



[Translation]

November 12, 2024

To whom it may concern

Company:	AGRO-KANESHO CO., LTD.
Representative:	Hironori Kushibiki, Representative Director and President (Ticker code: 4955、 Standard Market of the Tokyo Stock Exchange)
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Announcement of Opinion in Support of Tender Offer by Idemitsu Kosan Co., Ltd. for Company Shares and Recommendation to Tender Shares

At a meeting of the Company's Board of Directors held today, the Company resolved to express an opinion in support of the tender offer (the "Tender Offer") for the Company's ordinary shares (the "Company Shares") by Idemitsu Kosan Co. Ltd. (the "Tender Offeror") and resolved to recommend that the Company's shareholders tender their shares in the Tender Offer.

The above resolution of the meeting of the Company's Board of Directors was made on the assumption that the Tender Offeror intends to make the Company its wholly-owned subsidiary through the Tender Offer and the subsequent series of procedures, and that the Company Shares are scheduled to be delisted.

1. Overview of the Tender Offeror

(I)	Name	Idemitsu Kosan Co., Ltd.	
(II)	Location	1-2-1 Otemachi, Chiyoda-ku, Tokyo	
(III)	Name and Title of Representative	Shunichi Kito, Representative Director, President and Chief Executive Officer	
(IV)	Businesses	Petroleum business, basic chemicals business, functional materials business, power/renewable energy business, resources business	
(V)	Capital	JPY 168,351 million (as of March 31, 2024)	
(VI)	Date of Incorporation	March 30, 1940	
(VII)	Major Shareholders and Shareholding Ratio (as of March 31, 2024)		
		The Master Trust Bank of Japan, Ltd. (Trust Account)	14.10%
		Nissho Kosan Co., Ltd.	9.81%
		Aramco Overseas Company B.V. (Standing proxy: Anderson Mori & Tomotsune)	8.36%
		Public Interest Incorporated Foundation Idemitsu Museum of Arts	7.38%
		Custody Bank of Japan, Ltd. (Trust Account)	5.60%
		Showa Kosan Co., Ltd.	1.80%
		Idemitsu Employee Stockholders Committee	1.75%
		JPMorgan Securities Japan Co., Ltd.	1.64%
		STATE STREET BANK WEST CLIENT TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1.49%
		Sumitomo Mitsui Trust Bank, Limited (Standing proxy: Custody Bank of Japan, Ltd.)	1.12%
(VIII)	Relationship Between the Company and the Tender Offeror		
	Capital Relationships	Not applicable.	
	Personnel Relationships	Not applicable.	
	Business Relationships	The Company is engaged in a collaborative effort to promote and sell products that contribute to Integrated Pest Management (IPM) ("IPM Products") of SDS Biotech K.K. ("SDS Biotech"), a consolidated subsidiary of the Tender Offeror.	
	Applicability to the Related Parties	Not applicable.	

2. Tender Offer Price

JPY 1,900 per ordinary share

3. Details, Grounds and Reasons for the Opinion on the Tender Offer

(1) Details of the Opinion on the Tender Offer

The Company resolved at the meeting of its Board of Directors held today to express its support for the Tender Offer as its opinion and to recommend that the Company's shareholders tender their shares in the Tender Offer, based on the grounds and reasons indicated in "(2) Grounds and Reasons for the Opinion on the Tender Offer" below.

The resolution of the Board of Directors made above was made in the manner set out in "(V) Approval of All Directors of the Company (Including Audit and Supervisory Committee Members) without Conflicts of Interest" in "(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer" below.

(2) Grounds and Reasons for the Opinion on the Tender Offer

The statements regarding the Tender Offeror in "(2) Grounds and Reasons for the Opinion on the Tender Offer" are based on explanations received from the Tender Offeror.

(I) Overview of the Tender Offer

It is understood that the Tender Offeror resolved at a meeting of its Board of Directors held on November 12, 2024, to conduct the Tender Offer as part of the transactions for the purpose of acquiring all of the Company Shares listed on the Standard Market of the Tokyo Stock Exchange, Inc. ("TSE") (excluding treasury shares held by the Company; Hereinafter the same.) and making the Company a wholly-owned subsidiary of the Tender Offeror (the "Transactions"). It is understood that as of today, the Tender Offeror does not own any Company Shares.

