



June 26, 2023

Company Name	JSR Corporation
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Announcement of Opinion on Scheduled Commencement of the Tender Offer and Recommendation for our Shareholders to Tender their Shares in the Tender Offer to be Conducted by JICC-02, Ltd. for the Shares in JSR Corporation

JSR Corporation (the "**Company**") hereby announces that, with respect to a tender offer by JICC-02, Ltd. (the "**Tender Offeror**") for the common shares of the Company (the "**Company Shares**") and the Company Share Options (as defined in "2. Share Options" in "II. Purchase Price, Etc." below) and the Company ADRs (as defined in "3. Depositary Receipts for Share Certificates, Etc." in "II. Purchase Price, Etc.") (the "**Tender Offer**"), the Company resolved, at the Board of Director meeting held today, in reflection of the current opinion of the Company, to express an opinion supporting the Tender Offer and to recommend that (i) the shareholders of the Company Shares and the holders of the Company Share Options tender for the Tender Offers and (ii) the holders of the Company ADRs (as defined in "3. Depositary Receipts for Share Certificates, Etc." in "II. Purchase Price, Etc." below) deliver the Company ADRs to the Depositary Banks in advance, receive the Company Shares represented by the Company ADRs before tendering for the Tender Offer and tender their Company Shares, if the Tender Offer commences.

According to the "Announcement Regarding Planned Commencement of Tender Offer for JSR Corporation (Securities Code: 4185)" (the "**Tender Offeror Press Release**") released by the Tender Offeror today, it may take a certain period of time to complete procedures and responses required under domestic and foreign competition laws (based on the current analysis, the procedures shall be required in Japan, China, South Korea, and Taiwan, and the Tender Offeror believes that the procedures may be required in Vietnam, Israel and Singapore. However, there is a possibility that the decision on whether or not the procedures are necessary may change depending on further confirmation of the facts regarding the Company's business or assets and the views of the relevant authorities. The same shall apply hereinafter.) and foreign investment control laws and regulations (based on the current analysis, the Tender Offeror believes that the procedures may be required in the Netherlands. However, the decision on whether or not the procedures are necessary may change depending on further confirmation of the facts regarding the Company's business or assets and the views of the relevant authorities. The same shall apply hereinafter.). Therefore, the Tender Offeror plans to commence the Tender Offer within 10 business days from the date on which the subject procedures and responses have been completed and other conditions precedent set out in the Tender Offer Agreement (as defined in "(1) Overview of the Tender Offer" in "2. Grounds and Reasons for Opinion" under "III. Details of, Grounds and Reasons for, Opinion of the Tender Offer", and the same shall apply hereinafter.) (Note 1) (the "**Conditions Precedent**") are all fulfilled or waived at the discretion of the Tender Offeror (Note 2), which date will be separately notified in advance to the Company by the Tender Offeror. As of today, based on discussions with local law firms regarding the procedures under applicable competition laws and regulations and investment control laws and regulations in jurisdictions outside of Japan, the Tender Offeror aims to commence the Tender Offer on late December, 2023. However, as

it is difficult to accurately predict the time period required for such procedures, the details of the schedule of the Tender Offer will be notified as soon as they are determined.

(Note 1) (i) All clearances (Note 3) have been obtained; (ii) the Board of Directors of the Company, at the time of the announcement of the Tender Offer and at the commencement of the Tender Offer, by unanimous vote of all directors, has resolved and expressed an opinion supporting the Tender Offer and to recommend that the shareholders of the Company Shares and the holders of the Company Share Options tender their Company Shares and the holders of the Company ADRs deliver the Company ADRs to the Depository Banks in advance, receive the Company Shares represented by the Company ADRs before tendering for the Tender Offer and tender their Company Shares if the Tender Offer commences (the "**Endorsement Opinion**"), and the Endorsement Opinion has not been changed or withdrawn; (iii) The Special Committee (as defined in "(3) Process and Reasons for Decision-Making at the Company" in "2. Grounds and Reasons for Opinion" in "III. Details of, Grounds and Reasons for, Opinion of the Tender Offer") established in connection with the Tender Offer unanimously reported to the Board of Directors of the Company at the time of the announcement of the Tender Offer and at the time of the commencement of the Tender Offer that it is appropriate to express an opinion of approval of the Tender Offer, and such report has not been changed or withdrawn; (iv) (a) there is no judgment, etc. of any governmental agency, etc. restricting or prohibiting the Transaction (as defined in "(1) Overview of the Tender Offer" in "2. Grounds and Reasons for Opinion" in "III. Details of, Grounds and Reasons for, Opinion of the Tender Offer".) and (b) no petition, lawsuit or proceeding is pending before any governmental agency, etc. seeking to restrict or prohibit the Transaction, (v) the obligations to be performed or observed by the Company under the Tender Offer Agreement (Note 4) have been performed or observed in material respects; (vi) each of the representations and warranties by the Company (Note 5) is true and correct in material respects; (vii) no undisclosed material facts relating to the Company exist, and the Company has delivered to the Tender Offeror a written statement attesting to such fact; (viii) no material adverse effect has been discovered or occurred since the date of execution of the Tender Offer Agreement; (ix) no event of non-loanability (Note 6) has occurred; (x) no event under which, if the Tender Offer had commenced, the withdrawal, etc. of the Tender Offer should be permitted pursuant to the Article 27-11, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent amendments.) has occurred since the date of execution of the Tender Offer Agreement (provided however, excluding cases where the relevant events are resolved by the day before the commencement of the Tender Offer without adversely affecting the business, financial condition, assets, liabilities, operating results or cash flow of the Company Group (as defined in "(i) Background and Purpose of the Tender Offer" in "(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer" in "2. Grounds and Reasons for Opinion" in "III. Details of, Grounds and Reasons for, Opinion of the Tender Offer") as a whole and the relevant events are reasonably expected not to occur again); and (xi) it is reasonably certain that the balance of the deposit accounts of the Company and its subsidiaries as of the end of the tender offer period of the Tender Offer will total more than 74 billion yen. For details of the Tender Offer Agreement, please refer to "IV. Matters Relating to Material Agreements Regarding the Tender Offer" below.

(Note 2) The Tender Offer Agreement provides that the Tender Offeror may, at its discretion, waive all or part of the Conditions Precedent.

(Note 3) In the event that there is a statutory waiting period with respect to filings and other procedures with government agencies, etc. under competition laws and investment control laws and ordinances, etc. that the Tender Offeror reasonably determines it necessary or desirable for the implementation of the Transaction, the expiration of such waiting period (if extended by the government agency having jurisdiction over such procedures, including such extended period), and, in the event that the obtaining of the decision, etc. of a

government agency, etc. is required, obtaining such decision is, individually or collectively referred to as "clearance".

(Note 4) For the details of the Company's obligations under the Tender Offer Agreement, please refer to "IV. Matters Relating to Material Agreements Regarding the Tender Offer" below.

(Note 5) For the details of the Company's representations and warranties under the Tender Offer Agreement, please refer to "IV. Matters Relating to Material Agreements Regarding the Tender Offer" below.

(Note 6) "Event of non-loanability" means the occurrence of any of the following events to the financial institutions that will be lenders for the borrowings (which includes mezzanine debts and investments) by the Tender Offeror or its parent company for the purpose of financing for the Transaction, and due to which such financial institution has reasonably and objectively determined that it cannot implement the loan; (a) natural disasters, wars or outbreaks of terrorism, (b) interruptions or failures in electricity, telecommunications or various settlement systems, (c) events that make it impossible to conduct yen money lending transactions in the Tokyo interbank market, and (d) other events beyond the control of the relevant financial institution equivalent to (a) through (c).

In light of these circumstances, the Company resolved at the above Board of Directors meeting to at the time of the tender offer request to the Special Committee (as described in "(3) Process and Reasons for Decision-Making at the Company" of "2. Grounds and Reasons for Opinion" of "III. Details of, Grounds and Reasons for, Opinion of the Tender Offer", and the same shall apply hereinafter.) to consider whether or not there is any change in the opinion stated in the report submitted to the Board of Directors dated June 26, 2023 (the "SC Report"), and if there are none, to report as such to the Board of Directors, and if there are any change, to report the revised opinion to the Board of Directors. The Company has also resolved to express its opinion on the Tender Offer at the time of the commencement of the Tender Offer taking into consideration such revised opinion stated by the Special Committee.

For the composition of the members of the Special Committee and specific activities of the Special Committee, please refer to "(1) Establishment of an Independent Special Committee at the Company and Receipt of the SC Report from the Special Committee" in "6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" under "III. Details of, Grounds and Reasons for, Opinion of the Tender Offer".

The resolution at the Board of Directors meeting referred to above was adopted on the assumption that the Tender Offeror intends to make the Company a wholly owned subsidiary through the Tender Offer and a series of subsequent procedures, and that the Company Shares are planned to be delisted as a result of the Tender Offer.

I. Outline of the Tender Offeror

(1)	Name	JICC-02, Ltd.
(2)	Location	1-3-1 Toranomom, Minato-ku, Tokyo
(3)	Title and Name of Representative	Representative Director, Osamu Itabashi
(4)	Type of Business	(1) Acquisition and holding of securities (2) Any and all business incidental or related to the preceding item
(5)	Amount of Capital	100,000yen
(6)	Date of Incorporation	June 15, 2023
(7)	Major Shareholders and Shareholder Ratio	JIC Capital, Ltd. 100%
(8)	Relationship between the Company and the Tender Offeror	
	Capital Relationship	None
	Personnel Relationship	None
	Transaction Relationship	None
	Status as a Related Parties	None

II. Purchase Price, Etc.

1. Common shares 4,350 yen per one (1) common share (the "**Tender Offer Price**")

2. Share Options

434,900 yen per share option issued pursuant to the resolutions adopted at the Annual General Meeting of the Shareholders held on June 17, 2005, and the Board of Directors Meeting held on June 17, 2005 (hereinafter referred to as the "**Series 1 Share Options**") (where the exercise period is from June 18, 2005 to June 17, 2025);

434,900 yen per share option issued pursuant to the resolutions adopted at the Annual General Meeting of the Shareholders held on June 16, 2006, and the Board of Directors Meeting held on July 10, 2006 (hereinafter referred to as the "**2006 Share Options (for Directors)**") (where the exercise period is from August 2, 2006 to June 16, 2026);

434,900 yen per share option issued pursuant to the resolutions adopted at the Annual General Meeting of the Shareholders held on June 16, 2006, and the Board of Directors Meeting held on July 10, 2006 (hereinafter referred to as the "**2006 Share Options (for Executive Officers)**") (where the exercise period is from August 2, 2006 to June 16, 2026);

434,900 yen per share option issued pursuant to the resolutions adopted at the Board of Directors Meeting held on June 15, 2007, and the Board of Directors Meeting held on July 9, 2007 (the "**2007 Share Options**") (where the exercise period is from July 11, 2007 to July 10, 2027);

434,900 yen per share option issued pursuant to the resolutions adopted at the Board of Directors Meeting held on June 13, 2008, and the Board of Directors Meeting held on July 14, 2008 (the "**2008 Share Options**") (where the exercise period is from July 16, 2008 to July 15, 2028);

434,900 yen per share option issued pursuant to the resolutions adopted at the Board of Directors Meeting held on June 16, 2009, and the Board of Directors Meeting held on July 13, 2009 (the "**2009 Share Options**") (where the exercise period is from July 15, 2009 to July 14, 2029);

434,900 yen per share option issued pursuant to the resolutions adopted at the Board of Directors Meeting held on June 18, 2010, and the Board of Directors Meeting held on July 12, 2010 (the "**2010 Share Options**") (where the exercise period is from July 14, 2010 to July 13, 2030);

434,900 yen per share option issued pursuant to the resolutions adopted at the Board of Directors Meeting held on June 17, 2011, and the Board of Directors Meeting held on July 11, 2011 (the "**2011 Share Options**") (where the exercise period is from July 13, 2011 to July 12, 2031);

434,900 yen per share option issued pursuant to the resolutions adopted at the Board of Directors Meeting held on June 15, 2012, and the Board of Directors Meeting held on July 9, 2012 (the "**2012 Share Options**") (where the exercise period is from July 11, 2012 to July 10, 2032);

434,900 yen per share option issued pursuant to the resolutions adopted at the Board of Directors Meeting held on June 21, 2013, and the Board of Directors Meeting held on July 8, 2013 (the "**2013 Share Options**") (where the exercise period is from July 17, 2013 to July 16, 2033) and

434,900 yen per share option issued pursuant to the resolutions adopted at the Board of Directors Meeting held on July 14, 2014, and the Board of Directors Meeting held on July 28, 2014 (the "**2014 Share Options**") (where the exercise period is from July 31, 2014 to July 30, 2034)

(The Series 1 Share Options, 2006 Share Options (for Directors), 2006 Share Options (for Executive Officers), 2007 Share Options, 2008 Share Options, 2009 Share Options, 2010 Share Options, 2011 Share Options, 2012 Share Options, 2013 Share Options and 2014 Share Options are hereinafter collectively referred to as the "**the Company Share Options**").

3. Depositary Receipts for Share Certificates, Etc.

4,350 yen per share deposited with Citibank, N.A., the Bank of New York Mellon Corporation, Convergenx Depositary, Inc. and JPMorgan Chase Bank, N.A. (collectively, the "**Depositary Banks**") and represented by an American depositary receipt issued by the Depositary Banks (the "**Company ADRs**")

(Note) According to the registration statements (Form F-6EF) filed with the U.S. Securities and Exchange Commission by Citibank, N.A. dated November 4, 2008; the Bank of New York Mellon Corporation dated September 17, 2010, Convergenx Depositary, Inc. dated October 15, 2014 and JPMorgan Chase Bank, N.A. dated August 26, 2022 (collectively, the "**ADR Registration Statements**"), the Company ADRs have been issued for the Company Shares, but the Company has not been involved in the issuance of the Company ADRs. Since the Tender Offeror plans to acquire all of the Company Shares in the Tender Offer and the Tender Offeror is required to solicit offers to sell all of the shares, etc. issued by the Company pursuant to Paragraph 5, Article 27-2 of the Financial Instruments and Exchange Act (Decree No. 321 of 1965, including subsequent amendments.) and Item 3, Paragraph 5, Article 8 of the Order for Enforcement of the Financial Instruments and Exchange Act, the Company ADRs are included in the target shares, etc. to be purchased in the Tender Offer. On the other hand, the Company ADRs are securities issued in the United States, and in the event that the Tender Offeror, a resident of Japan, intends to acquire them in the Tender Offer outside the United States, there is no financial instruments business operator, etc. that can handle them as a tender offer agent in practice. Therefore, it has proven difficult for the Tender Offeror to acquire the Company ADRs in the Tender Offer. As a result, the Tender Offeror will only accept the tendering of the Company Shares and the Company Share Options in the Tender Offer, and will not accept the tendering of the Company ADRs, but will accept the tendering of the Company Shares represented by the Company ADRs. Holders of the Company ADRs who wish to tender their Company ADRs for the Tender Offer are therefore requested to deliver their Company ADRs to the Depositary Banks, receive the Company Shares represented by the Company ADRs before applying for the Tender Offer and tender their Company Shares.

III. Details of, Grounds and Reasons for, Opinion of the Tender Offer

1. Details of the Opinion

Based on the grounds and reasons set forth in "2. Grounds and Reasons for Opinion" below, the Company resolved at the Board of Directors meeting held today, in reflection of the current opinion of the Company, to express an opinion supporting the Tender Offer and to recommend that (i) the shareholders of the Company Shares and the holders of the Company Share Options tender their Company Shares and (ii) the holders of the Company ADRs deliver the Company ADRs to the Depositary Banks in advance, receive the Company Shares represented by the Company ADRs before tendering for the Tender Offer and tender their Company Shares.

As stated above, according to the Tender Offeror Press Release, the Tender Offeror plans to commence the Tender Offer on a date within 10 business days from the date on which the Conditions Precedent are fulfilled or waived at the Tender Offeror's discretion and which the Tender Offeror separately notifies in advance to the Company. As of today, the Tender Offeror aims to commence the Tender Offer by late December 2023, based on discussions with domestic and foreign local law firms regarding the estimated time required for procedures with domestic and foreign competition authorities. However, it is difficult to accurately estimate the time required for procedures with domestic and foreign competition authorities and the authorities that have jurisdiction over investment control laws.

In light of these circumstances, the Company also resolved at the abovementioned Board of Directors meeting to request the Special Committee established by the Company to consider, at the time the Tender Offer commences, whether or not the opinion the SC Report has changed, and to state to that effect if the previous opinion has not changed, or to state the revised opinion if it has changed. The Company has also resolved to express its opinion on the Tender Offer at the time of the commencement of the Tender Offer taking into consideration such revised opinion stated by the Special Committee.

For details of the above resolution of the Board of Directors meeting, please refer to "(4) Approval of All Directors Who Have No Interest in the Company and No Objection from All Corporate Auditors" in "6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below.

2. Grounds and Reasons for Opinion

The descriptions in this "2. Grounds and Reasons for Opinion" regarding the Tender Offeror are based on the explanation received from the Tender Offeror.

