the details thereof

If the total number of Tendered Share Certificates, etc. is less than the minimum number of the share certificates, etc. to be purchased (15,389,300 shares), the Offeror will not purchase any of the Tendered Share Certificates, etc. If the total number of Tendered Share Certificates, etc. is equal to or more than the minimum number of the share certificates, etc. to be purchased (15,389,300 shares), the Offeror will purchase all of the Tendered Share Certificates, etc.

(B) Conditions of withdrawal, etc. of the Tender Offer, details thereof and method of disclosure of withdrawal, etc.

In the event any of the items stipulated in the Order for the Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended, the "**Enforcement Order**") Article 14-1 Item 1 (a) through (j) and (m) through (r), Item 3 (a) through (h) and (j), Item 4 and Article 14-2 Item 3 through Item 6 should arise, the Tender Offer may be withdrawn, etc.

Note that, with regards to this Tender Offer, "facts equivalent to the facts listed in (a) through (i) set forth in Article 14-1, Item 3 of the Enforcement Order refer cases in which (1) it is found that a statutory disclosure document submitted by the Target Company in the past contains a false statement on a material matter, or omits a statement on a material matter that should have been included in the document; and (2) if any of the events listed in (a) through (g) of the same Item has occurred at an important subsidiary of the Target Company;

With regard to the Offeror's advance notification to the Japan Fair Trade Commission in accordance with Article 10, Item 2 of the Antimonopoly Act, it will be deemed not to have obtained the "Permission, etc." under Article 14-1, Item 4 of the Enforcement Order and the Tender Offer may be withdrawn, etc. if the grace period has not been completed by the day immediately preceding the last day of the Tender Offer Period (including any extensions), or in the event that prior notice of a cease-and-desist order is given, and a petition for an emergency cease-and-desist order is filed with the court as a party suspected of violating the provisions of Article 10, Item 1 of the Antimonopoly Act.

In the event of a withdrawal, etc., public notice is to be issued online and in the Nihon Keizai Shimbun. However, in the event it would be difficult to issue such public notice by the last day of the Tender Offer Period, it will be announced via the method stipulated in Article 20 of the Cabinet Ordinance, with public notice issued immediately thereafter.

(C) Conditions for reducing the purchase price, conditions thereof, and method for disclosing the reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, should the Target Company take any of the actions set forth in Article 13-1 of the Enforcement Order during the Tender Offer Period, the Tender Offer purchase price may be reduced in accordance with the criteria set forth in Article 19-1 of the Cabinet Ordinance.

When reducing purchase price, public notice is to be issued online and in the Nihon Keizai Shimbun. However, in the event it would be difficult to issue such public notice by the last day of the Tender Offer Period, it will be announced via the method stipulated in Article 20 of the Cabinet Ordinance, with public notice issued immediately thereafter.

In the event of a reduction in the purchase price, share certificates, etc. tendered on or prior to the date of said public notice shall also be purchased, etc. at the reduced purchase price.

(D) Matters concerning the right of Tendering Shareholders, etc. to cancel contracts

Tendering Shareholders, etc. may cancel contracts related to this Tender Offer at anytime during the Tender Offer Period.

In the event you wish to cancel a contract, please deliver or send written notice of cancellation of the contract for the Tender Offer (the "**Cancellation Notice**") to the person designated below by 3:30 p.m. on the last day of the Tender Offer Period. (However, business hours differ depending on the sales office.) Please complete this procedure after first checking the business hours, etc. of the sales office you use in advance. Note that when sending the Cancellation Notice, it must reach the person designated below by 3:30 p.m. on the last day of the Tender Offer Period. (However, business hours differ depending on the sales office.) Please complete this procedure after first checking the business hours, etc. of the sales office you use in advance.

(Note) that to cancel contracts applied for through Nikko Easy Trade, login on Nikko Easy Trade and then follow the method shown on screen. Please complete the cancellation process by 3:30 p.m. on the last day of the Tender Offer Period.

Those authorized to receive the written cancellations
SMBC Nikko Securities Inc.   3-3-1 Marunouchi, Chiyoda-ku, Tokyo
(and the domestic sales offices of SMBC Nikko Securities Inc.)