It is understood that in the Tender Offer, the Tender Offeror has set the minimum planned purchase quantity at 8,077,300 (Ownership Ratio (Note 1): 66.67%), and if the total number of shares tendered in response to the Tender Offer (the "Tendered Shares") does not meet the minimum planned purchase quantity, the Tender Offeror will not purchase any of the Tendered Shares. On the other hand, as stated above, it is understood that the Tender Offeror intends to acquire all of the Company Shares, so it has not set a maximum limit on the planned purchase quantity, and if the total number of Tendered Shares meets or exceeds the minimum limit, it is understood that the Tender Offeror will purchase all of the Tendered Shares. Furthermore, the minimum planned purchase quantity (8,077,300 shares) is intended to make the Company a wholly-owned subsidiary of the Tender Offeror through the Transactions, and when implementing the share consolidation procedures necessary to make the Company a wholly-owned subsidiary, as described in "(II) Share Consolidation" of "(5) Policy for Organizational Restructuring, etc. after Tender Offer (Matters Regarding the So-called "Two-Step Acquisition"))" below, a special resolution at a general meeting of shareholders as provided for in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended. Hereinafter the same.) is required. Therefore, it is understood that the Tender Offeror set the minimum planned purchase quantity so that the Tender Offeror alone can satisfy this requirement. In addition, it is understood that the minimum planned purchase quantity (8,077,300 shares) is obtained by first subtracting the number of treasury shares held by the Company as of September 30, 2024 (1,288,889 shares. It is understood that the number of treasury shares does not include the 135,537 Company Shares held by the stock delivery trust account that was established for the stock-based compensation plan for directors, etc. This applies to the number of treasury shares held by the Company.) from the total number of issued shares of the Company as of September 30, 2024 (13,404,862 shares), as stated in the "Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2024 [Japanese GAAP] (Consolidated)" (the "Company's Third Quarter Financial Results") announced by the Company on November 12, 2024 (12,115,973 shares), to which the number of voting right is (121,159 votes), which is then multiplied by 2/3 (80,773 units, rounded to the nearest whole number) multiplied by 100 shares which is the minimum trading unit of the Company.

(Note 1) It is understood that “Ownership Ratio” is the ratio against the number of shares (12,115,973 shares) obtained by deducting the number of treasury shares (1,288,889 shares) held by the Company as of September 30, 2024, from the total number of issued shares (13,404,862 shares) as of September 30, 2024 as stated in the Company's Third Quarter Financial Results (Rounded to the third decimal place. The same applies to the descriptions of Ownership Ratio below.)

In relation to the Tender Offer, it is understood that the Tender Offeror entered into an agreement with Aso Corporation, dated November 12, 2024, (“Tender Agreement (Aso)”) the largest shareholder of the Company (as of June 30, 2024; The same shall apply in the description of the order of shareholders.) (Number of Shares Held: 2,199,400 shares, Ownership Ratio: 18.15%, hereinafter referred to as “Tendered Shares (Aso)”), an agreement with VARECS Partners Limited (the “Tender Agreement (VARECS)”), the second largest shareholder of the Company (Note 2) (Number of Shares Held: 1,600,400 shares, Ownership Ratio: 13.21%) regarding all of the Company Shares held by VARECS in its discretionary investment accounts (1,599,300 shares, Ownership Ratio: 13.20% (hereinafter referred to as “Tendered Shares (VARECS)”), an agreement with Kanesho Sangyo Co., Ltd. (“Kanesho Sangyo”), which is the asset management company of Mr. Hironori Kushibiki (“Mr. Kushibiki”), the Representative Director and President of the Company, and the fifth largest shareholder of the Company (the “Tender Agreement (Kanesho Sangyo)”) (Number of Shares Held: 800,000 shares, Ownership Ratio: 6.60%, hereinafter referred to as “Tendered Shares (Kanesho Sangyo)”), an agreement with Mr. Kushibiki, and the ninth largest shareholder of the Company (the “Tender Agreement (Mr. Kushibiki)”) (Number of Shares Held: 404,194 shares (Note 3), Ownership Ratio: 3.34%, hereinafter referred to as “Tendered Shares (Mr. Kushibiki)”), and has agreed that all Company Shares held by Aso, Kanesho Sangyo and Mr. Kushibiki, and all of the Company Shares held by VARECS in its discretionary investment accounts (total of 5,002,894 shares, Ownership Ratio: 41.29%) (Aso, VARECS, Kanesho Sangyo and Mr. Kushibiki are collectively referred to as the “Agreed Tendering Shareholders”) will be tendered in the Tender Offer.