(1) Overview of the Tender Offer

The Tender Offeror is a stock company incorporated on June 15, 2023, whose principal business is to acquire and hold the Company's shares, etc. and to control and manage the business activities of the Company after the consummation of the Tender Offer. As of today, JIC Capital, Ltd. ("**JICC**"), a wholly-owned subsidiary of Japan Investment Corporation ("**JIC**"), owns all of the outstanding shares of the Tender Offeror, and until the settlement of the Tender Offer, JICC plans to transfer all of the outstanding shares of the Tender Offeror to the JICC PE Fund No. 1 Investment Limited Liability Partnership and JIC PE Co-investment Fund No. 1 Investment Limited Liability Partnership (hereinafter collectively referred to as the "JICC Funds"), both of which are managed by JICC. In addition, after the consummation of the Tender Offer and by the time of settlement of the Tender Offer, procedures for the third-party allotment of common shares to the JICC Funds (the "**Investment**") and procedures for the third-party allotment of preferred shares (non-voting shares) to Mizuho Bank, Ltd. ("**Mizuho Bank**") and Development Bank of Japan Inc. (hereinafter "**DBJ**") are planned (the "**Third-Party Allotment**") for the purpose of appropriating the funds necessary for the settlement of the Transaction. As of today, JIC, JICC, and the Tender Offeror do not own any of the Company Shares.

JICC was established as a wholly-owned subsidiary of JIC to create a virtuous cycle of risk capital to support Japan's next-generation industries by promoting private investment through the provision of funds for corporate growth and the enhancement of competition through Open Innovation (Note 1) and the development of investment personnel. Through the provision of large-scale, long-term, neutral risk capital, JIC aims to achieve both policy goals and profit goals such as promoting business restructuring to strengthen the international competitiveness of domestic industries, creating new businesses and industries to realize Society 5.0 (Note 2), building next generational social infrastructure including the promotion of Digital Transformation (DX) (Note 3), solving social issues and attracting private capital.

(Note 1) "**Open Innovation**" refers to the intentional and proactive utilization of internal and external flows of resources, such as technologies and ideas to promote innovation within an organization, thereby increasing market opportunities to deploy internally-created innovations outside of the organization.

(Note 2) "**Society 5.0**" refers to a vision of the future society that Japan should aim for, as proposed in the Fifth Science and Technology Basic Plan, approved by the Cabinet on January 22, 2016, and refers to a human-centered society in which economic development and the resolution of social issues are compatible through a system that highly integrates cyberspace (virtual space) and physical space (real space).

(Note 3) "**Digital Transformation (DX)**" refers to companies responding to drastic changes in the business environment and using data and digital technology to transform their products, services, and business models based on the needs of customers and society, as well as their operations themselves, organizations, processes, and corporate culture and climate, in order to establish a competitive advantage.

Since its establishment in September 2020, JICC has been considering investment opportunities as a fund responsible for buyout investments (Note 4) and large growth investments (Note 5) in the JIC Group (collectively

JIC and its subsidiaries and affiliates). Specifically, as announced in August 2022, JICC plans to acquire 80% of the voting rights of the company newly-integrated with Toyo Aluminium K.K. and UACJ Foil Corporation. The significance of this investment is that, even as conditions for the domestic aluminum foil industry are becoming increasingly difficult due to increases in imports of aluminum foil from overseas, JICC believes that, in the short term, it can support the Japanese industry as a whole. This can be done by continuing to meet the growing demand for aluminum foil, including foil for lithium-ion batteries, in a stable manner through improvements to the efficiency of its production system. JICC will support the newly-integrated company to establish its position as a globally competitive aluminum foil manufacturer and to further strengthen its presence and increase its corporate value in the Japanese aluminum foil industry by developing growth strategies and enhancing its facilities over the medium term to achieve a technological development and production scale that will enable it to withstand international competition. In addition to this, JICC has announced capital participation in Hitachi Astemo Corporation in March 2023. Through such capital participation, JICC will provide knowledge and information networks based on JICC's extensive investment and support track record, including in the automotive industry, to help accelerate investment in advanced fields and support the realization of sustainable growth by leveraging its competitive advantage in software development.

(Note 4) "**Buyout investment**" refers to an investment strategy that aims to reform industrial structures and strengthen international competitiveness through the restructuring and integration of domestic and foreign companies.

(Note 5) "**Large growth investment**" refers to an investment strategy that aims to strengthen the international competitiveness of domestic and foreign high-growth companies by investing in such companies.

In addition to this, as mentioned above, several members who have invested in INCJ Corporation ("**INCJ**"), in which JIC owns all shares and which has a similar mission to that of JICC, are also participating in JICC, and has accumulated knowledge through investment experience in proximate areas, domestic industry restructuring projects, and the execution of large-scale and complex projects, in addition to its broad domestic and international public-private network.

As an example of investment in the Digital Solutions business area, in 2012, INCJ invested in Renesas Electronics Corporation ("**Renesas**"), a semiconductor business formerly owned by Mitsubishi Electric Corporation, Hitachi, Ltd. and NEC Corporation. The investment is intended to support Renesas, which boasts the world's highest level of technological capabilities, in promoting reforms and growth investments to build a robust profit structure to survive in the rapidly changing semiconductor industry, as well as to restore and strengthen the international competitiveness of Japan's semiconductor industry. After conducting the investment, Renesas has transformed itself into a structure that can reliably generate profits by improving governance under a new shareholder structure and steadily implementing structural reforms, including production, business, and personnel policies. Furthermore, since 2017, Renesas has acquired semiconductor companies such as Intersil Corporation, Integrated Device Technology, Inc. and Dialog Semiconductor Plc, expanding its product lineup and customer base to successfully accelerate its growth as a global semiconductor manufacturer.

The Tender Offeror has entered into a tender offer agreement (the "**Tender Offer Agreement**", for details of the Tender Offer Agreement, please refer to the "IV. Matters Relating to Material Agreements Regarding the Tender Offer") with the Company as of today, and the Tender Offeror has decided to conduct the Tender Offer for the Company Shares (excluding the Company's treasury shares, and hereinafter the same shall apply), the Company Share Options and the Company ADRs as part of a series of transactions aimed to take private the Company Shares, which are listed on the Tokyo Stock Exchange Prime Market as of today (the "**Transaction**") on the condition that the Conditions Precedent are fulfilled or waived at the discretion of the Tender Offeror.

The Tender Offeror intends to set 138,531,400 Company Shares (Ownership Ratio (Note 6) : 66.67%) as the minimum number of shares to be purchased in the Tender Offer (Note 7). If the total number of share certificates, etc.

tendered in the Tender Offer (the "**Tendered Share Certificates**") is less than the abovementioned minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Share Certificates. This is to ensure the implementation of the Transaction taking into consideration that a special resolution at a General Shareholders meeting pursuant to Article 309, Paragraph 2 of the Companies Act (law No. 86 of 2005, including subsequent amendments) is required to implement the procedures for the Reverse Stock Split (as defined in "(2) Reverse Stock Split" in "5. Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition)" described in "5. Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition)" below. Conversely, as the Tender Offeror intends to acquire all of the Company Shares, the Company Share Options and the Company ADRs as part of the Transaction, through the Tender Offer, there is no maximum number of shares to be purchased. If the total number of the Tendered Share Certificates meets or exceeds the minimum number of shares to be purchased (138,531,400 shares), the Tender Offeror will purchase all of the Tendered Share Certificates.

(Note 6) "**Ownership Ratio**" refers to the amount (expressed as a percentage and rounded to two decimal places) of the number of Company Shares to be purchased by the Tender Offeror under the Tender Offer, divided by the number of the Company Shares (207,797,073 shares) which is obtained by adding the number of the Company Shares (6,100 shares) to be issued upon exercise of the Series 1 Share Options outstanding as of May 31, 2023 (61 Share Options), the number of the Company Shares (3,800 shares) to be issued upon exercise of 2006 Share Options (for Directors) outstanding as of May 31, 2023 (38 Share Options), the number of the Company Shares (800 shares) to be issued upon exercise of 2006 Share Options (for Executive Officers) outstanding as of May 31, 2023 (8 Share Options), the number of the Company Shares (4,600 shares) to be issued upon exercise of 2007 Share Options outstanding as of May 31, 2023 (46 Share Options), the number of the Company Shares (9,600 shares) to be issued upon exercise of 2008 Share Options outstanding as of May 31, 2023 (96 Share Options), the number of the Company Shares (21,700 shares) to be issued upon exercise of 2009 Share Options outstanding as of May 31, 2023 (217 Share Options), the number of the Company Shares (26,500 shares) to be issued upon exercise of 2010 Share Options outstanding as of May 31, 2023 (265 Share Options), the number of the Company Shares (40,600 shares) to be issued upon exercise of 2011 Share Options outstanding as of May 31, 2023 (406 Share Options), the number of the Company Shares (57,100 shares) to be issued upon exercise of 2012 Share Options outstanding as of May 31, 2023 (571 Share Options), the number of the Company Shares (18,000 shares) to be issued upon exercise of 2013 Share Options outstanding as of May 31, 2023 (180 Share Options), and the number of the Company Shares (22,500 shares) to be issued upon exercise of 2014 Share Options outstanding as of May 31, 2023 (225 Share Options) to the number of the Company Shares issued as of March 31, 2023 (208,400,000 shares), as stated in the Company's Consolidated Financial Results [IFRS] for the fiscal year ended March 31, 2023, submitted by the Company on April 27, 2023 (the "**Company Consolidated Financial Results**") (total 208,611,300 shares), and deducting the number of treasury shares held by the Company as of March 31, 2023 described in the Company Consolidated Financial Results (814,227 shares) (the "**Total Number of Shares After Taking Latent Shares into Consideration**"). The same shall apply hereinafter in the calculation of the shareholding ratio.

(Note 7) The minimum number of shares to be purchased is a tentative number based on the information available as of today, and the actual minimum number of shares to be purchased under the Tender Offer may differ from the above figure due to changes in the number of treasury shares held by the Company after the said date. The Company plans to determine the final minimum number of shares to be purchased prior to the commencement of the Tender Offer, based on the latest information available as of the commencement of the Tender Offer.

If the Tender Offeror is unable to acquire all of the Company Shares, the Company Share Options and the Company ADRS through the Tender Offer, the Tender Offeror will, after the completion of the Tender Offer, implement a series of procedures (the "**Squeeze-Out Procedures**") as described in "5. Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition)" below, in order to make the Company a wholly-owned subsidiary of the Tender Offeror.

If the Tender Offer is consummated, the Tender Offeror will obtain the Investment and will receive the Third-Party Allotment. In addition, the Tender Offeror will receive loans from Mizuho Bank and DBJ (the "**Loans**"). These funds will be used for settlement, etc. of the Tender Offer. The details of the conditions of the Loans are to be provided in the loan agreements for the Loans upon separate consultation with Mizuho Bank and DBJ, and the loan agreements for the Loan will provide that the Loans are to be secured by all of the issued shares of the Tender Offeror to be held by the JICC Funds and the shares of the Company, etc. to be acquired by the Tender Offeror through the Tender Offer and other assets, etc. Of these assets, etc. scheduled to be provided as security for the Loans, those held by the Company and its consolidated subsidiaries are scheduled to be provided as security after the completion of the Squeeze-Out Procedures.

(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer

The Company has received the following explanation from the Tender Offeror regarding the background, purpose and decision-making process leading to the Tender Offer, and the management policy after the Tender Offer.

(i) Background and Purpose of the Tender Offer

① The Company's Business Environment, etc.

The Company was established as Japan Synthetic Rubber Co., Ltd. in December 1957 under the Special Measures Law for the Synthetic Rubber Manufacturing industry, which was funded by the government and private companies for the purpose of nationalizing production of synthetic rubber, and has expanded and diversified its business in the semiconductor materials industry and life science industry, which are currently the mainstay of the Company's growth strategy. In October 1970, the Company was listed on the Second Section of the Tokyo Stock Exchange and the Osaka Securities Exchange, and in August 1971, it was re-listed on the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange. The Company became a purely private company following the Law on the Abolition of the Special Measures Law Concerning the Japan Synthetic Rubber Co., Ltd. in 1969.

Although the current global economy continues to be in an uncertain state due to the changes in the international situation and geopolitical fluctuations such as the growing tension in Ukraine, suppression of demand due to the spread of price increases in various countries, and the impact of foreign exchange rates due to interest rate policies in various countries, the Company expects the business environment to be supported by the recovery of economic activities due to the settlement of the pandemic of the COVID-19 infection, and favorable employment conditions and financial markets in the U.S.

Under these circumstances, although there has been a temporary adjustment in operations in the semiconductor materials market in which the Company is expanding its business, the semiconductor materials market is expected to grow strongly as a business indispensable to society, supported by demand from various electronics and information industries in response to the progress of digitalization, with some surveys predicting growth at an annual rate of about 10% toward 2030. The Company believes that the biopharmaceutical market will also remain strong due to the aging of society, the development of personalized medicine, and the increasing efficiency in developing medical products. In addition, the Company expects the automotive market (being the main market for our plastics business) to recover from the supply chain disruption caused by the spread of the COVID-19 disease and the tight supply and demand for semiconductor materials.

Our corporate mission is "Materials Innovation: We create value through materials to enrich society, people and the environment". As a leading technology company always pursuing cutting-edge technological innovation, the Company aims to continuously create corporate value through efficient, transparent, and sound management and to become an attractive company that is trusted by and satisfactory to all of our stakeholders. Based on this fundamental policy, the Company has designated the Digital Solutions business and the Life Sciences business described below as the Company's core businesses, which are important for the future development of society, have the potential for market growth, are highly demanding in terms of technological innovation and in which the Company Group will demonstrate its strengths, and the Company has positioned the Digital Solutions business as "growth driver business" and the Life Sciences business as "high-growth, revenue-generating business". The Company intends to actively pursue R&D and business investment in the Digital Solutions business and to reinvest the cash flow generated by the establishment of a profitable basis in the Life Sciences business for further business growth in order to become a corporate entity that is both resilient (Note 1) and sustainable (Note 2), even in a global economy that continues to face uncertainties.

(a) Digital Solutions Business

The Digital Solutions business of the "Company Group" (which refers to the Company and its subsidiaries and affiliates. The same shall apply hereinafter.) provides semiconductor materials, display materials, edge computing-related materials, and other products.

(b) Life Science Business

The Life Sciences business of the Company Group includes the provision of bioprocess materials, diagnostic materials, and drug discovery support services that cater to cutting-edge medical needs such as biopharmaceuticals.

(Note 1) "**Resilience**" refers to the ability to overcome and recover from difficulties and threats while adapting flexibly to them.

(Note 2) "**Sustainability**" refers to the concept of striving to maintain the natural environment, human society and other systems in good condition without losing their functions and systems over the long term from the perspectives of the environment, society, and the economy.

Regarding the Digital Solutions business, with a focus on the semiconductor materials sector, our goal is to maintain and expand our share of the global market by placing greater emphasis on cutting-edge processes, including EUV photoresists (Note 3) for the 3-nanometer generation (Note 4) and beyond. Recent initiatives (such as making Inpria Corporation, a global leader in the design, development and manufacture of metal-based photoresists (Note 5) for EUV lithography (Note 6), a wholly-owned subsidiary, expanding the product portfolio of process materials and packaging materials, constructing a new building for expanding production capacity of cutting-edge lithography materials, including EUV resists, at our main Yokkaichi facility, and establishing local subsidiaries in Singapore and Taiwan to enhance marketing and customer support capabilities) are in line with this management policy. Given the designation of semiconductors as a specified critical commodity under the Economic Security Promotion Act, aimed at ensuring a stable supply, and the government's policy of mobilizing public and private sector investment to develop and mass-produce next-generation semiconductor-related technologies and establish design and manufacturing infrastructure in the late 2020s, the semiconductor materials market is expected to expand in the future. Our proactive stance aligns with this trend.

In addition, as competition to develop next-generation technologies in semiconductor manufacturing intensifies, semiconductor manufacturers and equipment manufacturers are expanding their corporate scale and strengthening their bargaining power with semiconductor material manufacturers. Under these circumstances, overseas semiconductor material manufacturers are increasing their competitiveness in terms of funds, human resources, and technology through large-scale mergers and acquisitions, and the Company believes that domestic semiconductor

material manufacturers that have not yet been experienced sufficient merges and acquisitions must further strengthen their competitiveness. Furthermore, there are semiconductor materials in which the Company still have a low market share, such as process materials and packaging materials for 5G technology, and there are also many semiconductor materials that the Company have not yet entered the market even though high market growth is expected. Therefore, in the semiconductor materials industry where there are many promising domestic manufacturers, the Company believes, beyond research and development to maintain and expand the current competitiveness advantage, it is necessary to strengthen its international competitiveness through a bolder industry restructuring to gain a high market share in a wide range of semiconductor materials lineup, to achieve technological integration with other companies, and to enhance its resources to obtain new human resources and technologies.