Note that the Offeror will not claim any compensation for damages or penalty payment from the Tendering Shareholder in connection with cancellation of a contract by the Tendering Shareholder. Any costs required for return of the Tendered Share Certificates, etc. shall also be borne by the Offeror. In the event a cancellation is requested, the Tendered Share Certificates, etc. shall be returned promptly upon completion of the procedures for such requests for cancellation in the manner described in "(D) Method of Returning Share Certificates, etc." under (8) "Method of Settlement," above.

(E) Method of disclosure in the event of a change in the terms and conditions, etc. of the Tender Offer

During the Tender Offer Period, the Offeror may change the terms and conditions, etc. of the Tender Offer, except in cases where prohibited by Article 27-6 Paragraph 1 of the Act and Article 13 of the Enforcement Order.

If the Offeror intends to change the terms and conditions, etc. of the Tender Offer, the Offeror shall issue a public notice online and in the Nihon Keizai Shimbun. However, in the event it would be difficult to issue such public notice by the last day of the Tender Offer Period, it will be announced via the method stipulated in Article 20 of the Cabinet Ordinance, with public notice issued immediately thereafter.

In the event of a change in the terms and conditions, etc. of the Tender Offer, Share Certificates, etc. tendered prior to the date of said public notice shall be purchased, etc. under the terms and conditions, etc. in place following the change.

(F) Method for disclosing submission of a notice of correction

In the event the Offeror submits a notice of correction to the Director-General of the Kanto Local Finance Bureau (except for cases provided for in the proviso to Article 27-8, Paragraph 11 of the Act), the Offeror shall immediately announce those details of the notice of correction that relate to the content of the public notice of the commencement of the Tender Offer, in the manner stipulated in Article 20 of the Cabinet Ordinance. The Offeror shall also immediately correct the Tender Offer Explanatory Statement and deliver the corrected Tender Offer Explanatory Statement to the Tendering Shareholders to whom the Tender Offer Explanatory Statement has already been delivered. Note that if the scope of the corrections is limited to a small scope, the correction shall be made by preparing a document stating the reason for the correction, the items corrected and the content following the correction, and delivering said document to the Tendering Shareholders.

(G) Method for Disclosing the Results of the Tender Offer

The results of the Tender Offer shall be announced on the day following the last day of the Tender Offer Period, via the method stipulated in Article 9-4 of the Act and Article 30-2 of the Cabinet Ordinance.

(H) Others

This Tender Offer is not being made, directly or indirectly, in or for the United States, or through the use of the U.S. Postal Service or any other methods or means of interstate or international commerce (including, but not limited to, telephone, telex, facsimile, electronic mail and internet communications), nor through any securities exchange facility in the United States. This Tender Offer may not be tendered by any of the above methods or means, or through any of the above facilities or from within the United States.

Neither the Tender Offer notification nor any related purchase documents may be sent or distributed in, to, or from the United States by mail or any other means. No applications to the Tender Offer that directly or indirectly violate the above restrictions will be accepted.

Each person tendering shares in the Tender Offer (or that person's Standing Proxy in the case of a Foreign Shareholder, etc.) shall be required to make the following representations and warranties.

The applicant is not located in the United States, either at the time of application or at the time the Tender Offer Application Form is sent; the applicant has not received or sent any information regarding this Tender Offer or documents related to the purchase, in, to or from the United States; the applicant has not, directly or indirectly, used the United States Postal Service or any other methods or means of interstate or international commerce (including, but not limited to, telephone, telex, facsimile, electronic mail and internet communications), or any securities exchange facility in the United States in connection with signing or delivering a Tender Offer or a Tender Offer Application Form; the applicant is not acting as an agent, fiduciary or assignee without discretionary authority of another person (unless said other person is giving all instructions with respect to the purchase from outside the United States).

(10) Date of notice of commencement of Tender Offer

August 1, 2022 (Monday)

(11) Tender offer agent

SMBC Nikko Securities Inc.   3-3-1 Marunouchi, Chiyoda-ku, Tokyo

3. Policies, etc. following the Tender Offer, and future outlook

For policies, etc. following the Tender Offer, please see "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer," in "1. Purpose, etc. of the Tender Offer, etc.", above, under "(C) Management Policy After the Tender Offer;" "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the "Two-Step Acquisition");" and "(5) Prospects and Reasons for Delisting. in "1. Purpose of Tender Offer."