For an overview of the Tender Agreement (Aso), Tender Agreement (VARECS), Tender Agreement (Kanesho Sangyo) and Tender Agreement (Mr. Kushibiki) (collectively referred to as the “Tender Agreement”), please refer to “4. Matters Related to Important Agreements Concerning the Tender Offer” below.

(Note 2) According to “(5) Status of Major Shareholders” in “1. Status of Shares, etc.” in “Part 3. Status of the Filing Company” in “I. Corporate Information” in the Semiannual Report for the 66th Period filed by the Company on August 14, 2024 (the “Company’s Semiannual Report”), VARECS has submitted a large shareholding report (including a report of changes to this report) for the Company Shares. However, as the Company is unable to confirm the number of shares of the Company that VARECS actually owned as of June 30, 2024, it is understood that for VARECS, the shareholder ranking in this document is based on the percentage of the Company Shares held by VARECS as of today as reported by VARECS, and for other shareholders, the shareholder ranking in this document is based on the percentage of the number of shares held to the total number of issued shares (excluding treasury shares) in “(5) Major Shareholders” in “1. Status of Shares, etc.” in “Part 3. Status of the Filing Company” in “I. Corporate Information” of the Company’s Semiannual Report, listed in descending order of percentage.

(Note 3) It is understood that as of September 30, 2024, Mr. Kushibiki indirectly owns 794 Company Shares (rounded down to the nearest whole number) (Ownership Ratio: 0.01 %) equivalent to the shares held by the Company's Executive Equity Participation Scheme, but these Company Shares are not included in the number of shares held. In addition, it is understood that as of September 30, 2024, the delivery of 68,181 Company Shares (rounded down to the nearest whole number). (Ownership Ratio: 0.56 %) to Mr. Kushibiki has been confirmed in accordance with the Company’s Stock Delivery Regulations for Stock Delivery Trust, but these Company Shares are not included in the number of shares held. The same is applicable to the number of shares owned by Mr. Kushibiki in the following.

It is understood that as the Tender Offeror aims to make the Company its wholly-owned subsidiary, if it is unable to acquire all of the Company Shares in the Tender Offer, it plans to acquire all of the Company Shares by implementing the series of procedures described in “(5) Policy for Organizational Restructuring, etc. after Tender Offer (Matters Regarding the So-called “Two-Step Acquisition”)” below (the “Squeeze-out Procedure”) to make the Tender Offeror the sole shareholder of the Company.

(II) Background, Purpose, and Decision-Making Process Leading to the Tender Offeror’s Decision to Conduct the Tender Offer

It is understood that as of October 31, 2024, the Tender Offeror and its 180 subsidiaries and 55 affiliates (the “Tender Offeror Group”) are engaged in the following businesses: (i) fuel oil business, (ii) basic chemicals business, (iii) high-performance materials business, (iv) power and renewable energy business, (v) resources business, and (vi) other businesses. It is understood that the Tender Offeror was established in June 1911 in Moji City (now Moji Ward, Kitakyushu City), Fukuoka Prefecture, under the name of Idemitsu Shokai by its founder, Mr. Sazo Idemitsu, and began selling petroleum, mainly in the Kanmon area. It is understood that in March 1940, Mr. Sazo Idemitsu established Idemitsu Kosan Co., Ltd. in Tokyo, and in November 1947, Idemitsu Shokai merged with Idemitsu Kosan Co., Ltd., with Idemitsu Shokai being the absorbed company. It is understood that the Tender Offeror was listed on the First Section of the TSE in October 2006 and is currently listed on the Prime Market of the TSE pursuant to the reorganization of market segments of the TSE dated April 4, 2022.