(Note 3) "**EUV photoresist**" refers to a photoresist, which reacts to EUV (Note 7).

(Note 4) "**3-nanometer generation**" refers to a generic term for semiconductors in the 3-nanometer process rule class.

(Note 5) "**Photoresist**" refers to a liquid chemical agent used in the semiconductor wiring manufacturing process that reacts to light and withstands subsequent surface processing.

(Note 6) "**EUV lithography**" refers to the method of manufacturing semiconductors by transferring circuit patterns onto a substrate using EUV light when manufacturing semiconductors.

(Note 7) "**EUV**" refers to Extreme Ultraviolet, being ultraviolet rays with short wavelengths.

Regarding the Life Sciences business, our goal is to provide high-quality services and products to improve people's health and ensure that those suffering from various diseases around the world receive better and faster treatment. Specifically, the Company will focus on CDMO business (Note 8) by KBI Biopharma, Inc. and Selexis SA, as well as CRO business (Note 9) by Crown Bioscience International. Through the optimization of the biopharmaceutical drug discovery process, including improving development success rates, shortening development timelines, and reducing costs, the Company will expand our portfolio of new contracts and competitive services. In addition, the Company will work towards expanding our customer base through initiatives such as pipeline expansion, enhancing productivity and investment efficiency, optimizing clinical trial plans to deliver tailored treatments to specific patient populations, strengthening diagnostic reagents development at Medical & Biological Laboratories Co., Ltd. and promoting collaboration among Digital Transformation (DX) and other group companies. Through these efforts, the Company aims to achieve business expansion as a unified group and further enhance profitability. KBI Biopharma, Inc. will fully operationalize our new facilities in North Carolina, USA, and Geneva, Switzerland. This will enable us to capture the growing demand in the biopharmaceutical market and establish a stable business foundation. Furthermore, while our life science business primarily operates in advanced regions such as Europe and the United States, the Company believes there is potential for market development and business expansion in Asia, including China (being the world's second-largest healthcare spender (Note 10)), and Japan (being the fourth-largest healthcare spender (Note 10)).

(Note 8) "**CDMO business**" refers to contract development and manufacturing organization of biologics.

(Note 9) "**CRO business**" refers to contract research organization of pharmaceutical products.

(Note 10) Source: GLOBAL NOTE, "World Healthcare Expenditures: Rankings and Trends by Country" (<https://www.globalnote.jp/post-10286.html>)

The plastics business is being developed through Techno-UMG Corporation, which has been reorganized as a joint venture between our company, UBE Corporation and Mitsubishi Chemical Corporation. The Company is working towards transforming Techno UMG Corporation into a robust organization and securing stable profits while operating with the goals of expanding sales of strategic products, controlling fixed costs and capital investment, and realizing integration synergies.

Considering the business environment surrounding the Company as described above, the Company has been deliberating on a range of management strategies aimed at bolstering our corporate value. On this front, the Company has been diligently examining capital policies and assessing potential partners as the Company strives to construct a robust organization that can readily adapt to any shifts in the business landscape.

② Background to, and Purpose of, the Tender Offer; Decision-Making Process to Conduct the Tender Offer

As stated in "(1) Overview of the Tender Offer" above, JICC's mission is to promote business restructuring to strengthen the international competitiveness of domestic industries, create new businesses and industries to realize Society 5.0, build next generational social infrastructure including the promotion of Digital Transformation (DX), solve social issues and attract private capital. JICC, which was established based on these principles, mainly aims in the Transaction to improve the corporate value of the Company by making the Company a more resilient and sustainable entity after going private without being limited by its current capital structure or being affected by short-term fluctuations in business performance, and to strengthen the international competitiveness of the semiconductor materials industry which the Company's business is facing and obtain private capital by doing so.

As described in "① The Company's Business Environment, etc." above, the Company has been considering various measures to enhance its corporate value in the future, and has considered that industry restructuring in the semiconductor materials industry would be beneficial for the Company to achieve further growth and increase its corporate value. Therefore, in mid-November 2022, the Company approached JICC to discuss structural issues in the domestic semiconductor materials industry and capital policies to resolve such issues. Through these discussions, the Company and JICC came to the conclusion that in order to resolve the structural issues in the domestic semiconductor materials industry and to enhance the corporate value of the Company from a medium to long term perspective, it would be desirable for the Company Shares to go private, to change into the system that flexibly and promptly makes its management decisions from a medium to long term perspective and to promote structural reforms and industry reorganization without being preoccupied with short-term effects on business performance. Therefore, JICC began discussions on a series of transactions for the purpose of taking the Company Shares private in late November 2022. Subsequently, JICC conducted initial discussions based on information provided by the Company regarding the outlook for the Company's business, management policies, etc., and on February 22, 2023, JICC submitted a legally non-binding letter of intent (the "**Initial Letter of Intent**") proposing to take the Company Shares private through a tender offer and squeeze-out procedures in order to improve corporate value from a medium to long term perspective.

On March 9, 2023, the Company responded to the Initial Letter of Intent to JICC and permitted JICC to conduct due diligence. In addition, the Company's Board of Directors approved the establishment of the Special Committee to discuss the contents of the Initial Letter of Intent proposed by JICC and to scrutinize the proposal.

JICC conducted due diligence on the Company from mid-March to early in May, 2023 to deepen its understanding of the Company's business, its business environment, growth strategies, and management issues, etc. as well as to confirm its accounting, tax, legal, environmental, and other areas. In parallel, JICC and the Company held several discussions, during which JICC confirmed its recognition that the Transaction is a valuable opportunity for collaboration in order for the Company to continue to lead the world as a more resilient and sustainable entity, and JICC formed the view that JICC, a government-affiliated fund that can provide large-scale, long-term, and neutral risk capital in the midst of the prevailing uncertain economic environment, is an ideal partner for the Company to promote its activities to improve its corporate value from a medium to long term perspective without being influenced by short-term effects on business performance. JICC believes that after the consummation of the Transaction, it will be able to realize synergies, including those described below.

- JICC believes that it will be able to smoothly promote the Company's growth strategy through JICC's support for the expansion of its digital solutions business and other businesses centered on the semiconductor materials business, through acquisitions to which the Company is a party, and for the promotion of industry restructuring. Specifically, JICC expects that the Company will be able to take full advantage of JICC's support in mergers and acquisitions strategy development, target selection, due diligence, contract negotiations, financing, PMI, and

governance structure.

- JICC believes that JICC's network created through collection and exchange of information and opinions on overseas markets and personnel exchanges with domestic and foreign institutional investors and private businesses can be utilized to support the planning and execution of global growth strategies of the Company, including the recruitment of new global human resources.
- JICC believes that JICC can support the Company to formulate medium- to long-term growth strategies, including fundraising, research and development, capital investment, and mergers and acquisitions based on relatively long investment periods. JICC believes that JICC can support the Company to establish a capital policy most conducive to the ongoing creation of the Company's corporate value through supporting its improvement strategies, equity story and collaboration with experts and other support services.

Based on the above considerations, on June 1, 2023, JICC made its first proposal (the "**First Proposal**") in writing to the Company setting the Tender Offer Price per share of the Company Shares in the Tender Offer at 4,200 yen (4,200 yen is the price after adding a premium of equivalent to 24.81% (rounded to two decimal places. The same shall apply hereinafter in the calculation of the premium rate.) to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on May 31, 2023 (being one (1) business day immediately preceding the proposal date of the Tender Offer) of 3,365 yen, the price after adding a premium of 31.66% to the simple average of the closing price of the shares for the past one (1) month until the said date of 3,190 yen (rounded to the nearest whole number. The same shall apply hereinafter in the calculation of the simple average of the closing price.), the price after adding a premium of 34.27% to the simple average of the closing price for the past three (3) months until the said date of 3,128 yen and, the price after adding a premium of 39.67% to the simple average of the closing price for the past six (6) months until the said date of 3,007 yen), the Tender Offer Price per the Company Share Options (the "**Company Share Options Price**") at 419,900 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,200 yen. In response to the First Proposal, JICC received a request from the Company on June 5, 2023 to increase the Tender Offer Price, on the grounds that the Tender Offer Price in the First Proposal did not sufficiently reflect the fair value of the Company, and on June 6, 2023, JICC made its second proposal (the "**Second Proposal**") in writing to the Company setting the Tender Offer Price per share of the Company Shares in the Tender Offer at 4,285 yen (4,285 yen is the price after adding a premium of 26.85% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on June 5, 2023 (being one (1) business day immediately preceding the proposal date of the Tender Offer) of 3,378 yen, the price after adding a premium of 33.16% of the simple average of the closing price of the shares for the past one (1) month until the said date of 3,218 yen, the price after adding a premium of 36.42% of the simple average of the closing price for the past three (3) months until the said date of 3,141 yen and, the price after adding a premium of 41.98% of the simple average of the closing price for the past six (6) months until the said date of 3,018 yen), the Tender Offer Price per the Company Share Options at 428,400 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,285 yen. In response to the Second Proposal, JICC received a request from the Company on June 8, 2023 to increase the Tender Offer Price, on the grounds that the Tender Offer Price in the Second Proposal still did not fully reflect the fair value of the Company, and on June 9, 2023, JICC made its third proposal (the "**Third Proposal**") in writing to the Company setting the Tender Offer Price per share of the Company Shares in the Tender Offer at 4,340 yen (4,340 yen is the price after adding a premium of 35.71% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on June 8, 2023 (being one (1) business day immediately preceding the proposal date of the Tender Offer Price) of 3,198 yen, the price after adding a premium of 34.10% of the simple average of the closing price of the shares for the past one (1) month until the said date of 3,236 yen, the price after adding a premium of 37.81% of the simple average of the closing price for the past three (3) months until the said date of 3,149 yen and, the price after adding a premium of 43.33% of the simple average of the closing price for the past six (6) months until the said date of 3,028yen), the Company Share Options Price at 433,900 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,340 yen. In response to the Third Proposal, JICC received a request

from the Company on June 9, 2023 to discuss the economic terms of the Tender Offer between JICC and the Company and on June 15, 2023, JICC held discussions with the Company regarding economic conditions, and held a question-and-answer session regarding the background of the First Proposal through the Third Proposal and an exchange of opinions regarding the Company's growth strategy and management issues, etc. After the discussions, JICC received a request from the Company to raise the Tender Offer Price, and on June 16, 2023, JICC made its final proposal (the "**Final Proposal**") in writing to the Company setting the Tender Offer Price per share of the Company Shares in the Tender Offer at 4,350 yen (4,350 yen is the price after adding a premium of 28.77% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on June 15, 2023 (being one (1) business day immediately preceding the proposal date of the Tender Offer Price) of 3,378 yen, the price after adding a premium of 32.05% of the simple average of the closing price of the shares for the past one (1) month until the said date of 3,294 yen, the price after adding a premium of 37.59% of the simple average of the closing price for the past three (3) months until the said date of 3,162 yen and, the price after adding a premium of 42.79% of the simple average of the closing price for the past six (6) months until the said date of 3,046yen), the Company Share Options Price at 434,900 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,350 yen, based on the request of the Company and the negotiation held on June 15, 2023 between JICC and the Company. On June 19, 2023, JICC was informed by the Company that the Company would accept the Tender Offer Price in the Final Proposal.

Based on the above considerations by JICC and discussions and negotiations with the Company, JICC, at its investment committee meeting held on June 19, 2023, decided to set the Tender Offer Price per share of the Company Shares at 4,350 yen, the Company Share Options Price at 434,900 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,350 yen. With respect to the terms and conditions of the Tender Offer other than the Tender Offer Price (the minimum number of shares to be purchased and the tender offer period of the Tender Offer), JICC made a proposal in accordance with the terms and conditions set forth in the Tender Offeror's Press Release and was informed by the Company that it would accept the proposal.

(ii) Management Policy after the Tender Offer

As described in "(1) Overview of the Tender Offer" above, the Offeror intends to restrict the shareholders of the Company to only the Offeror if the Tender Offer is successful. After the completion of the Squeeze-Out Procedures, an absorption-type merger (the "**Merger**") between the Company and the Tender Offeror is scheduled to be implemented, with the Tender Offeror as the surviving company. After the Merger takes effect, the JICC Funds, Mizuho Bank and DBJ will own shares of the Company.

After the completion of the Transaction, JICC, together with the Company's officers and employees, will utilize the solid business foundation the Company has built to date, as well as JICC's network cultivated through the collection and exchange of information and opinions regarding overseas markets and personnel exchanges with domestic and foreign institutional investors and private businesses, and financial strength and its knowledge of the Company's management and industry environment, to promote a growth strategy that includes inorganic approaches, including the reorganization of the domestic semiconductor materials, by alliances with or acquisitions of other companies (i.e., methods through alliances with or acquisitions of other companies) and will aim to achieve further business growth and increase the corporate value of the Company. JICC's basic policy is to re-list the Company Shares once the Company's business growth and improvement in corporate value have been achieved through the Transaction.

The Tender Offeror considers to appoint officers of the Company nominated by JICC after the Merger takes effect, but the specific candidates and its number, etc. have not yet been determined and will determine them upon negotiation with the Company.

The Tender Offeror plans to introduce incentive plans such as stock options for the Company's officers and employees, and plans to establish a system in which the Tender Offeror and the Company's officers and employees will work together to enhance the long-term corporate value of the Company.

(3) Process and Reasons for Decision-Making at the Company

(i) Background to the establishment of the review system

As described in "(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror' to Conduct the Tender Offer, and Management Policy Following the Tender Offer" above, the Company, while considering a variety of measures to enhance its corporate value in the future, believed that it would be beneficial to realize industry restructuring in the semiconductor materials industry to realize further growth and enhance its corporate value and therefore, in mid-November 2022, the Company approached JICC to discuss structural issues in the domestic semiconductor materials industry and capital policies to resolve such issues. Through these discussions, JICC and the Company came to the conclusion that in order to resolve the structural issues in the domestic semiconductor materials industry and to enhance the corporate value of the Company from a medium to long term perspective, it would be desirable for the Company Shares to go private, to change into the system that flexibly and promptly makes its management decisions from a medium to long term perspective and to promote structural reforms and industry reorganization without being preoccupied with short-term effects on business performance. In response to that JICC began discussions with the Company in earnest to take the Company Shares private in late November 2022, in order to ensure the fairness of the Tender Offer Price and the fairness of the Transaction including the Tender Offer, the Company retained Mizuho Securities Co., Ltd. ("**Mizuho Securities**") in early December 2022, and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("**Mitsubishi UFJ Morgan Stanley Securities**") in late December 2022 as financial advisors and third-party valuers independent from the Tender Offeror and the Company, as well as Anderson Mori & Tomotsune as a legal advisor independent from the Tender Offeror and the Company in late December 2022.

In response to receiving the Initial Letter of Intent from JICC on February 22, 2023, the Company established the Special Committee independent from the Tender Offeror, the Company and success or failure of the Transaction, consisting of four external directors, aiming to ensure fairness, eliminate arbitrariness and potential conflicts of interest, and secure the integrity of the decision-making process of the Company's Board of Directors in relation to the Transaction, including the Tender Offer (for further details on the background, considerations, and assessment, please see "(1) Establishment of an Independent Special Committee at the Company and Receipt of the SC Report from the Special Committee" in "6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below).

(ii) Process of Examination and Negotiation

After establishing the framework above, the Company engaged in several discussions and negotiations with the Tender Offeror regarding the feasibility of the Tender Offer, based on the negotiation policies and instructions, requests and opinions at critical stages of the negotiations, which were confirmed in advance by the Special Committee. Throughout such process, the Company sought advice from Anderson Mori & Tomotsune, Mizuho Securities, and Mitsubishi UFJ Morgan Stanley Securities.

Specifically, on June 1, 2023, the Company received from JICC the First Proposal in writing setting the Tender Offer Price per share of the Company Shares in the Tender Offer at 4,200 yen (4,200 yen is the price after adding a premium of 24.81% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on May 31, 2023 (being one (1) business day immediately preceding the proposal date of the Tender Offer) of 3,365 yen, the price after adding a premium of 31.66% of the simple average of the closing price of the shares for the past one (1) month until the said date of 3,190 yen, the price after adding a premium of 34.27% of the simple average of the closing price for the past three (3) months until the said date of 3,128 yen and, the price after adding a premium of 39.67% of the simple average of the closing price for the past six (6) months until the said date of 3,007 yen.), the Company Share Options Price at 419,900 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,200 yen.