4. Others

(1) Agreements Between the Offeror and the Target Company or its Directors and Details of Those Agreements

(A) Supporting Opinion regarding the Tender Offer

According to a press release by the Target Company, the Target Company passed a resolution at the Target Company's board of directors meeting held today to the effect that it will issue an opinion declaring its support for the Tender Offer and will recommend that the Target Company's shareholders accept the Tender Offer.

For details of the above resolution of the Target Company, see the Target Company's press release and "(E) Approval by all Directors and no objection from any of the Audit & Supervisory Board Members" in "(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" under "1. Purpose of the Tender Offer."

(B) The Agreement

The Offeror and the Target Company entered into today the Agreement. Please refer to in "(B) The Agreement","(6) Material Agreements Regarding the Tender Offer" in "1. Purpose of Tender Offer" above.

(2) Other Information Required by Investors When Considering Whether to Tender

(A) Announcement of the Quarterly Financial Statement for the First Quarter of the fiscal year ending March 31, 2023 (JGAAP) (Consolidated)

The Target Company today announced its Quarterly Financial Statement for the First Quarter. Below is a summary based on said announcement. Note that this information has not yet undergone a quarterly review by an audit firm in accordance with the stipulations of Article 193-2, Paragraph 1 of the Act. Note also that the summary of the information below is a partial excerpt from the information announced by the Target Company. Please refer to the full announcement for details.

(i) Profit and Loss (consolidated)

Accounting Period	Q1 of the fiscal period ending March 31, 2023
Net sales	5,419 million yen
Cost of sales	4,341 million yen
Sales and general administrative expenses	728 million yen
Non-operating income	156 million yen
Non-operating expenses	5 million yen
Quarterly net income attributable to the shareholders of the parent company	330 million yen

(ii) Figures per share (consolidated)

Accounting Period	Q1 of the fiscal period ending March 31, 2023
Quarterly net income per share	14.31 yen
Dividend per share	- yen

(B) Notice of “Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2023 (No Dividend) and Abolishment of the Shareholder Special Benefit Plan”

As noted in its announcement today, “Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2023 (No Dividend) and Abolishment of the Shareholder Special Benefit Plan,” the Target Company at a meeting of its board of directors held today has decided, conditional upon the completion of this Tender Offer, to not pay a year-end dividend for the fiscal year ending March 31, 2023, and to abolish shareholder special benefit plan for shareholder special benefits beginning from a reference date of September 30, 2022. Please refer to said announcement for details.

End

Disclaimers with respect to this translation.

[Restriction on Solicitation]

This press release is a translation of a news statement to publicly release the Tender Offer, and was not prepared for the purpose of soliciting a tender for a sale. If you intend to tender an offer to sell the shares in the Tender Offer, please make sure that you refer to the Tender Offer Explanatory Document regarding the Tender Offer in advance, and tender for it at your own discretion. This press release is not a tender for, or a solicitation for a tender for, a sale or purchase of securities, and does not constitute a part of the foregoing. In addition, this press release (or any part of it) and any distribution hereof will not be the basis for any agreement concerning the Tender Offer, nor will it be relied upon when executing any such agreement.

[Prediction of the Future]

The Offeror does not promise that the projections expressed or implied as "forward-looking statements" will ultimately be accurate. The "forward-looking statements" in this press release have been prepared based on information available to the Offeror as of July 29, 2022, and unless otherwise required by law or regulation, the Offeror will not be responsible for updating or otherwise revising such forward-looking statements in order to reflect any future event or circumstances.

[Regulations of the United States]

Unless the Tender Offer can be implemented in compliance with applicable laws and various regulations in the United States, the Offeror will not conduct the Tender Offer for the United States or to a United States person (within the meaning of "United States person" provided in Regulation S of the Securities Act of 1933; hereinafter the same in this section). In this case, applications for shares of the Target Company related to the Tender Offer by any means, usage or method, or through any facility, cannot be conducted from the United States, within the United States, or by those existing or residing the United States, or by any person acting by calculation of a United States person or for the profit of a United States person.

[Other Countries]

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