On the other hand, the Company was founded in August 1951 by the founder, Mr. Daikichi Kushibiki, as Kouyou Trading Co., Ltd. (Otemachi, Chiyoda-ku, Tokyo) with the aim of importing and introducing agricultural chemicals from countries around the world. In November of the same year, the company name was changed to Kanesho Co., Ltd. In April 1959, Kanesho Chemical Industry Co., Ltd. was established, and in January 1985, the two companies merged, with Kanesho Chemical Industry Co., Ltd. becoming the surviving company and changing its name to AGRO-KANESHO CO., LTD. The company was over-the-counter registered with the Japan Securities Dealers Association in June 1993, and was listed on the Second Section of the Tokyo Stock Exchange in September 2000. It was then listed on the First Section of the Tokyo Stock Exchange in September 2014. In addition, after being transferred to the Prime Market of the TSE on April 4, 2022 as a result of a review of market segments on the TSE, the Company was transferred to the Standard Market of the TSE in October 2023, where it is currently listed.

As of today, the Company Group consists of the Company and 2 consolidated subsidiaries (Kanesho Soil Treatment SRL/BV (Kingdom of Belgium) and AGRO-KANESHO KOREA CO., LTD (South Korea)), a total of 3 companies (the “Company Group”), and its principal business is the production and sale of agricultural chemicals such as soil disinfectants, pesticides and disease control agents. The Company Group conducts research and development, technology dissemination, production, and sales based on its management philosophy, “Our credo” (1. We are responsible to our customers who use our products and services. 2. We are responsible to our employees who are engaged in our business. 3. We are responsible for relevant local societies with our business and in turn whole society. 4. We are responsible to our stockholders.) and the motto “With always growers.”

The agricultural environment is expected to continue to expand in the future as the demand for food increases with the growth of the world's population, and the global agricultural chemical market continues to grow due to the expansion of agricultural production. In domestic agriculture, while the number of agricultural producers is decreasing and the average age of farmers is increasing, there are also changes in the structure of agricultural production, such as an increase in large-scale producers and agricultural corporations. In this environment, the domestic agricultural chemical industry is required to further improve the safety of agricultural chemicals under the Revised Agricultural Chemicals Control Act (effective December 2018), and the safety of domestically registered agricultural chemicals needs to be re-evaluated based on recent scientific knowledge. In the global agricultural chemical market, the registration system for agricultural chemicals is being revised ahead of Japan, and not only the safety assessment of agricultural chemicals during use and residual agricultural chemicals, but also the environmental impact assessment on ecosystems is being strengthened, and the registration of many existing agricultural chemicals is being revoked or cancelled. On the other hand, the outlook remains uncertain due to factors such as the ongoing situation in Russia and Ukraine and the continued rise in commodity prices as a result of the deterioration of international affairs.

Faced with these circumstances, the Company Group is working to enhance its corporate value by formulating a new Medium-Term Management Plan (2022-2025) along with a long-term business plan with the slogan ‘Lead The Way 2025’ in order to become a centennial company while adhering to the management philosophy that has guided the Company since its founding. The Company also aims to be a service-oriented company that can “meet the expectations of farmers, consumers and the local community” and make a significant contribution to the development of agriculture as an industry and the local economy, while always remembering our respect for farmers and respecting their motivation to produce, and above all aiming to improve farmers' earnings.

In addition to creating products that meet the needs of the production site to create unique new agricultural chemical ingredients with high safety, the R&D department is working to expand the Company’s portfolio by introducing products from other companies and acquiring intangible assets. In the context of the increasing focus on reducing the use of chemical pesticides and chemical fertilizers as a social issue in agricultural production, as set forth in the European “Farm to Fork” (Note 1) and the Japanese “Green Food System Strategy” (Note 2), the Company is accelerating research and development of microbial and natural-source pesticides and materials, with the Biological Solutions Department, established in 2023, at the core, to introduce a product group that contributes to integrated pest management (IPM), which combines various pest control measures.