In response to the First Proposal, on June 5, 2023, the Company requested JICC to increase the Tender Offer Price on the grounds that the Tender Offer Price in the First Proposal did not sufficiently reflect the fair value of the Company. On June 6, 2023, the Company received from JICC the Second Proposal in writing setting the Tender Offer Price per share of the Company Shares in the Tender Offer at 4,285 yen (4,285 yen is the price after adding a premium of 26.85% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on June 5, 2023 (being one (1) business day immediately preceding the proposal date of the Tender Offer Price) of 3,378 yen, the price after adding a premium of 33.16% of the simple average of the closing price of the shares for the past one (1) month until the said date of 3,218 yen, the price after adding a premium of 36.42% of the simple average of the closing price for the past three (3) months until the said date of 3,141 yen and, the price after adding a premium of 41.98% of the simple average of the closing price for the past six (6) months until the said date of 3,018yen.), the Company Share Options Price at 428,400 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,285 yen. In response to the Second Proposal, on June 8, 2023, the Company requested JICC to increase the Tender Offer Price on the grounds that the Tender Offer Price in the Second Proposal still did not fully reflect the fair value of the Company. On June 9, 2023, the Company received from JICC the Third Proposal in writing setting the Tender Offer Price per share of the Company Shares in the Tender Offer at 4,340 yen (4,340 yen is the price after adding a premium of 35.71% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on June 8, 2023 (being one (1) business day immediately preceding the proposal date of the Tender Offer Price) of 3,198 yen, the price after adding a premium of 34.10% of the simple average of the closing price of the shares for the past one (1) month until the said date of 3,236 yen, the price after adding a premium of 37.81% of the simple average of the closing price for the past three (3) months until the said date of 3,149 yen and, the price after adding a premium of 43.33% of the simple average of the closing price for the past six (6) months until the said date of 3,028yen.), the Company Share Options Price at 433,900 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,340 yen. In response to the Third Proposal, on June 9, 2023, the Company requested JICC to discuss the economic terms of the Tender Offer between JICC and the Company, and on June 15, 2023, the Company and JICC held discussions regarding economic conditions, and held a question-and-answer session regarding the background of the First Proposal through the Third Proposal and an exchange of opinions regarding the Company's growth strategy and management issues, etc. On June 16, 2023, the Company received from JICC the Final Proposal in writing setting the Tender Offer Price per share of the Company Shares in the Tender Offer at 4,350 yen (4,350 yen is the price after adding a premium of 28.77% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on June 15, 2023 (being one (1) business day immediately preceding the proposal date of the Tender Offer Price) of 3,378 yen, the price after adding a premium of 32.05% of the simple average of the closing price of the shares for the past one (1) month until the said date of 3,294 yen, the price after adding a premium of 37.59% of the simple average of the closing price for the past three (3) months until the said date of 3,162 yen and, the price after adding a premium of 42.79% of the simple average of the closing price for the past six (6) months until the said date of 3,046yen), the Company Share Options Price at 434,900 yen, and the Tender Offer Price per the Company Shares represented by the Company ADRs at 4,350 yen. On June 19, 2023, the Company informed JICC that the Company would accept the Tender Offer Price in the Final Proposal.

(iii) Decision

Based on the aforementioned process, on June 26, 2023, the Company received the share valuation report dated June 26, 2023 from Mizuho Securities (hereinafter the "**Share Valuation Report (Mizuho Securities)**") and the share valuation report dated June 26, 2023 from Mitsubishi UFJ Morgan Stanley Securities (hereinafter the "**Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities)**"). The Company has thoroughly reviewed and taken into consideration the content of such share valuation reports, as well as the legal advice provided by its legal advisor, Anderson Mori & Tomotsune, regarding key considerations for decision-making in relation to the Transaction, including the Tender Offer. The Company has also given the utmost respect to the content of the response report

submitted by the Special Committee (see "(1) Establishment of an Independent Special Committee at the Company and Receipt of the SC Report from the Special Committee" in "6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below for a description of the contents of the SC Report). The Company conducted careful discussions and assessments of the Transaction, considering its potential to enhance corporate value and the reasonableness of the terms and conditions.

As a result, the Company has concluded that the Transaction will contribute to the enhancement of its corporate value based on the following considerations. Additionally, the Company has determined that the terms and conditions of the Transaction are reasonable.

(a) Digital Solutions Business

As described in "(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer", for the purpose of expanding the market and ensuring a stable supply of semiconductors in Japan, the Company has made strategic investments in its digital solutions business, with a focus on the semiconductor materials sector. These investments include the acquisition of Inpria Corporation and the construction of a new building in Yokkaichi facility, etc.

On the other hand, in order to enjoy a further high market growth of the semiconductor market in the future where pioneer advantage is important, the Company is required to have advanced technological capabilities to steadily respond to "miniaturization" and the "increasing complexity of the packaging process". Specifically, technological advancements are needed to address miniaturization (beyond 2 nanometers (Note 1)) in the front-end process (Note 2) and to handle the mounting of 3D packaging (Note 3) in the back-end process (Note 4), among other requirements. Given the rapid pace of technological progress, active investment in advanced technologies is essential to maintain a consistently high level of technological competitiveness. Therefore, it is imperative to proactively invest in cutting-edge technologies to sustain and enhance our technological competitiveness.

In addition, as competition to develop next-generation technologies in semiconductor manufacturing intensifies, semiconductor manufacturers and equipment manufacturers are expanding their corporate scale and strengthening their bargaining power with semiconductor material manufacturers. In this situation, overseas semiconductor material manufacturers are increasing their competitiveness in terms of funds, human resources, and technology through large-scale mergers and acquisitions and the Company believes that domestic semiconductor material manufacturers, who have not yet engaged in mergers and acquisitions, must further strengthen their competitiveness. Furthermore, the Company still has a low market share in certain semiconductor materials, such as process materials, and packaging materials for 5G technology. Additionally, there are many semiconductor materials in which our Company has not yet entered the market, despite high market growth potential. Therefore, in the field of semiconductor materials in which, it is believed that in order to maintain and expand our current competitive advantage, not only research and development, and capital investment must be considered but also bolder industry restructuring should be pursued. This will enable us to acquire a high market share in a wide range of semiconductor materials lineup, achieve technological integration with other companies, and enhance our international competitiveness by enhancing our resources, including acquiring new talent and technology.

(Note 1) "**Beyond 2 nanometers**" refers to next-generation semiconductors with process rules of 2 nanometer class or lower.

(Note 2) "**Front-end process**" refers to the process of processing and forming electronic circuits and electrodes on silicon wafers (Note 5).

(Note 3) "**3D packaging**" refers to an advanced packaging technology for semiconductor chips in which two or more layers of active electronic components are stacked and interconnected vertically and horizontally to function as a single device.

(Note 4) "**Back-end process**" refers to the process of cutting out the hundreds of chips made on silicon wafers one by one and finishing them into the final product.

(Note 5) "**Silicon wafer**" refers to a substrate made by thinly slicing a single-crystal ingot of polycrystalline silicon, which is a block of ultra-pure silicon, through crystal growth.

Where the Tender Offeror is a fund established for the purpose of "promoting business restructuring to enhance the international competitiveness of domestic industries through the supply of large-scale, long-term, neutral money invested in high risk/high return," etc., the Company believes that the Tender Offeror can be expected to make a commitment to the industry restructuring that the Company aspires to. In fact, JICC, which owns all of the outstanding shares of the Tender Offeror as of today, also includes several members who have investment experience in INCJ, which JIC owns all of its shares and has a similar mission to that of JICC. INCJ has an extensive track record of investments for industry restructuring, such as Renesas in the semiconductor industry, Sumika Sekisui Films, Inc. and Kureha Battery Materials Japan Co. The Company believes that by utilizing the Tender Offeror's beneficial resources related to industry restructuring, it can expect to formulate and execute business strategies for the Company's further growth. Furthermore, with the Tender Offeror (which has industry restructuring as its objective) becoming the parent company of the Company, the Company's intention regarding industry restructuring will become clear, and the effect of facilitating discussions with potential industry restructuring partners can be anticipated. In addition, the Company believes that the Tender Offeror's neutral position as a government-affiliated fund can be used to adjust opinions and interests among stakeholders, and the absence of direct competition between the Tender Offeror and the Company's business can be expected to enhance the effectiveness of the restructuring/integration and facilitate the smooth implementation of the restructuring/integration by allowing the Company to receive the benefits of compliance with procedures related to domestic and foreign regulations. In addition, the Company believes that by becoming a wholly owned subsidiary of the Tender Offeror through the Transaction, the Company can expect to receive from the Tender Offeror the support for funds raising necessary for research and development, capital investment, and mergers and acquisitions. In addition, since the Tender Offeror is a subsidiary of JIC, a government-affiliated fund, the Tender Offeror invests with a relatively longer investment period than that of a private equity fund, and the Company believes that it will be able to consider and implement flexible strategic investments, structural reforms and industry restructuring from a medium to long term perspective.

(b) Life Science Business

In the Life Sciences business, as described in "(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer" the Company believes that it will be necessary to obtain new entrustments by accelerating development process of biopharmaceutical, expand competitive services, strengthen biopharmaceutical development and manufacturing services, mainly in the CDMO and CRO businesses, strengthen diagnostics development, and develop markets and expand business in Europe, America and Asia.

Furthermore, the development of new modalities (Note 6) and the adoption of new analytical and manufacturing technologies require extensive time for verification of their safety and efficacy. The Company recognizes the importance of strengthening and expanding our CDMO business, CRO business, and value delivery platform for the approval and launch (Note 7) of diagnostics, while focusing on the long-term development of products and services for new modalities such as gene therapy (Note 8) and the microbiome (Note 9). Additionally, the Company intends to proactively engage in activities to acquire new foundation and technologies for a range of processes. Furthermore, with regard to market development and business expansion in Europe, America and Asia, the Company believes that various activities such as capital investment, will be necessary.

(Note 6) "**Modality**" refers to the type of therapeutic means such as small molecule drugs, antibody drugs, nucleic acid drugs, cell therapy, gene cell therapy, and gene therapy.

(Note 7) "**Launch**" refers to the bringing to market of a new drug that has been approved after research and development.

(Note 8) "**Gene therapy**" refers to methods of treating or preventing diseases using genes.

(Note 9) "**Microbiome**" refers to the totality of microorganisms (bacteria, fungi, viruses, etc.) that coexist in the human body.

Under such circumstances, the Company confirmed with the Tender Offeror the Company's thoughts on the above issues in the Life Sciences business and was told that the Tender Offeror intends to support our intentions with respect to the Life Sciences business, and specifically, the Tender Offeror intends to provide expertise in the formulation of growth strategies for establishment of profit base and steady business expansion, and in the preparation of action plans based on such strategies. Specifically, the Tender Offeror intends to provide support regarding the formulation of growth strategies for market expansion and business expansion and the preparation of action plans based on such strategies. Therefore, the Company has come to believe that the Company and the Tender Offeror are in agreement in the direction that the Company should aim for in the Life Sciences business, and that the Company can achieve growth in the Life Sciences business together with the Tender Offeror.

During such review process, the Company also considered the possibility of maintaining the Company's listing. For the Company's further growth in the semiconductor materials business, as mentioned above, the Company believes it will be necessary to make bold, medium to long term strategic investments, structural reforms and industry restructuring in a flexible manner, without being bound by the short-term impact on business performance. In the Life Sciences business, since the period from investment to return is expected to be long, the Company believes that it will be desirable to expand the business over the medium to long term until the Company secures enough profit potential to absorb short-term performance fluctuations, without being obsessed with short-term performance. If the Company maintains its listing in implementing these measures, even bold strategic investments, structural reforms, or industry restructuring that would improve shareholder value in the medium to long term would be difficult to adopt as a strategy because they may damage shareholder value in the short term due to decline in profit level or deterioration of cash flow, etc. from the perspective of protecting general shareholder interests, and the Company believes that it is expected to take time to make decisions. Therefore, the Company has come to believe that going private under a strategic partner would be an effective way for the Company to flexibly and promptly promote each of the Company's initiatives to enhance competitiveness and profitability in the medium to long term.

In addition, each of the possible alternative scenarios, such as going private under a PE fund or a business company, a third-party allotment of new shares, or maintaining the status quo, have concerns as to whether any of the alternatives would achieve the Company's objective of taking the lead in restructuring the semiconductor materials industry, when compared based on various factors, including the level of understanding of the Company's management strategy, whether or not and how effective it would be in facilitating discussions with potential industry restructuring partners, the difficulty of obtaining clearance for the industry restructuring from the regulatory authorities, and the acceptability to the Company's employees, suppliers, and other stakeholders, and from the perspective of such relative comparisons, since there were concerns as to whether any of the possible alternative scenarios could achieve the Company's objective of taking the lead in restructuring the semiconductor materials industry, the Company has come to believe that the Transaction is suitable for the Company's objectives.

If the Company Shares become private, there is a possibility that this may affect the Company's social recognition that the Company has enjoyed as a listed company, the Company's ability to secure excellent human resources through the high name recognition, public trust and financing from capital markets. However, as described in "(ii) Management Policy after the Tender Offer" in "(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer", the Company will establish a system in which the Company's officers and employees work together with the Tender Offeror to

enhance the long-term corporate value, including the introduction of incentive plans for officers and employees, and will continue to appropriately disclose corporate information in consultation with the Tender Offeror in accordance with the policy of industry restructuring and future re-listing. The Company believes that it is possible for the Company to maintain name recognition by taking these measures, and, considering the social credibility and fundraising capabilities, etc., as a whole obtained by becoming a member of the JICC Group (which refers to JICC and its subsidiaries and affiliates. The same shall apply hereinafter.) by becoming a part of the JICC Group, the disadvantages associated with going private are limited.

The Company has been conscious of measures to maximize shareholder value over the medium to long term through business expansion and to enhance value for other stakeholders (customers, employees, suppliers, and society), which are important sources of business expansion. Even after taking the company's shares private, the Company aims to increase value not only for shareholders over the medium to long term, but for all global stakeholders, and focus on building a stronger business foundation and increasing value.

Based on the above, the Company has concluded that the Transaction will contribute to the enhancement of the Company's corporate value and that going private is the best option for the Company's shares.

Taking in light that, based on the results of the valuation of the Company Shares in the Share Valuation Report (Mizuho Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), as described in "(3) Obtaining Share Valuation Reports from Independent Financial Advisors and Third-Party Valuers of the Company" in "6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below, the Tender Offer Price of 4,350 yen per share (i) exceeds the results of the calculations by Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities using the market price analysis, (ii) is within the range of the results of the calculations by Mizuho Securities using the comparable companies analysis and exceeds the range of the results of the calculations by Mitsubishi UFJ Morgan Stanley Securities using the comparable companies analysis, (iii) is within the range of the results of the calculations by Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities using the discounted cash flow analysis ("DCF analysis"), (iv) is the price after adding a premium of 34.51% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on June 23, 2023 (being one (1) business day immediately preceding the announcement date of the scheduled commencement of the Tender Offer) of 3,234 yen, which equals (x) the price after adding a premium of 30.47% of the simple average of the closing price of the shares for the past month of 3,334 yen, (y) the price after adding a premium of 36.66% of the simple average of the closing price for the past three (3) months of 3,183 yen and, (z) the price after adding a premium of 41.42% of the simple average of the closing price for the past six (6) months of 3,076 yen, in each case, until the date of that closing price, respectively, and such premium level is comparable to other similar deals, (v) exceeds 3,795 yen (as of August 1, 2022), which is the highest price of the Company's shares for the last 52 weeks; and (vi) is the price after sufficient negotiation with the Tender Offeror with the Special Committee's substantial involvement upon the measures to ensure the fairness of the Tender Offer as described in "6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest", a considerable increase was made from the price originally offered by the Tender Offeror, and the Company believes that the price was determined based on a process of negotiations aimed at making the terms of the Transaction as favorable as possible for shareholders, the Company has determined that the Tender Offer Price is reasonable and provides the shareholders of the Company with a reasonable opportunity to sell the Company Shares. The Company Share Options Price is expected to be calculated by multiplying the difference between the Tender Offer Price and the exercise price per 1 (one) Company Share of the Company Share Options by the number of the Company Shares to be issued upon exercise of each such Company Share Options (100 for each Company Share Options), and, since the Tender Offer Price is expected to be evaluated as an amount that does not negate the appropriateness of the price as stated above and the Company Share Options Price is calculated based on the difference between the Tender Offer Price and the exercise price per 1 (one) Company Share of the Company

Share Options, the Company has determined that the Company Share Options Price is also not at a level where the appropriateness of the price can be denied.

Based on the above, the Board of Directors of the Company held a meeting on June 26, 2023, and in reflection of the opinion of the Company at that point in time made a resolution to express its favorable opinion towards the Tender Offer. The Board also recommended that the holders of the Company Shares and the holders of the Company Share Options tender their Company Shares in the Tender Offer and the holders of the Company ADRs deliver the Company ADRs to the Depository Banks in advance, receive the Company Shares represented by the Company ADRs before tendering for the Tender Offer and tender their Company Shares, subject to its commencement. The Tender Offeror intends to promptly initiate the Tender Offer within 10 business days from the date on which the subject procedures and responses have been completed and the Conditions Precedent are satisfied or waived at the Tender Offeror's discretion. Presently, the target date for commencing the Tender Offer is set for late December 2023, based on discussions with domestic and foreign law firms regarding the estimated timeframe for procedures with domestic and foreign competition authorities, as well as authorities responsible for investment control laws and regulations. However, it is challenging to accurately determine the duration of these procedures and other related matters involving domestic and foreign authorities responsible for competition and investment control regulations.