(Note 1) “Farm to Fork” strategy refers to a core strategy in the agricultural sector aimed at realizing the “European Green Deal,” an overarching initiative published by the European Commission on May 20, 2020, which outlines the future direction of food policy in the EU towards a sustainable economic and social model.

(Note 2) “Green Food System Strategy” refers to a food production policy formulated by the Ministry of Agriculture, Forestry, and Fisheries in May 2021, aiming to enhance the productivity and sustainability of domestic agriculture, forestry, and fisheries.

In the Production Department, 13 years have passed since the Fukushima Plant was forced to suspend operations due to the accident at the Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plant. In November 2018, the Company established and began operating the Yamaguchi Plant as a replacement for the Fukushima Plant and as a distribution base for western Japan. (The Yamaguchi Plant acquired ISO 9001 certification in February 2021). Together with the Ibaraki Plant, Naoetsu Plant, and Tokorozawa Office, which is the distribution base for eastern Japan, the Company is strengthening its in-house production system, working to ensure a stable supply of products, and continuously reviewing costs, as well as working to improve quality assurance and customer satisfaction and generate profits. The Applied Technology Laboratory, which the Company has been working on in collaboration with the Research and Development Division, has completed a new building on the grounds of the Yamaguchi Plant. The Company has established a system that enables the smooth transition from formulation research to industrial production, as well as the establishment and succession of formulation technology and know-how in agricultural chemical manufacturing. The Company has developed and transferred formulation technology and know-how in agricultural chemical production and have established a system that enables a smooth transition from formulation research to industrial production.

In addition to providing appropriate technical information to agricultural producers, the Technology Dissemination Department is also expanding its support activities for soil preparation, which is the foundation of agriculture, and for soil nematode control and pest diagnosis, using its soil analysis laboratory. In addition, the Company is also providing support for obtaining GLOBALG.A.P. Certification (Note 3) and operating research and practical farms (Kanesho Farm) to solve local agricultural and cultivation issues at 5 locations nationwide, and the Company is working to contribute to local agriculture and agricultural producers by providing these services. In addition, the Company has been working to strengthen its relationships with customers since September 2023 by providing basic information on agricultural chemicals, raising awareness of their safe use, and providing information on the Company's products through the “Kanesho Seminar” on the web.

(Note 3) “GLOBALG.A.P. Certification” refers to an international standard that verifies good agricultural practices.

In the overseas business, the registration of the Company’s main product, the pesticide “Kanemite Flowable” has been

approved in 54 countries around the world, and the Company is currently developing it in 4 more countries. Since its registration was approved in California, USA, in October 2021, the Company has been developing the new formulation of the insecticide “Veto 30SC” worldwide. The soil disinfectant “Nemakick Granules and Liquid” have been approved for registration in 10 countries to date, and the Company is working to expand the number of countries in which they are registered. In addition, the Company continues to maintain, expand and sell the soil disinfectants “Basamid Microgranules” and “D-D” worldwide through its overseas subsidiaries, and in South Korea the Company strengthens its direct support to local sales companies, retailers and farmers.

It is understood that under these circumstances, the Tender Offeror has set Bio-Life Solutions (Note 4) as a priority area in its efforts to achieve a recycling-oriented society and aims to expand its agricultural chemicals business. It is understood that since SDS Biotech became a subsidiary of the Tender Offeror in June 2011, the Tender Offeror's Agri-Bio Business Division (succession by absorption-type demerger to SDS Biotech in 2022) and SDS Biotech have been working together to expand this business, but the Tender Offeror Group recognized that it would not be easy to promote and realize the measures necessary for business expansion, such as the development of new drugs and overseas expansion, on its own and has been looking for a suitable partner. It is understood that during this time, SDS Biotech, which was looking for a company to commission the sale of biological materials, approached the Company, which deals with similar products, to discuss the matter. On October 11, 2022, SDS Biotech and the Company entered into a business alliance agreement for the promotion and sale of IPM Products, with a focus on agricultural biological chemicals and materials held by SDS Biotech, and agreed to develop their business while building a closer relationship and deepening their partnership. It is understood that as exchanges between the Tender Offeror Group and the Company Group increased, subsequently in early February 2024, the Tender Offeror concluded that the Company and SDS Biotech had little overlap in their product portfolios, and that their respective strengths and weaknesses in terms of technology and value chain were complementary, so rather than having SDS Biotech and the Company collaborate individually, the Tender Offeror determined that synergies could be achieved by consolidating the technological and sales capabilities of both companies as members of the Tender Offeror Group, and that business expansion could be expected, and explained to the Company that it was considering implementing a transaction in which the Tender Offeror would make the Company a wholly-owned subsidiary through a tender offer. It is understood that based on this, from early February 2024 the Tender Offeror and the Company held preliminary discussions on the purpose of the transaction, the envisaged structure and schedule, etc., but as the Company was also exchanging opinions and holding discussions with two other candidates, which are funds, regarding the Company Group's management strategies and measures based on the outlook for the medium- to long-term business environment, as well as the optimal capital structure for the Company, it was decided to suspend consideration of the matter for the time being. Subsequently, in mid-July 2024, the Company requested the Tender Offeror to resume consideration of making the Company a wholly-owned subsidiary. It is understood that following the Company's request, the Tender Offeror began discussions with the Company in mid-July 2024 regarding the management structure after the Company becomes a wholly-owned subsidiary. It is understood that in further examining the Transactions, in late July 2024, the Tender Offeror appointed Nishimura & Asahi as its legal advisor independent of the Tender Offeror Group and the Company Group, and Goldman Sachs Japan Co., Ltd. as its financial advisor independent of the Tender Offeror Group and the Company Group. It is understood that in addition, at the beginning of August 2024, the Tender Offeror appointed EY Strategy and Consulting Co., Ltd. (“EY”) as an additional external advisor independent of the Tender Offeror Group and the Company Group. It is understood that thereafter, the Tender Offeror and SDS Biotech held preliminary discussions with the Company from late August 2024 regarding the synergies that would be created if the Company were to become a wholly-owned subsidiary. As a result of the discussions, the Tender Offeror has determined that (i) in the case of chemical pesticides, not only will the product portfolios complement each other, but also the combination of the technologies of the Tender Offeror, SDS Biotech and the Company will accelerate the development of new agents; (ii) in the field of biological pesticides, recent developments such as Japan's “Green Food System Strategy” and Europe's “Farm to Fork Strategy” have indicated a move towards reducing the use of chemical pesticides, and while global demand for biological pesticides is expected to expand, compared to chemical pesticides, the spread of biological pesticides is difficult and the Tender Offeror recognizes that detailed guidance to farmers is essential. By joining forces with the Company, which values its

connections with farmers in the field, the Tender Offeror Group and the Company Group will be able to further strengthen the supply chain from development to sales, and both sides will be able to aim to expand their biological pesticide businesses, and it is also expected that the development of new biological pesticides will be promoted by utilizing the libraries and evaluation technologies of both sides; (iii) a comprehensive proposal can also be made by using the best mix of chemical pesticides and biological pesticides; and (iv) it is expected that an optimal manufacturing and distribution system will be established through the sharing of manufacturing and distribution facilities and the mutual use of resources, etc. It is understood that as a result of these factors, the Tender Offeror came to believe that the Company was the optimal partner for strengthening and expanding the Tender Offeror's agricultural business, and on September 10, 2024, the Tender Offeror presented to the Company an initial proposal document (the 'Initial Proposal Document') regarding the acquisition of all of the Company Shares and the privatization of the Company as a wholly-owned subsidiary of the Tender Offeror.