In light of these circumstances, during the aforementioned Board of Directors meeting, the Company further resolved to make a request to the Special Committee (which was established by the Company) when the Tender Offer commences. The request entails the Special Committee considering whether there have been any changes in the opinion expressed in the Response Letter. If the previous opinion remains unchanged, the Company's Board of Directors will formally state its continued support of that opinion. Alternatively, if there have been any revisions to the opinion, the Company's Board of Directors will articulate the updated stance. Additionally, the Company decided that it will express its opinion on the Tender Offer anew at the time the Tender Offer commences, based on the aforementioned opinion provided by the Special Committee.

For details of the above resolution of the Board of Directors, please refer to "(4) Approval of All Directors Who Have No Interest in the Company and No Objection from All Corporate Auditors" in "6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below.

3. Matters relating to Valuation

- (1) The Company's Obtainment of Share Valuation Reports from Independent Third-party Valuation Institutions
 - (i) Names of third-party valuation institutions and their relationship with the Company and the Tender Offeror

In preparation for the expression of the opinion regarding the Tender Offer, the Company requested Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, third-party valuers who are not related parties of either the Tender Offeror or the Company and who do not have any material interest in the Transaction including the Tender Offer, to evaluate the value of the Company Shares. Although Mizuho Securities is a member of the Mizuho Financial Group, as well as Mizuho Bank, Mizuho Bank conducts loan transactions, etc. with the Company as part of its ordinary banking transactions. While Mizuho Bank is a shareholder of the Company and on the other hand plans to provide the Tender Offeror with a loan for the funds required for the settlement of the Tender Offer and the preferred equity investment, Mizuho Securities has established and implemented an appropriate conflict of interest management system including measures to segregate information between Mizuho Securities and Mizuho Bank in accordance with the applicable laws and regulations of Article 36, Paragraph 2 of the Financial Instruments and Exchange Act and Article 70-4 of the Cabinet Office Ordinance on Financial Instruments and Exchange Business, etc. (Cabinet Office Ordinance No. 52 of 2007, including subsequent amendments.), and has calculated the share value of the Company from a standpoint independent of Mizuho Bank as a lender to the Tender Offeror. The Company has determined that Mizuho Securities has established and implemented an appropriate conflict of interest management system for the

calculation of the value of the Company Shares, and has appointed Mizuho Securities as a third-party valuer. In any event, the Company has implemented additional measures to safeguard the fairness of the Tender Offer Price and mitigate potential conflicts of interest within the Transaction (for specific details, please refer to "(1) Establishment of an Independent Special Committee at the Company and Receipt of the SC Report from the Special Committee" to "(6) Measures to Ensure Opportunity for Other Purchasers to Purchase, Etc." in "6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below.). Based on such measures, the Company believes that the interests of its minority shareholders have been adequately taken into consideration, and therefore, has not obtained a Fairness Opinion on the Tender Offer Price. The compensation payable to Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities for the Transaction includes a contingency fee to be paid on the condition that the Transaction is consummated. Taking into consideration the general practice in similar transactions and the pros and cons of the compensation system in which a reasonable amount of expenses will be incurred by the Company even if the Transaction is unsuccessful, the Company has determined that independence is not compromised by the fact that the contingency fee will be paid on the condition that the Tender Offer is completed is included in the compensation payable to Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities.

(ii) Overview of Valuation

The Company obtained the Share Valuation Report (Mizuho Securities) dated June 26, 2023.

Mizuho Securities considered the calculation method for the Tender Offer, and concluded that based on the premise that the Company is a going concern, it is appropriate to evaluate the value of the Company Shares from multiple perspectives, and used (i) the market price analysis because the Company Shares are listed on the Tokyo Stock Exchange Prime Market and a market price exists for the shares, (ii) the comparable companies analysis because there are several comparable listed companies that can be compared with the Company and it is possible to draw an analogy between the market value of the Company Shares and the market value of comparable listed companies, and (iii) the DCF analysis to reflect the Company's future business activities in the calculation. The range of per share values of the Company Shares calculated by Mizuho Securities based on the above methods is as follows.

Market price analysis	3,076 yen - 3,334 yen
Comparable companies analysis	3,223 yen - 4,532 yen
DCF analysis	2,814 yen - 5,760 yen

Under the market price analysis, the per-share value of the Company Share was calculated to be in the range of 3,076 yen and 3,334 yen based on the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market, being the closing price of the Company Share as of the base date of 3,234 yen, the simple average of the closing price of the Company Share for the most recent one month of 3,334 yen, three months of 3,183 yen, and six months periods of 3,076 yen, respectively, on the calculation base date, which was set on June 23, 2023. Under the comparable companies analysis, the per-share value of the Company Share was calculated to be in the range of 3,223 yen to 4,532 yen, based on a comparison with the market share price and financial indicators of profitability of listed companies engaged in relatively similar businesses to those of the Company. Under the DCF analysis, the per-share value of the Company Share was calculated to be in the range from 2,814 yen to 5,760 yen by discounting the free cash flows that the Company is expected to generate in and after the fiscal year ending March 31, 2024 by a certain discount rate to arrive at a present value, based on the earnings forecasts and investment plans in the Company's business plan for the fiscal years ending March 31, 2024 through March 31, 2027.

In the Company's business plan referred by Mizuho Securities in their DCF analysis, there are fiscal years in which a significant increase in profit compared to the previous fiscal year is expected. Specifically, a significant increase is expected for Fiscal Year Ended March 2025 compared to Fiscal Year Ended March 2024, and a further significant increase is expected for Fiscal Year Ended March 2026 compared to Fiscal Year Ended March 2025. As mentioned in "2. Grounds and Reason for Opinion" "(2) Background, Purpose and Decision-Making Process Leading to the

Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer”, “(i) Background and Purpose of the Tender Offer”, “① The Company’s Business Environment, etc.”, in the Digital Solutions business, although there has been a temporary adjustment in operations in the semiconductor materials market in which the Company is expanding its business, the semiconductor materials market is expected to grow strongly as a business indispensable to society, supported by demand from various electronics and information industries in response to the progress of digitalization, and in the Life Sciences business, the biopharmaceutical market will also remain strong due to the aging of society, the development of personalized medicine, and the increasing efficiency in developing medical products, and through the high technological capabilities of the Company, the Company expects to achieve growth higher than that of the market.

In calculating the equity value of the Company Shares, Mizuho Securities, in principle, used the information provided by the Company and publicly available information as is, and assumed that all such materials and information were accurate and complete, and did not independently verify their accuracy and completeness. In addition, no independent evaluation or appraisal of the assets and liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Company or its affiliates has been conducted, and no request for appraisal or assessment has been made to any third party. In addition, it is assumed in the calculation that the information regarding the Company's financial forecasts (including the aforementioned business plan) has been reasonably prepared based on the best and most sincere forecasts and judgments available to the Company at this point in time. With respect to such financial forecasts, the Special Committee has questioned and answered with the Company and confirmed the reasonableness of their contents and assumptions.

The Company also obtained the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) dated June 26, 2023.

Mitsubishi UFJ Morgan Stanley Securities considered the calculation method for the Tender Offer and concluded that it was appropriate to evaluate the equity value of the Company Shares from multiple perspectives, and used (i) the market price analysis because the Company’s shares are listed on the Prime Market of the Tokyo Stock Exchange and a market price is available, (ii) the comparable companies analysis because there are several listed companies engaged in relatively similar businesses to the Company and it is possible to infer the share value by comparing similar companies and (iii) the DCF analysis to reflect the evaluation of the intrinsic value based on future business activities.

The range of values per share of the Company Shares calculated using each of the above methods is as follows.

Market price analysis	3,076 yen - 3,334 yen
Comparable companies analysis	3,304 yen - 3,993 yen
DCF analysis	3,761 yen - 4,783 yen

In the market price analysis, the base date was set as June 23, 2023 (the "**Base Date**") and the per-share value of the Company Shares was calculated to range from 3,076 yen to 3,334 yen based on the closing price of the Company Share as of the base date of 3,234 yen, the simple average closing price of the Company Share on the Tokyo Stock Exchange Prime Market for the one-month period ending on the Base Date of 3,334 yen, the simple average closing price for the most recent three months ending on the Base Date of 3,183 yen, and the simple average closing price for the most recent six months ending on the Base Date of 3,076 yen.

Under the comparable companies analysis, the per-share value of the Company Shares was calculated to range from 3,304 yen to 3,993 yen by comparing the market share price and financial indicators such as profitability of listed companies engaged in relatively similar businesses to those of the Company.

Under DCF analysis, the business value is calculated by discounting the free cash flows that the Company is expected to generate by a certain discount rate to arrive at a present value, taking into account various factors such as

the business plan prepared by the Company for the fiscal years ending March 31, 2024 through March 31, 2027, recent performance trends, and publicly disclosed information. The range of the per-share value of the Company Shares is calculated to be 3,761 yen to 4,783 yen by analyzing the Company's corporate value and share value, making certain financial adjustments such as adding the value of surplus cash and cash equivalents, etc. held by the Company.

In the Company's business plan referred by Mitsubishi UFJ Morgan Stanley in their DCF analysis, there are fiscal years in which a significant increase in profit compared to the previous fiscal year is expected. Specifically, a significant increase is expected for Fiscal Year Ended March 2025 compared to Fiscal Year Ended March 2024, and a further significant increase is expected for Fiscal Year Ended March 2026 compared to Fiscal Year Ended March 2025. As mentioned in "2. Grounds and Reason for Opinion" "(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer", "(i) Background and Purpose of the Tender Offer", "① The Company's Business Environment, etc.", in the Digital Solutions business, although there has been a temporary adjustment in operations in the semiconductor materials market in which the Company is expanding its business, the semiconductor materials market is expected to grow strongly as a business indispensable to society, supported by demand from various electronics and information industries in response to the progress of digitalization, and in the Life Sciences business, the biopharmaceutical market will also remain strong due to the aging of society, the development of personalized medicine, and the increasing efficiency in developing medical products, and through the high technological capabilities of the Company, the Company expects to achieve growth higher than that of the market.

In evaluating the equity value of the Shares, in principle, Mitsubishi UFJ Morgan Stanley Securities adopted, without any change, the information provided from the Company, publicly available information, and other relevant materials, and, assuming that all of such information and materials are accurate and complete, has not independently verified the accuracy or completeness of such information and materials. In addition, Mitsubishi UFJ Morgan Stanley Securities assumes that the information related to the financial forecasts of the Company has been reasonably prepared by the Company based on best forecasts and judgments currently available to them. With respect to the assets and liabilities (including off balance-sheet assets and liabilities, and other contingent liabilities) of the Company and its affiliated companies, Mitsubishi UFJ Morgan Stanley Securities has not independently evaluated or assessed these assets or liabilities, or ordered any appraisal or assessment from a third party institution. The evaluation by Mitsubishi UFJ Morgan Stanley Securities reflects the afore-mentioned information up to June 23, 2023.

(2) The Tender Offeror's Valuation Method

(i) Common shares

In determining the Tender Offer Price, JICC conducted a multifaceted and comprehensive analysis of the Company's business and financial condition based on the Company's disclosed financial information and the results of due diligence conducted on the Company from mid-March to early May 2023 and prepared a financial model reflecting the analysis and valued the Tender Offer Price that would ensure the investment return required by JICC. In addition, JICC has taken into consideration the facts that the Company Shares are traded on a securities exchange, and the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange on June 23, 2023, which is one (1) business day before June 26, 2023 (being the date of the announcement of the scheduled commencement of the Tender Offer) was 3,234 yen, and the simple average value of the closing prices of (x) the last month (from May 24, 2023 to June 23, 2023) was 3,334 yen, (y) the last three (3) months (from March 24, 2023 to June 23, 2023) was 3,183 yen, and (z) the last six(6) months (from December 26, 2022 to June 23, 2023) was 3,076 yen.

JICC has not obtained a share valuation report from a third-party valuer, as the price was determined based on a comprehensive consideration of a range of factors, as mentioned above.

The Tender Offer Price per share of the Company Shares (being 4,350 yen) is the price after adding a premium of 34.51% to the closing price of the Company Shares on the Tokyo Stock Exchange Prime Market on June 23, 2023 (being one (1) business day immediately preceding the announcement date of the scheduled commencement of the Tender Offer) of 3,234 yen, which equals (x) the price after adding a premium of 30.47% of the simple average of the closing price of the shares for the past 1 (one) month of 3,334 yen, (y) the price after adding a premium of 36.66% of the simple average of the closing price for the past three (3) months of 3,183 yen and, (z) the price after adding a premium of 41.42% of the simple average of the closing price for the past six (6) months of 3,076 yen, in each case, until the date of that closing price.

(ii) The Company Share Options

As of today, the exercise price per 1 (one) Company Share of the Company Share Options is lower than the Tender Offer Price in each case. Therefore, the Tender Offeror decided to set the Company Share Options Price at the amount of the difference between the Tender Offer Price of 4,350 yen and the exercise price per 1 (one) Company Share of the Company Share Options multiplied by 100 which is the number of common shares to be issued upon exercise of each such Company Share Options. Specifically, the Tender Offeror decided that, the amount is 434,900 yen for the Series 1 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2006 Share Options (for Directors), which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2006 Share Option (for Executive Officers), which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2007 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2008 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2009 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2010 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2011 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2012 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; the amount is 434,900 yen for 2013 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100; and the amount is 434,900 yen for 2014 Share Option, which is 4,349 yen, the difference between the Tender Offer Price (4,350 yen) and the exercise price per 1 (one) Company Share (1 yen), multiplied by 100.

As the Tender Offeror has determined the purchase price of the Company Share Options as described above, the Tender Offeror has not obtained a valuation report from a third-party valuer.

(iii) The Company ADRs

With respect to the Company ADRs, in consideration of the fact that the Company ADRs represent the Company Shares deposited with the Depository Banks, the purchase price for the Company ADRs has been set at 4350 yen, which is the same amount as the Tender Offer Price per share of the Company for each Company Share represented by the Company ADRs.

4. Possibility of Delisting and Reason Therefor

As of today, the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange. However, since the Tender Offeror has not set a maximum limit to the number of shares to be purchased through the Tender Offer, depending on the result of the Tender Offer, the Company shares may be delisted through prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange.

Even in the case that such criteria are not met at the time of completion of the Tender Offer, if the Squeeze-Out Procedures are implemented by the Tender Offeror after the completion of the Tender Offer as described in "5. Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition)", the Company Shares will be delisted through prescribed procedures pursuant to the delisting standards of the Tokyo Stock Exchange. If the Company Shares are delisted, the Company Shares cannot be traded on the Tokyo Stock Exchange Prime Market.

For the reasons for the purpose of delisting and the impact on minority shareholders, and the Company's position on such delisting and impact, please refer to "(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer" in "2. Grounds and Reasons for Opinion" above and "5. Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition)" below.

5. Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition)

As described in "(1) Overview of the Tender Offer" in "2. Grounds and Reasons for Opinion" above, the Tender Offeror will conduct the Tender Offer as part of the Transaction to make the Company a wholly-owned subsidiary of the Tender Offeror. In the event that the Tender Offeror is unable to acquire all of the Company Shares, the Company Share Options, and the Company ADRs through the Tender Offer despite the completion of the Tender Offer, the Tender Offeror intends to make the Company a wholly-owned subsidiary by one of the following methods after the completion of the Tender Offer.

(1) Demand for Sale of Shares and Other Securities

If the Tender Offeror comes to hold 90% or more of the voting rights of all shareholders of the Company after the completion of the Tender Offer, the Tender Offeror will, promptly after the completion of the payment of the Tender Offer and pursuant to the provisions of Article 179, Paragraphs 1 and 2 of the Companies Act, demand (i) all of the Company's shareholders (excluding the Tender Offeror and the Company) (the "**Selling Shareholders**") to sell all of their shares of the Company (the "**Demand for Sale of Shares**"), and (ii) all of the holders of the Company Share Options (excluding the Tender Offeror) of the Company Shares Options (the "**Selling Company Share Options Holders**") to sell all of their share options in the Company to the Tender Offeror (the "**Demand for Sale of Share Options**" and together with the Demand for Sale of Shares, the "**Demand for Sale of Shares, etc.**"). In the Demand for Sale of Shares, it is planned to provide for the delivery to the Selling Shareholders of an amount of money equal to the Tender Offer Price as consideration for each Company Shares sold. Furthermore, in the Demand for Sale of Share Options, it is planned to provide for the delivery to the Selling Company Share Options Holders of an amount of money equal to the Company Share Options Price as consideration for each Company Share Options sold. In this case, the Tender Offeror will notify the Company to that effect and request the Company's approval for the Demand for Sale of Shares, etc.. If the Company approves the Demand for Sale of Shares, etc. by resolution of its Board of Directors, the Tender Offeror will, in accordance with the procedures prescribed by the relevant laws and regulations and without requiring the individual approval of the Selling Shareholder and the Selling Company Share Options Holder, acquire from the Selling Shareholder all of the Shares to be sold and from the Selling Company Share Options Holder all of the Selling Company Share Options on the acquisition date specified in the Demand for Sale of Shares, etc.. In this case, as consideration for the Company Shares held by the Selling Shareholder and the Company Share

Options held by the Selling Company Share Options Holder, the Tender Offeror plans to pay to each such Selling Shareholder a cash amount equal to the Tender Offer Price per the Company Share and to the Selling Company Share Options Holder a cash amount equal to the Company Share Options Price per the Company Share Option.