(Note 4) It is understood that "Bio-Life Solutions" is one of the growth business areas targeted by the Tender Offeror's high-performance materials business segment, and it is promoting business expansion in the agri-bio business (agricultural chemicals business) and other areas, with a focus on environmentally friendly agricultural and livestock materials and bio-chemical products that use biological conversion technology and biological resources.

It is understood that subsequently, the Tender Offeror conducted due diligence on the Company from mid-September to late October 2024.

It is understood that subsequently, in late October 2024, the Tender Offeror additionally appointed EY as a third-party calculation agent independent of the Tender Offeror Group and the Company Group, and Mizuho Securities Co., Ltd. as a financial advisor independent of the Tender Offeror Group and the Company Group.

The Tender Offeror then proceeded to examine the various terms and conditions of the Transactions, including the purchase price per Company Share in the Tender Offer (the 'Tender Offer Price'). As a result, on October 22, 2024, based on the fact that a premium of 17.73% (rounded to the second decimal place; the same will apply hereinafter for premiums over stock price) to JPY 1,359 which is the closing price per Company Share on the Standard Market of the TSE on October 21, 2024, a premium of 19.49% to JPY 1,339 (rounded to the nearest decimal place; the same shall apply hereinafter for the calculation of the simple average closing price), which is the simple average closing price for the past one (1) month up to that date, a premium of 24.90% to JPY 1,281, which is the simple average closing price for the past three (3) months up to that date, and a premium of 29.98% to JPY 1,231, which is the simple average closing price for the past six (6) months up to that date is granted respectively, and analysis based on the business plan submitted by the Company for the period from the fiscal year ending December 2024 to the fiscal year ending December 2029 (the "Business Plan"), the results of due diligence at the time in question, and taking into account the results of an analysis of the market price trend of the Company Shares, etc., as a whole, the Tender Offeror made its initial proposal of a Tender Offer Price of JPY 1,600. Subsequently, on October 24, 2024, the Tender Offeror received a request from the Special Committee (as defined in "(i) Background of Establishment of Consideration System" in "(IV) Decision-making Process Leading to the Company's Decision to Support Tender Offer and Reason Therefor" below. Hereinafter the same.) to reconsider the Tender Offer Price on the grounds that the proposed Tender Offer Price was significantly inadequate compared to the premium levels in previous similar transactions and the intrinsic value of the Company, and did not reach a level that gave sufficient consideration to minority shareholders. Therefore, it is understood that on October 28, 2024, based on the fact that a premium of 26.73% to JPY 1,302 which is the closing price per Company Share on the Standard Market of the TSE on October 25, 2024, a premium of 23.13% to JPY 1,340, which is the simple average closing price for the past one (1) month up to that date, a premium of 28.11% to JPY 1,288, which is the simple average closing price for the past three (3) months up to that date, and a premium of 33.28% to JPY 1,238, which is the simple average closing price for the past six (6) months up to that date is granted respectively, and analysis based on the Business Plan submitted by the Company, the results of due diligence at the time in question, and taking into account the results of an analysis of the market price trend of the Company Shares, etc., as a whole, the Tender Offeror made its second proposal of a Tender Offer Price of JPY 1,650. Subsequently, on October 29, 2024, the Tender Offeror received a request from the Special Committee to reconsider the Tender Offer Price on the grounds that the proposed Tender Offer Price was