In the event the Tender Offeror requests the Demand for Sale of Shares, etc., the Company intends to approve this Demand for Sale of Shares, etc.

Since the Company Shares subject to the Demand for Sale of Shares include the shares of the Company represented by the Company ADRs and held by the Depositary Banks, if the above approval is granted, the Depositary Banks will receive a cash amount equal to the Tender Offer Price multiplied by the number of such Company Shares. In such case, based on the ADR Registration Statements, each Depositary Bank will cancel the Company ADRs in accordance with the terms of the Company ADRs and deliver to each holder of the Company ADRs, in proportion to the number of Company Shares represented by the Company ADRs held by such holder, the amount equal to the Tender Offer Price multiplied by the number of the Company Shares represented by the Company ADR (converted into US dollars), less fees and taxes, etc. of such Depositary Bank.

The Companies Act, which aims to protect the rights of minority shareholders in relation to the above, provides that Selling Shareholders and the Selling Company Share Options Holders may file a petition with the court for determination of the sales price in accordance with Article 179-8 of the Companies Act and other related laws and regulations. The court will make the final decision on the sales price of the Company Shares sold and the Company Share Options sold in this manner.

Holders of the Company ADRs who wish to file a pricing application must deliver their Company ADRs to the Depositary Bank that issued such Company ADRs and receive delivery of the Company Shares deposited with such Depositary Bank before filing the above application pursuant to Article 179-8 of the Companies Act and other applicable laws and regulations.

(2) Reverse Stock Split

In the event that the Tender Offeror does not come to hold 90% or more of the voting rights of all shareholders of the Company, the Tender Offeror will request the Company to hold an extraordinary general meeting of shareholders (the "**Extraordinary Shareholders' Meeting**"), which will include agenda items of: (i) a reverse stock split of the Company Shares (the "**Reverse Stock Split**"); and (ii) a partial amendment to the Articles of Incorporation to abolish the number of shares constituting one unit of shares subject to the Reverse Stock Split taking effect. The Tender Offeror plans to vote in favor of each of the above agenda items at the Extraordinary Shareholders' Meeting. If the agendas for the Reverse Stock Split is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Company will own the number of shares of the Company corresponding to the ratio of the Reverse Stock Split approved at the Extraordinary Shareholders' Meeting on the day when the Reverse Stock Split becomes effective. In this case, if the Reverse Stock Split will result in a fraction of less than one (1) share, the Company shall pay to the shareholders who hold fractional shares the amount equal to the consideration for sales of the total number of such fractional shares (where, if the total number includes a fraction of less than one (1) share, such fraction shall be rounded down) in accordance with the procedures stipulated in Article 235 of the Companies Act and other applicable laws and regulations. The sale price of the Company Shares corresponding to the total of such fractions will be calculated so that the amount of money to be delivered to each shareholder of the Company who did not apply for the Tender Offer as a result of such sale will be the same as the Tender Offer Price multiplied by the number of the Company shares held by each such shareholder, and a petition for permission of voluntary sale will be filed with the court. The ratio of the consolidation of the Company shares has not yet been determined as of today, but will be determined so that the Company's shareholders who have not tendered their shares in the Tender Offer (excluding the Tender Offeror and the Company) are expected to hold less than one share in order for the Tender Offeror will own all of the Company shares. The number of shares of the Company held by the shareholders of the Company (excluding

the Tender Offeror and the Company) who do not tender their shares in the Tender Offer will be determined so that the Tender Offeror will own all of the shares of the Company.

Since the Company Shares subject to the reverse stock split include the Company Shares represented by the Company ADRs and held by the Depositary Banks, if the above decision is made, the number of shares of the Company held by the Depositary Banks after the reverse stock split will not be equal to whole shares (i.e., a decimal number will apply). In such case, based on the ADR Registration Statements, each Depositary Bank will cancel the Company ADRs in accordance with the terms of the Company ADRs and pay to each holder of the Company ADRs, in proportion to the number of the Company Shares represented by the Company ADRs held by such holder, an amount equal to the Tender Offer Price multiplied by the number of Company Shares represented by the Company ADRs (converted into US dollars), less fees and taxes, etc. of such Depositary Bank.

In addition, as provisions in the Companies Act to protect the rights of minority shareholders related to the above, the Companies Act stipulates that if the Reverse Stock Split results in a fraction of less than one share, the shareholders of the Company may, in accordance with Articles 182-4 and 182-5 of the Companies Act and other related laws and regulations, request the Company to purchase all of the shares they own that will result in a fraction of less than one share at a fair price, and may file a petition to the court to determine the price of the Company Shares. The court will make the final decision on the sale price per share under this method.

Holders of the Company ADRs who wish to make a request for share purchase and a petition for pricing must deliver their Company ADRs to the Depositary Bank that issued such Company ADRs and receive delivery of the Company Shares deposited with such Depositary Bank before making a request for share purchase and a petition for pricing pursuant to Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations.

In addition, in the event that the Tender Offeror does not come to own 90% or more of the voting rights of all shareholders of the Company, and the Tender Offeror is unable to acquire all of the Company Share Options in the Tender Offer and the Company Share Options remain unexercised, the Tender Offeror will request the Company to acquire the Company Share Options, recommend the waiver of the Share Options to the Share Option Holders, and other procedures reasonably necessary to execute the Transaction.

With regard to each of the procedures in (1) and (2) above, depending on the interpretation of the authorities on the relevant laws and regulations, there is a possibility that it may take some time to implement them, or that the Tender Offeror may change them to other methods that have approximately the same effect as those described above. However, even in such a case, the Tender Offeror plans to make the Company a wholly-owned subsidiary by a method in which cash is ultimately paid to each shareholder of the Company (excluding the Company) who did not tender their shares in the Tender Offer. In this case, the amount of money to be delivered to each shareholder of the Company will be calculated to be the same as the Tender Offer Price multiplied by the number of the Company Shares held by such shareholders. In addition, in the event that cash is to be paid to the holders of the Company Share Options who did not tender their Company Share Options in the Tender Offer, it is planned to be calculated so that it will be equal to the price obtained by multiplying the respective purchase price of the Company Share Options in the Tender Offer by the number of the Company Share Options held by each of such holders of the Company Share Options. In such case, the amount of money represented by the Company ADRs and delivered to the Depositary Banks with respect to the shares of the Company held by the Depositary Banks will be the same, and based on the ADR Registration Statements, each Depositary Bank will cancel the Company ADRs in accordance with their terms and pay to each holder of the Company ADRs, in proportion to the number of shares of the Company represented by such Company ADRs held by such holder, the amount of money equal to the Tender Offer Price multiplied by the number of the Company Shares represented by the Company ADRs (converted into US dollars), less fees and taxes, etc. of such Depositary Bank.

6. Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

As of today, the Tender Offer is not a so-called MBO (a tender offer in which the tender offeror is an officer of the Company, or a tender offer in which the tender offeror is a person who conducts the tender offer at the request of an officer of the Company and has common interests with the officers of the Company) or a tender offer that falls under "material transactions with controlling shareholders" as defined in the Tokyo Stock Exchange's Code of Corporate Conduct. However, in consideration of the fact that the Tender Offeror intends to take the Company private through the Transaction including the Tender Offer, the Offeror and the Company have taken the following measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, taking into account the impact on the shareholders of the Company. In addition, the measures taken by the Tender Offeror in the following descriptions are based on the explanations received from the Tender Offeror.

(1) Establishment of an Independent Special Committee at the Company and Receipt of the SC Report from the Special Committee

(i) Background of Establishment

In light of the fact that the Tender Offer will be conducted as part of the Transaction for the purpose of taking the Company Shares private, the Board of Directors of the Company established at its meeting held on March 13, 2023, for the purpose of eliminating arbitrariness in the decision-making of the Board of Directors of the Company regarding the Transaction and ensuring the fairness, transparency and objectivity of the decision-making process, the Special Committee independent from the Tender Offeror, the Company and success or failure of the Transaction consisting of four (4) outside directors of the Company, being: Mr. Tadayuki Seki (an independent outside director of the Company and Advisory Member, ITOCHU Corporation), Mr. Masato Iwasaki (an independent outside director of the Company and a representative director of Takeda Pharmaceutical Company Limited etc.), Mr. Kazuo Ushida (an independent outside director of the Company and a director of Nikon Corporation) and Mr. David Robert Hale (an independent outside director of the Company and a partner of ValueAct Capital Management, L.P.). The members of the Special Committee have not changed since its establishment.

The Board of Directors of the Company then requested the Special Committee to consider (i) the legitimacy and reasonableness of the purpose of the Transaction (including whether the Transaction will contribute to the enhancement of the corporate value of the Company), (ii) the terms and conditions of the Transaction (including the Tender Offer Price and the Company Share Options Price), (iii) fairness of the procedures for the Transaction, (iv) whether the Transaction is not disadvantageous to the Company's minority shareholders (including the perspective of comparing the method selected for the Transaction with other methods) and (v) whether or not the Board of Directors of the Company should express its opinion in favor of the Tender Offer and recommend that the shareholders of the Company, holders of the Company Share Options and holders of the Company ADRs tender their shares in the Tender Offer (collectively, the "**Matters for Consultation**"), and to submit a written report on the Matters for Consultation to the Company.

In addition, the Company established the Special Committee on the premise that the Board of Directors' decision-making regarding the Transaction, including approval or disapproval of the Tender Offer, will respect the contents of the SC Report to the maximum extent possible, and in particular, if the Special Committee determines that the terms and conditions regarding the Transaction are not reasonable, the Board of Directors of the Company shall not approve the Transaction under such terms and conditions (including not approving of the Tender Offer). Further, the Board of Directors of the Company gave to the Special Committee authority to be substantially involved in the process of negotiations with the Tender Offeror (including giving instructions or making requests to the Company regarding the negotiation policy with the Tender Offeror, as necessary), authority to appoint its own experts at the expense of the Company (including the power that the Special Committee may seek professional advice from the Company's advisors if the Special Committee determines that there is no problem with the independence and expertise of the advisors of

the Company), and authority to receive information necessary to consider and make decisions regarding the Transaction from the Company's officers and employees. After consideration by the Compensation Advisory Committee, the remuneration of the members of this Special Committee is fixed compensation and no contingent fees contingent upon the closing of the Transaction have been adopted. Since the members of the Special Committee are all outside directors of the Company and their duties as the Special Committee members are considered to be included in their responsibilities as outside directors, the Company did not initially plan to grant them compensation as the Special Committee members in addition to their compensation as outside directors. However, because the duties of the Special Committee members require a considerable amount of additional commitment in terms of time and effort compared to their normal duties as outside directors, the Compensation Advisory Committee reexamined at its meeting held on April 27, 2023 and judged that, given the duties of the special committee members, their compensation as outside directors alone would not be sufficient. Considering the judgement of the Compensation Advisory Committee, the Board of Directors meeting held June 16, 2023 resolved to pay fixed compensation to the Special Committee members separately in addition to their compensation as outside directors (One member of the Special Committee voluntarily declined to receive the remuneration.). Also, the Special Committee confirmed that there are no problems with the independence and expertise of Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, the Company's financial advisors and third-party valuers, and Anderson Mori & Tomotsune, the Company's legal advisor, and the Special Committee approved them as the Company's financial advisors and legal advisor, respectively. Furthermore, the Special Committee decided to be informed about negotiation policy and the consideration status of the Company from Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities and to receive the share valuation reports the Company received from Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, and to seek professional advice by relying on the Company's legal advisor and has not exercised its authority to appoint its own experts. As described in "(1) The Company's Obtainment of Share Valuation Reports from Independent Third-party Valuation Institutions" in "3. Matters relating to Valuation" above, with respect to Mizuho Securities, although Mizuho Bank, a group company, is scheduled to provide a loan to the Tender Offeror for the funds required for settlement of the Tender Offer and the preferred equity investment, in light of the independence and expertise of Mizuho Securities, the Special Committee approved the appointment of Mizuho Securities as a third-party valuer of the Company.

(ii) Consideration Process

Meetings of the Special Committee have been held a total of 13 times during the period from March 13, 2023 to June 26, 2023, for a total of approximately 17 hours, and the Special Committee has also performed its duties related to this consultation by reporting or sharing information through e-mail, etc., discussing and making decisions, etc. as necessary outside of meetings. Specifically, the Special Committee requested the Company's management and personnel in charge of the Transaction to attend the Special Committee meetings several times, where the Special Committee was briefed on the significance and purpose of the Transaction, the timing and method of the Transaction, the background leading to the consideration of the Transaction, and the management policy after the Transaction including industry restructuring, and then conducted a question and answer session in an interview format. Furthermore, the Special Committee presented the Tender Offeror with questions regarding the significance and purpose of the Transaction, the timing and method of implementation of the Transaction, the background leading to the consideration of the Transaction, the management policy after consummation of the Transaction including industry restructuring, and the nature of JICC as a governmental fund, and received answers from the Tender Offeror. After receiving responses from the Tender Offeror, the Company conducted a question-and-answer session in the form of an interview.

In addition, the Special Committee has received explanations from the Company's management regarding the business plan prepared by the Company (the "**Company Business Plan**"), including its contents, material assumptions and the background of its preparation, and has confirmed the reasonableness of these matters. On that basis, as described in "(1) The Company's Obtainment of Share Valuation Reports from Independent Third-party Valuation

Institutions" in "3. Matters relating to Valuation" above, the Special Committee received from Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, the Company's financial advisors, at the Company's request, respectively, the Share Valuation Report (Mizuho Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) concerning the Company Shares and has received explanations about the calculation method used for the valuation, the reasons for adopting such calculation method, the details of the calculation based on each calculation method and important assumptions (including the basis for calculating the discount rate in the DCF analysis and the reasons for selecting comparable companies in the comparable companies analysis or comparable enterprises analysis), held a question-and-answer session and considered its contents. Through the above, the Special Committee confirmed the reasonableness of the process for preparing each share valuation report.

Furthermore, the Special Committee received explanations from the Company, Mizuho Securities, Mitsubishi UFJ Morgan Stanley Securities, the Company's financial advisors, at the Company's request and Anderson Mori & Tomotsune, the Company's legal advisor, regarding the measures to ensure the fairness of the Transaction in terms of procedures, the method and process of decision-making by the Company's Board of Directors regarding the Transaction, and other measures to avoid conflicts of interest. Based on such explanation, the Special Committee discussed and deliberated on the measures to be taken to ensure the fairness of the procedures in the Transaction.

In addition, as described in "(ii) Process of Examination and Negotiation" in "(3) Process and Reasons for Decision-Making at the Company" in "2. Grounds and Reasons for Opinion" above, after the Special Committee received a proposal in writing from the Tender Offeror on June 1, 2023 setting the Tender Offer Price at 4,200 yen per share, and each time the Company received a proposal or communication from the Tender Offeror regarding the Tender Offer Price, the Special Committee received a report on the content of the proposal or communication from the Company in a timely manner and deliberated and examined the content of the proposal or communication after hearing the Company's opinion based on the advice from a financial viewpoint received from Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, the Company's financial advisors, and at important junctures the Special Committee had stated its opinion regarding the terms and conditions of the Transaction, including the Tender Offer Price. The Special Committee was substantially involved in the overall discussions and negotiations between the Company and the Tender Offeror regarding the terms and conditions of the Transaction including the Tender Offer Price by the above activities. As a result, on June 16, 2023, the Company received a final proposal from the Tender Offeror that included the Tender Offer Price of 4,350 yen per share.

(iii) Contents of the Decision

Based on the above, and taking into consideration the explanation received from Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, the Company's financial advisors at the Company's request the contents of the Share Valuation Report (Mizuho Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), and the legal advice received from Anderson Mori & Tomotsune, the Special Committee has carefully discussed and deliberated on the Matters for Consultation. As a result, the Special Committee unanimously submitted the SC Report to the Board of Directors of the Company as of June 26, 2023, with the following contents.

(a) Contents of the SC Report

- (A) The purposes of the Transaction including the Tender Offer can be seen as legitimate and reasonable (the Transaction will contribute to enhancing the corporate value of the Company).
- (B) The reasonableness of the terms and conditions of the Transaction, including the Tender Offer Price and the Company Share Options Price, can be seen as having secured.
- (C) The fairness of the procedures for the Transaction can be seen as having secured.
- (D) Taken in light of (A) through (C) above, the Transaction can be considered as not adverse to the interests of the minority shareholders

(E) Taken in light of (A) through(D) above, it is currently appropriate for the Board of Directors of the Company to express an opinion supporting the Tender Offer and to recommend that the shareholders of the Company Shares and the holders of the Company Share Options tender their Company Shares, and the holders of the Company ADRs deliver the Company ADRs to the Depository Banks in advance, receive the Company Shares represented by the Company ADRs before tendering for the Tender Offer and tender their Company Shares, if the Tender Offer commences.

(b) Reasons for the SC Report

(A) Whether the purposes of the Transaction can be seen as legitimate and reasonable (including whether the Transaction will contribute to enhancing the corporate value of the Company).

Taken in light of the followings, it is found that (i) the synergies to be expected by the Transaction can be reasonable, there are no contradictions or discrepancies between the assumptions made by JICC and those made by the Company, and the implementation of the Transaction will contribute to resolving the management issues recognized by the Company; (ii) it is appropriate to implement the Transaction, because the reasons explained as the necessity of implementing the Transaction for pursuing strategic investments, structural reforms and industry restructuring at the Company rather than maintaining the listing of the Company, are reasonable; and (iii) there are no circumstances found that would materially hinder the enhancement of the Company's corporate value through the Transaction. Therefore, the Transaction, including the Tender Offer, will contribute to enhancing corporate value and its purpose is seen legitimate and reasonable.

- According to the Company, the Company has designated the Digital Solutions business and the Life Sciences business as its core businesses, which are important for the future development of society, have the potential for market growth, and are highly demanding in terms of technological innovation, and where the Company Group can demonstrate its strengths, and plans to actively conduct research and development and make business investment in the Digital Solutions business, as well as reinvest the cash flow generated by establishing a profitable foundation in the Life Sciences business, for further business growth. The Company's business environment and management challenges are as follows: (i) In the Digital Solutions business, in order to enjoy a further high market growth of the semiconductor market in the future where pioneer advantage is important, the Company is required to have advanced technological capabilities, and technological progress is rapid. Therefore, active investment in advanced technologies is required in order to maintain continuously high technological competitiveness. In the semiconductor materials industry, it is necessary not only for research and development and capital investment to maintain and expand the current competitive advantage, but also for the semiconductor materials industry, which has a lot of promising manufacturers in Japan, to aim more boldly for industry restructuring, thereby increasing its international competitiveness by acquiring a high market share in a wide range of semiconductor materials lineups, integrating technologies with other companies, and enhancing the resources to acquire new human resources and technologies; (ii) In the Life Sciences business, since developing new modalities and disseminating new analytical and manufacturing technologies take a long time to verify their safety and effectiveness, the Company itself will develop products and services for new modalities from a long-term perspective, while taking measures to acquire new technologies and developing markets and expanding business in Europe, the United States and other Asian countries. In general terms, the capital policy and business alliance with partners, which the Company has been considering as part of its strategies to resolve these management issues, with the aim of building a resilient organization that can adapt to all kinds of environmental changes, will be considered to contribute to enhancing the Company's corporate value.

- According to JICC, synergies with the Transaction contemplated by JICC are that: (i) it will be able to smoothly promote the Company's growth strategy through JICC's support for the expansion of its digital solutions business and other businesses centered on the semiconductor materials business, through acquisitions to which the Company is a party, and for the promotion of industry restructuring; (ii) JICC's network created through collection and exchange of information and opinions on overseas markets and personnel exchanges with domestic and foreign institutional investors and private businesses can be utilized to support the planning and execution of global growth strategies of the Company, including the recruitment of new global human resources ; and (iii) JICC can support the Company to formulate medium to long-term growth strategies, including fundraising, research and development, capital investment, and mergers and acquisitions based on relatively long investment periods. JICC believes that JICC can support the Company to establish a capital policy most conducive to the ongoing creation of the Company's corporate value through supporting its improvement strategies, equity story and collaboration with experts and other support services. The Company states that the Company can expect to generate the aforementioned synergies through the Transaction. The content of the above assumed synergies are considered to be reasonable because there are no contradictions between each other or obvious contradictions to objective facts.
- According to the Company, in order for the Company to flexibly promote each of its initiatives to enhance its competitiveness and profitability in the medium to long term, even bold strategic investments, structural reforms and industry restructuring that will increase shareholder value in the medium to long term may damage shareholder value in the short term due to the temporary decline in profit level and deterioration of the cash flow. Therefore, as it is difficult to adopt such measures as a strategy from the viewpoint of protecting the interests of general shareholders and it is assumed that decision making will need time, if the Company maintains a listing upon implementing measures for further growth, it has come to the conclusion that going private under the strategic partner would be effective. According to the Company, the Company is also concerned that each of the possible alternative scenarios, such as going private under a PE fund or a business company, a third-party allotment of new shares, or maintaining the status quo, have concerns as to whether any of the alternatives would achieve the Company's objective of taking the lead in restructuring the semiconductor materials industry, when compared based on various factors, including the level of understanding of the Company's management strategy, whether or not and how effective it would be in facilitating discussions with potential industry restructuring partners, the difficulty of obtaining clearance for the industry restructuring from the regulatory authorities, and the acceptability to the Company's employees, suppliers, and other stakeholders, and from the perspective of such relative comparisons, the Company has come to believe that the Transaction is suitable for the Company's objectives. According to the Company, if the Company Shares become private, there is a possibility that this may affect the Company's social recognition that the Company has enjoyed as a listed company, the Company's ability to secure excellent human resources through high name recognition, public trust and financing from capital markets. However, the Company believes that it is possible for the Company to maintain name recognition by taking these measures that the Company establish a system in which the Company's officers and employees work together with the Tender Offeror to enhance the long-term corporate value, including the introduction of incentive plans for officers and employees, and continue to appropriately disclose corporate information in consultation with the Tender Offeror in accordance with the policy of industry restructuring and future re-listing and, considering the social credibility and fund-raising capabilities, etc., as a whole obtained by becoming a member of the JICC Group by becoming a part of the JICC Group, the disadvantages associated with going private are limited. In view of the above, it is considered reasonable to make a judgment that the parties seek to resolve their management issues through the Transaction without using other methods.
- According to JICC, following the Transaction, the Tender Offeror will, in principle, maintain the Company's current employment and conditions thereof, and through the introduction of incentive plans such as stock

options for the Company's officers and employees, plan to establish a system to make the Company's long-term corporate value improve as a collective whole with the Tender Offeror and the Company's officers and employees. No concern is anticipated that the Company's becoming a wholly-owned subsidiary of JICC, which is a sovereign wealth fund, would result in the Company's loss of creditworthiness or brand, affect its relationships with business partners, weaken its compliance and governance structure, affect its future funding, affect its future recruitment of human resources, or undermine the Company's employee morale, etc. No financial constraints are anticipated on the achievement of the Company's business plan due to the Tender Offeror's liabilities (Include borrowings from financial institutions in the Transaction.), It is deemed that the future structural reforms and industry restructuring will enable sufficient repayment and interest payments in respect of the said borrowings, etc., and there is only a limited risk that it will cause a material hindrance to the business operation of the Company following the Transaction, and the purpose of improving the corporate value of the Company will not be achieved by the Transaction. Therefore, no circumstances that cause a material hindrance to improve the corporate value of the Company are found.

(B) Whether the appropriateness of the terms and conditions of the Transaction, including the Tender Offer Price and the Company Share Options Price, is ensured

Based on the following points, the Tender Offer Price and the Company Share Options Price are deemed to be appropriate and the conditions of the Transaction, including the Tender Offer, are deemed to be appropriate, assuming the appropriateness of the negotiation and scheme of the Transaction.

- With respect to the negotiation status of the Tender Offer Price, the Tender Offer Price (4,350 yen per share) was determined based on the deliberations of the Special Committee, and as a result of the negotiation with JICC while receiving advice from Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, the Company drew a proposal to increase the purchase price from JICC on three occasions and reached a final agreement. The series of negotiation process was shared and explained to the Special Committee by the Company, Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities in a timely manner via the Special Committee meeting or email. As a result, the final Tender Offer Price has been substantially increased from the price initially quoted by the Tender Offeror and the Company has entered into negotiations with the intention of effecting the Transaction on terms as favorable to general shareholders as possible. The same shall apply to the Company Share Options Price. Based on the above, it can be inferred that the agreement on the Tender Offer Price and the Company Share Options Price in the Transaction was reached as a result of negotiations between the Company and JICC based on objective and consistent discussions that are equivalent to those at arm's length, and no circumstances have been found that raise doubts about the transparency and fairness of the agreement process.
- The Company Business Plan has been prepared on a standalone basis without assuming the implementation of the Transaction, and as such, it was under discussion and preparation by the Company without any change in the preparation process before and after the receipt of the Initial Letter of Intent, which can be referred to as a serious proposal regarding the Transaction, there are no implications of involvement or influence on the preparation thereof by JICC or any of its affiliates. Furthermore, although the Company has provided certain explanations to JICC with respect to the Company Business Plan during its negotiations with JICC, there can be no doubt that such matters were developed or revised under JICC's instructions or with its intentions. Furthermore, the Company provided the Special Committee with an opportunity to explain the details such as the basis for the Company Business Plan and question-and-answer did not find any circumstances requiring amendment of the Company Business Plan or any other circumstances which could give rise to doubts about the reasonableness of the Company Business Plan. Based on the foregoing, there were no findings that any pressure by the Tender Offeror and JICC was exerted in the formulation process of the Company Business Plan, and there are no facts that suggest the contents thereof are unreasonable predictions.

- Regarding the Share Valuation Report (Mizuho Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), according to the hearings with Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, there were no unreasonable points in the selection of the market price analysis, the comparable companies analysis, and the DCF analysis, as well as the calculation method and the basis for each method. The Tender Offer Price of 4,350 yen per share is deemed to be the price that (i) exceeds the calculation results of Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities using the market price analysis, (ii) is within the range of the calculation results of Mizuho Securities using the comparable companies analysis and exceeds the calculation results of Mitsubishi UFJ Morgan Stanley Securities using the comparable companies analysis, and (iii) is within the range of the calculation results of Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities using the DCF analysis. Furthermore, the Tender Offer Price of 4,350 yen per share is set at a premium of 30.47%~41.42% against the closing price of the Company shares on the Tokyo Stock Exchange until June 23, 2023 (the closing price on the same day and the average closing price for the past one (1) month, the past three (3) months, and the past six (6) months on the same day). Considering the hearings, etc. with Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, it is deemed that the level of premium that is comparable to other similar transactions is secured under the Tender Offer. Furthermore, the Tender Offer Price is above 3,795 yen (as of August 1, 2022), the highest price for the latest 52 weeks of the Company shares. According to the hearings, etc. with Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, the total trading volume after July 1, 2022 is above the total number of issued shares of the Company (excluding treasury stock). Thus, the Company shareholders who acquired shares during this period are expected to be offered an opportunity to sell their shares at a price above the acquisition price. In light of the above, the level of the Tender Offer Price is not unreasonable. The Company Share Options Price is expected to be the amount calculated by multiplying the difference between the Tender Offer Price and the exercise price per the Company Share of each Company Share Option by the number of the Company Shares underlying each such Company Share Option (100 for each Share Acquisition Right) and as described above, the Tender Offer Price is not considered to be a level at which the appropriateness of the price is denied. The Company Share Options Price is calculated by the difference between the Tender Offer Price and the exercise price of each Company Share Option. Therefore, the Company Share Options Price is also considered to be a level at which the appropriateness of the price is denied.
- The method of the Transaction, in which a tender offer is made in the first step and a demand for sale of share or share consolidation is made in the second step, is a method generally employed for this type of non-public transaction, and a petition for the determination of the sale price to the court or a petition by pricing following the exercise of appraisal rights can be made in any of the procedures in the second step. Since the consideration to be received by the shareholders and the holders of the Company Share Options is cash, the method of the Transaction is desirable in that it is easy to understand the consideration and has high stability and objectivity of the value. It is also desirable considering the need for the Company to promptly become a wholly-owned subsidiary and to secure opportunities and time for general shareholders to make adequate judgments based on sufficient information. This method of the Transaction is particularly preferable to organizational restructuring such as a share exchange in exchange for shares, etc. In addition, it has been clarified that in the event of the delivery of cash to shareholders and the holders of the Company Share Options who did not tender their Shares in the Tender Offer, the amount of money equivalent to the Tender Offer Price multiplied by the number of the Company Shares held by the Depository Bank will be delivered. The Depository Bank is entitled to cancel the Company ADRs in accordance with the provisions set forth in the Company ADRs and deliver to each holder of the Company ADRs the amount of money converted from the amount received by the Depository Bank into US dollars, in accordance with the number of the Company Shares represented by the Company ADRs, after deducting fees and taxes of the Depository Bank. Based on

the above, it is reasonable to adopt the two-step acquisition method with a tender offer and to provide cash for the purchase price.

(C) Whether the fairness of the procedures for the Transaction has been ensured

In light of the following points, it is concluded that the fairness of the procedures relating to the Transaction has been secured since (i) a situation which is practically equivalent to that of arm's length transaction has been secured in the process of forming the terms and conditions of the Transaction, and (ii) substantial fairness measures have been adopted and operated effectively from the viewpoint of securing opportunities for general shareholders to make informed and appropriate judgments.

- The Company has established a Special Committee consisting of independent outside directors of the Company who are independent from the Tender Offeror, the Company and the success or failure of the Transaction. Judging from the timing of establishment, authority and other aspects of the Special Committee, it is deemed that the Special Committee effectively functions as a fairness assurance measure.
- The Company has no director who has special relationship with the Tender Offeror or JICC and the Company Board of Directors has determined that there are no directors who have a special relationship with interest with respect to the Transaction. All nine directors unanimously resolved to express an opinion in support of the Transaction and to recommend that the shareholders, the holders of the Company Share Options and holders of the Company ADRs tender their shares, and all three statutory auditors will express their opinions that they have no objection to the above resolution. The Company Board of Directors conducts decision making with the utmost respect for the Special Committee's determination and resolved not to support the Transaction if the Special Committee determines that the terms and conditions of the Transaction are not appropriate. Therefore, the arbitrariness of decision making of the Company with respect to the Transaction is excluded and it can be said that the fairness of decision making's process, transparency and objectivity are ensured.
- The Company has received legal advice from Anderson Mori & Tomotsune, legal advisors independent from the Tender Offeror, the Company, and the success or failure of the Transaction.
- The Company has obtained the Share Valuation Report (Mizuho Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities) as materials concerning the value of the Company's shares from Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, which are independent from the Tender Offeror, the Company and the success or failure of the Transaction.
- The tender offer period of the Tender Offer is expected to be 20 business days, the shortest period required by law. The Tender Offer is a so-called pre-announced tender offer and a relatively long period of time will be secured until the commencement of the Tender Offer after the announcement of the series of terms and conditions including the Tender Offer Price. Accordingly, the shareholders of the Company, the holders of the Company Share Options and the holders of the Company ADRs have been provided with an appropriate opportunity to make a decision regarding tender of the Tender Offer and an opportunity to make an acquisition proposal by a counterparty offer proposer. No agreement which would unduly restrict the Company's contact with a counterparty offer proposer is entered into between the Company, the Tender Offeror and JICC, and since the merger and acquisition is conducted after the announcement in an environment where other potential acquirers can make counterproposals, it can be said that the so-called indirect market checks are in place.
- A lower limit on the number of shares to be purchased under the Tender Offer will be set to exceed the amount equivalent to the so-called Majority of Minority Shares. The consummation of the Tender Offer will require the consent (acceptance) of the majority of general shareholders without interest in the Tender Offer,

which will lead to a greater emphasis on securing opportunities for general shareholders to make decisions, and will contribute to the merger and acquisition being conducted on the most favorable terms possible for general shareholders.

- In connection with the Transaction, each press release will provide sufficient information on the details of the authority granted to the Special Committee, the background of the discussions at the Special Committee and the involvement in the negotiation process for the terms of the Transaction with JICC, the contents of the SC Report and the compensation structure of the members of the Special Committee, the outline of the Share Valuation Report (Mizuho Securities) and the Share Valuation Report (Mitsubishi UFJ Morgan Stanley Securities), the process leading to the implementation of the Transaction and the negotiation process, and the contents of the agreement for the Transaction, and thus it is deemed that important decision-making materials that contribute to the judgment on the appropriateness of the terms of the Transaction have been provided to the shareholders of the Company.
- If the Tender Offeror fails to acquire all of the Company Shares, the Company Share Options and the Company ADRs in the Tender Offer, the Tender Offeror plans to implement the Squeeze-Out Procedures by way of a demand for sale of shares, etc. or a reverse stock split. Given that in these procedures, consideration has been given so that the shareholders, the holders of the Company Share Options of the Company and the holders of the Company ADRs will not be placed in a situation where they are expected to be treated unfavorably, it is recognized that consideration has been given so that coercion will not occur.

(D) In light of (A) through (C) above, whether the Transaction is not disadvantageous to the Company's minority shareholders

Given that there are no issues with respect to any of (A) through (C) above, it is deemed that the execution of the Transaction is not disadvantageous to the minority shareholders of the Company.

(E) Whether or not it is reasonable for the Board of Directors of the Company to express its opinion in favor of the Tender Offer and recommend that the shareholders of the Company and the holders of the Company Share Options tender their Company Shares and holders of the Company ADRs deliver the Company ADRs to the Depository Banks in advance, receive the Company Shares represented by the Company ADRs before tendering for the Tender Offer and tender their Company Shares in the Tender Offer

Given that none of (A) through (D) above is considered problematic, it is reasonable for the Company Board of Directors to express its opinion in support of the Tender Offer at the time of the announcement of the proposed commencement of the Tender Offer and to recommend to the shareholders of the Company and holders of the Company Share Options to tender their shares, and to recommend to the holders of the Company ADRs that they tender the Tender Offer upon delivery of the Company ADRs to the Depository Banks in advance and delivery of the Company Shares represented by the Company ADRs.

(2) Obtaining Advice from Independent Legal Advisors to the Company

In order to ensure the transparency and reasonableness of the decision-making process of the Company's Board of Directors regarding the Transaction, the Company appointed Anderson Mori & Tomotsune as a legal advisor independent from the Tender Offeror, the Company and success or failure of the Transaction, as described above in "(1) Establishment of an Independent Special Committee at the Company and Receipt of the SC Report from the Special Committee". The Company has received legal advice from Anderson Mori & Tomotsune on the various procedures of the Transaction, including the Tender Offer, the method and process of decision-making by the Board of Directors of the Company, and other points to be noted in making decisions regarding the Transaction.

Anderson Mori & Tomotsune is not a related party of either the Tender Offeror or the Company, and does not have any material interest in the Transaction, including the Tender Offer.

(3) Obtaining Share Valuation Reports from Independent Financial Advisors and Third-Party Valuers of the Company

The Company requested Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, which are third-party valuers independent from the Tender Offeror, the Company and success or failure of the Transaction, to calculate the equity value of the Company Shares, and the Company obtained the share valuation reports from each of Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities.

For details of the share valuation reports from each of Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities obtained by the Company, please refer to "(1) The Company's Obtainment of Share Valuation Reports from Independent Third-party Valuation Institutions" in "3. Matters relating to Valuation" above.

(4) Approval of All Directors Who Have No Interest in the Company and No Objection from All Corporate Auditors

The Company, taking into consideration the share valuation reports from each of Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities, as well as legal advice from Anderson Mori & Tomotsune and other related materials, while respecting to the maximum extent the content of the decisions indicated in the SC Report submitted by the Special Committee, carefully discussed and examined whether the Transaction would contribute to the enhancement of the Company's corporate value, and whether the terms and conditions of the Transaction (including the Tender Offer Price) are reasonable.

As a result, as stated in "(3) Process and Reasons for Decision-Making at the Company" in "2. Grounds and Reasons for Opinion" above, the Company has determined that the Transaction would contribute to improving the corporate value of the Company and that the terms and conditions of the Transaction are reasonable. The Board of Directors of the Company unanimously resolved, at the Board of Directors meeting held today, to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Company and the holders of the Company Share Options tender their shares in the Tender Offer and the holders of the Company ADRs deliver the Company ADRs to the Depositary Banks in advance, receive the Company Shares represented by the Company ADRs before tendering for the Tender Offer and tender their Company Shares, if the Tender Offer commences, by a unanimous vote of the nine (9) non-interested directors present. In addition, all three (3) of the Company's auditors attended the above meeting of the Board of Directors, and all of the auditors in attendance expressed that they had no objection to the above resolution.

As stated in "(3) Process and Reasons for Decision-Making at the Company" in "2. Grounds and Reasons for Opinion" above, the Tender Offeror plans to promptly commence the Tender Offer if the Conditions Precedent to the Tender Offer are satisfied or waived at the Tender Offeror's discretion, and as of today, the Tender Offeror aims to commence the Tender Offer by the late December, 2023, based on discussions with domestic and foreign local law firms regarding the estimated time required for the procedures, etc. with domestic and foreign competition authorities. However, it is difficult to accurately predict the time required for the procedures with domestic and foreign competition authorities and authorities that have jurisdiction over investment control laws and regulations.

In light of these circumstances, at the aforementioned Board of Directors meeting, the Company also resolved to request the Special Committee established by the Company to consider at the time the Tender Offer commences whether or not the opinion in the SC Report has changed, and to report to the Board of Directors to that effect if the previous opinion has not changed, or to provide a revised opinion if it has changed, and to express its opinion on the Tender Offer anew based on such revised opinion at the time the Tender Offer commences.

(5) Setting a Lower Limit that Satisfies the Majority of Minority Condition

As stated in "(1) Overview of the Tender Offer" in "2. Grounds and Reasons for Opinion" above, the minimum number of shares to be purchased in the Tender Offer (being 138,531,400 shares, Ownership Ratio: 66.67%) exceeds the number of shares equivalent to a majority of the Total Number of Shares After Taking Latent Shares into Consideration (207,797,073 shares) (being 103,898,537 shares, Ownership Ratio: 50.00%), which means that the minimum number of shares to be purchased in the Tender Offer will exceed the number corresponding to the majority of the Company Shares held by the Company's shareholders who do not have an interest in the Tender Offerors (the "**Majority of Minority**"). The Offeror believes that the Tender Offer will not be consummated if it does not receive the approval of the Majority of Minority, and that the Tender Offer with this arrangement attaches importance to the intentions of the Company's minority shareholders.

(6) Measures to Ensure Opportunity for Other Purchasers to Purchase, Etc.

Although the tender offer period of the Tender Offer is set at 20 business days which is the shortest period required by laws and regulations, the Tender Offer is a so-called advance announced offering, and a relatively long period of time is secured from the announcement of terms of a series of transaction including the Tender Offer Price until the commencement of the Tender Offer. In addition, the Company has not entered into any agreement with the Tender Offeror or JICC to the effect of excessively restricting the Company's contact, etc. with any competing takeover offeror. Therefore, the Tender Offeror believes that it has ensured that the Company's shareholders, holders of the Company Share Options and holders of the Company ADRs have appropriate opportunities to make decisions regarding the tender to the Tender Offer, and that it has ensured opportunities for a competing takeover offeror to make a takeover bid.

IV. Matters Relating to Material Agreements Regarding the Tender Offer

As described in "(1) Overview of the Tender Offer" in "2. Grounds and Reasons for Opinion" above, the Company has entered into the Tender Offer Agreement with the Tender Offeror as of today regarding the Transaction. The Tender Offer Agreement sets forth representations and warranties by the Tender Offeror and the Company (Note 1) and obligations of the Company (Note 2), and also provides that the Tender Offeror will make the Tender Offer subject to that the Conditions Precedent are all fulfilled or waived at the discretion of the Tender Offeror and certain covenants (Note 3).

(Note 1) In the Tender Offer Agreement, the Tender Offeror has made the following representations or warranties: (i) existence, authority and the validity of its establishment; (ii) the existence of the authority and power necessary for the execution and performance of the Tender Offer Agreement and the performance of its procedures; (iii) the validity and enforceability of the Tender Offer Agreement; (iv) the absence of any conflict with laws and regulations, etc. with respect to the execution and performance of the Tender Offer Agreement; (v) not being classified as an antisocial force and the absence of any connection with antisocial forces; (vi) the absence of bankruptcy proceedings, and (vii) the sufficiency of funds necessary for settlement of the Tender Offer. In the Tender Offer Agreement, the Company has made the following representations or warranties: (i) existence, authority and the validity of its establishment; (ii) the existence of the authority and power necessary for the execution and performance of the Tender Offer Agreement and the performance of its procedures; (iii) the validity and enforceability of the Tender Offer Agreement; (iv) the absence of any conflict with laws and regulations, etc. with respect to the execution and performance of the Tender Offer Agreement; (v) not being classified as an antisocial force and the absence of any connection with antisocial forces; (vi) the absence of bankruptcy proceedings, and (vii) matters relating to the Company's shares; (viii) the accuracy of annual securities reports, etc. filed after April 1, 2021, the absence of material off-balance-sheet obligations, etc., the conduct of business in the ordinary course of

business after April 1, 2021, and the absence of any material adverse effect (on the business, financial condition, results of operations, or cash flows of the Company Group, or any material adverse effect on the execution of the Transaction, or the likelihood of any such effect (limited to those that are objectively and reasonably likely), absence of undisclosed material facts, etc., (ix) absence of material contracts to which the Company Group is a party that contain provisions that effectively prohibit or restrict the conduct of business, such as non-competition obligations, and to which the Tender Offeror and its related parties are subject, and absence of contracts under which the Tender Offeror and its related parties bear guarantee obligations, additional investment obligations, etc., (x) no material violation by the Company Group of laws and ordinances and judgments of government agencies, etc. and (xi) accuracy of information disclosed in the due diligence process and absence of omissions or misleading statements regarding material facts.

(Note 2) In the Tender Offer Agreement, the Company is obligated, as an outline, (i) to express and announce the Endorsement Opinion and maintain the Endorsement Opinion (provided however, that the Company's withholding, modifying, or withdrawing the Endorsement Opinion in unavoidable cases from the perspective of the duty of care of the directors of the Company in good faith after the good faith consultation (Note 3) shall not constitute a breach of such obligation and if the Company withdraws the Endorsement Opinion in such a case, the Company shall not thereafter be obligated to perform (iii) through (xii) below), (ii) not to make any agreement, etc. regarding the Competing Transactions (refers to transactions or actions that are reasonably deemed to compete with the Transaction and to potentially interfere with the execution of the Transaction under the Tender Offer Agreement (Note 3), (iii) to perform business in the ordinary course of business, (iv) to grant the Tender Offeror access to the Company Group's information to a reasonable extent when reasonably deemed necessary for the execution of the Transaction, (v) to cooperate with the Tender Offeror's fundraising to a practically reasonable extent, (vi) to make efforts within a reasonable extent to obtain consent from the counterparties of material agreements including provisions requiring the counterparty's consent when executing the Transaction; (vii) to make efforts within a reasonable extent to provide notice to the counterparty to material agreements including provisions requiring prior notice to the other party when executing the Transaction; (viii) to make efforts within a reasonable extent to explain the Transaction to the Company's in-house labor union and to obtain their understanding of the Transaction; (ix) to cooperate within a reasonable extent with the Company's directors' shareholding association, employee shareholding association, cooperating company shareholding association, and business partner shareholding association or their members in tendering their shares in the Tender Offer; (x) to make efforts to obtain the approval of the Transaction from major shareholders of the Company within a reasonable extent that there is no question about the fairness of the Transaction's procedures, and to cooperate with the Tender Offeror; (xi) to notify the Tender Offeror in the event that a breach of its representations and warranties, a breach of its obligations, or the possibility of non-fulfillment of the Conditions Precedent to the Tender Offer is found; (xii) to consult and notify the Tender Offeror in advance of any changes to the Company's business plan or its budget; and (xiii) to indemnify the Tender Offeror in the event of a breach of its representations and warranties or breach of any of its obligations under the Tender Offer Agreement.

(Note 3) The Tender Offer Agreement contains provisions restricting the Company from agreeing to, proposing, offering, or soliciting an offer for Competing Transactions and, if the Company receives a proposal for a Competing Transaction from a party other than the Tender Offeror after the execution of the Tender Offer Agreement, the Company will promptly notify the Tender Offeror to the maximum extent practically possible of such fact and matters objectively deemed necessary for comparison with the terms of the Transaction by the Tender Offeror and communicate the status of discussion and consideration of such proposal, and the Company shall consult with the Tender Offeror in good faith with respect to the practically reasonable response to the Competing Transaction (including, but not limited to, the obligation to maintain

the Endorsement Opinion and the obligations of the Company under the Tender Offer Agreement.) In the event that the Tender Offer Agreement is terminated or cancelled in connection with the reservation, amendment or withdrawal of the Endorsement Opinion as a result of the proposal of the Competing Transaction or the above consultation, the Company shall pay the Tender Offeror 4 billion yen in cash.

V. Details of Profit Sharing by the Tender Offeror or its Specially Related Parties

Not applicable.

VI. Policy on Response to Basic Policy Concerning Control of the Company

Not applicable.

VII. Questions to the Tender Offeror

Not applicable.

VIII. Request for Extension of Tender Offer Period

Not applicable.

IX. Future Prospects

Please refer to "(2) Background, Purpose and Decision-Making Process Leading to the Tender Offeror to Conduct the Tender Offer, and Management Policy Following the Tender Offer in "2. Grounds and Reasons for Opinion", "4. Possibility of Delisting and Reason Therefor" and "5. Policy on Organizational Restructuring, etc. after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition) " of "III. Details of, Grounds and Reasons for, Opinion of the Tender Offer".

X. Other

1. Existence and details of the Agreement between the Tender Offeror and the Company or its Officers

In connection with the Tender Offer, the Company has entered into the Tender Offer Agreement with the Tender Offeror as of today regarding the Transaction. For details, please refer to "IV. Matters Relating to Material Agreements Regarding the Tender Offer".

2. Other Information Deemed Necessary for Investors to Decide Whether to Tender Their Shares for the Tender Offer

(1) Publication of Financial Results for the Fiscal Year Ended March 31, 2023 [IFRS] (Consolidated)

On April 27, 2023, the Company announced the Company Consolidated Financial Results. A summary of the Company Consolidated Financial Results is as follows. The contents of the Company's Consolidated Financial Results [IFRS] have not been reviewed by an auditing firm in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. The following summary is an excerpt of the contents of the Company's disclosure document, and for further details, please refer to the contents of said disclosure document.

(i) Profit and Loss (Consolidated)

Fiscal Year End	Year ending March 31, 2023
Sales Revenue	408,880 million yen
Cost of Sales	265,792 million yen
Selling expenses and general administrative expenses	109,847 million yen
Other Operating Income	7,071 million yen
Other Operating Expenses	11,029 million yen
Net Income Attributable to Owners of the Parent	15,784 million yen

(ii) Per Share Information (Consolidated)

Fiscal Year End	Year ending March 31, 2023
Basic Earnings per Share Attributable to Owners of the Parent	75.56 yen
Diluted Earnings per Share Attributable to Owners of the Parent	75.47 yen
Dividend per Share	70.00 yen

(2) Announcement of "Notice Regarding Revisions to Dividend for the Fiscal Year Ended March 2024 (No Dividend)"

As stated in the "Notice Regarding Revisions to Dividend for the Fiscal Year Ended March 2024 (No Dividend)" released on June 26, 2023, the Company resolved at the Board of Directors held today not to distribute dividends from surplus with a record date of September 30, 2023 (end of second quarter) and those with a record date of March 31, 2024 (end of fiscal year). For details, please refer to the said announcement.

3. Other

This press release has been prepared for the purpose of informing the opinion of the Company towards the Tender Offer and has not been prepared for the purpose of soliciting an offer to sell any securities. If shareholders wish to make an offer to sell their shares in the Tender Offer, they should first read the Tender Offer Explanation Statement for the Tender Offer and offer their shares or stock options for sale at their own discretion. This press release neither constitutes, nor constitutes a part of, a solicitation of an offer to sell or purchase any securities; neither this press release (or a part thereof) nor its distribution may be interpreted to be the basis of any agreement in relation to the Tender Offer; and this press release may not be relied on at the time of entering into any such agreement.

The shares of the Company, which is a company incorporated in Japan, are subject to the Tender Offer. The Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the laws of Japan, which may differ from the procedures and information disclosure standards in the U.S. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, hereinafter the same) and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. Financial information contained in this press release has been prepared in accordance with international accounting standards, which may be materially different from the generally accepted accounting standards in the U.S. or other countries. In addition, as the Tender Offeror is a legal entity established outside the U.S. and all or some of its officers are non-U.S. residents, it may become difficult to exercise rights or requests which would be claimed under the U.S. securities laws. Furthermore, it may not be possible to commence legal proceedings against the legal entity established outside the U.S. and its officers in a non-U.S. court for violations of the U.S. securities laws. Furthermore, U.S. courts may not necessarily have jurisdiction over legal entities and their respective subsidiaries and affiliates outside the U.S.

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

This press release includes statements that fall under a "forward-looking statement" defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Due to the known and unknown risks and uncertainties, the actual results might differ significantly from the statements that are implicitly or explicitly forward-looking. The Company, the Tender Offeror and its affiliates do not guarantee that the events portrayed in such implicit and explicit forward-looking statements will materialize. The "forward-looking statements" in this press release were prepared based on the information obtained by the Company as of the date

hereof, and unless required by law, the Company and its affiliates are not obligated to amend or revise such forward-looking statements to reflect future matters and situation.

The financial advisors to the Tender Offeror and the Company as well as the tender offer agent (including their respective affiliates) may, within their ordinary course of business, engage during the tender offer period in the purchase of, or an arrangement to purchase, the Company Shares for their own account or for their customers' accounts outside the Tender Offer in accordance with Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, to the extent permitted under Japanese securities regulations and other applicable laws and regulations. Such purchases, etc. may be made at the market price through market transactions or at a price determined by negotiation outside of the market. In the event that information regarding such purchases, etc. is disclosed in Japan, such information will also be disclosed in a similar manner in the U.S.

If a right to request the purchase of shares less than one unit is exercised by shareholders in accordance with the Companies Act, the Company may purchase its own shares less than one unit during the tender offer period in accordance with procedures required by laws and regulations.

End