significantly inadequate compared to the premium levels in previous similar transactions and the intrinsic value of the Company, and did not reach a level that gave sufficient consideration to minority shareholders. Therefore, it is understood that on November 1, 2024, based on the fact that a premium of 40.58% to JPY 1,316 which is the closing price per Company Share on the Standard Market of the TSE on October 31, 2024, a premium of 38.16% to JPY 1,339, which is the simple average closing price for the past one (1) month up to that date, a premium of 42.64% to JPY 1,297, which is the simple average closing price for the past three (3) months up to that date, and a premium of 49.07% to JPY 1,241, which is the simple average closing price for the past six (6) months up to that date is granted respectively, and analysis based on the Business Plan submitted by the Company, the results of due diligence at the time in question, and taking into account the results of an analysis of the market price trend of the Company Shares, etc., as a whole, the Tender Offeror made its third proposal of a Tender Offer Price of JPY 1,850. Subsequently, on November 5, 2024, the Tender Offeror received a request from the Special Committee to set the Tender Offer Price at JPY 2,000 on the grounds that given the premium levels in past similar cases and the Company's intrinsic value, the proposed Tender Offer Price did not necessarily reach a level that sufficient consideration has not been given to minority shareholders, and it is difficult to say that a sufficient portion of the synergy effects generated by the Transactions are being distributed to minority shareholders. However, it is understood that on November 6, 2024, based on the fact that a premium of 42.20% to JPY 1,301 which is the closing price per Company Share on the Standard Market of the TSE on November 5, 2024, a premium of 37.96% to JPY 1,341, which is the simple average closing price for the past one (1) month up to that date, a premium of 41.33% to JPY 1,309, which is the simple average closing price for the past three (3) months up to that date, and a premium of 48.71% to JPY 1,244, which is the simple average closing price for the past six (6) months up to that date is granted respectively, and analysis based on the Business Plan submitted by the Company, the results of due diligence at the time in question, and taking into account the results of an analysis of the market price trend of the Company Shares, etc., as a whole, the Tender Offeror made its fourth proposal of a Tender Offer Price of JPY 1,850, as a price that fully takes into account not only the intrinsic value but also the expected synergistic effects of the Transactions. Subsequently, on November 7, 2024, it is understood that the Tender Offeror presented Aso and VARECS with the Tender Offer Price of JPY 1,900 and obtained the informal consent of Aso and VARECS to the Tender Offer Agreement, and based on the fact that based on the fact that a premium of 43.94% to JPY 1,320 which is the closing price per Company Share on the Standard Market of the TSE on November 6, 2024, a premium of 41.79% to JPY 1,340, which is the simple average closing price for the past one (1) month up to that date, a premium of 44.71% to JPY 1,313, which is the simple average closing price for the past three (3) months up to that date, and a premium of 52.73% to JPY 1,244, which is the simple average closing price for the past six (6) months up to that date is granted respectively, the Tender Offeror company made a final proposal to set the Tender Offer Price at JPY 1,900, stating that this would provide an opportunity for the Company's shareholders to sell their shares at a price that fully takes into account the expected synergies. Subsequently, on 7 November 2024, it is understood that the Tender Offeror received a response from the Special Committee stating that, as a result of careful consultation and deliberation regarding the proposed Tender Offer Price, the Company's Board of Directors is scheduled to endorse the Transactions and recommend that its shareholders tender their shares at the Tender Offer Price.

In addition, it is understood that the Tender Offeror has held discussions with the Agreed Tendering Shareholders with whom it has entered into tender agreements. Specifically, it is understood that the Tender Offeror entered into a confidentiality agreement with Aso, VARECS, Kanesho Sangyo and Mr. Kushibiki in late October 2024 and began negotiations with the aim of concluding a Tender Agreement. It is understood that in late October 2024, the Tender Offeror explained to ASO and VARECS the outline of the Transactions and the assumption that the Tender Offer Price would be JPY 1,700, and asked whether they would accept the Tender Offer if the Transactions were implemented, and the Tender Offeror received a response from Aso and VARECS that they would continue to consider the matter, but that further discussions were necessary regarding the level of the Tender Offer Price. It is understood that subsequently, on 1 November 2024, the Tender Offeror informed Aso of its decision to set the Tender Offer Price at JPY 1,850 and received a response from Aso on the same day indicating its intention to accept the Tender Offer. It is understood that on November 1, 2024, the Tender Offeror proposed a Tender Offer Price of JPY 1,850 to VARECS, and on November 5, 2024, the Tender Offeror received a request from VARECS to consider a Tender Offer Price at the JPY 1,950 level. It is understood that the Tender Offeror indicated to VARECS on November 5, 2024, that it would again set the Tender Offer Price at JPY 1,850, and received a response on November 6, 2024 that VARECS

considered a level of JPY1,925 to be the limit for the Tender Offer Price. It is understood that the Tender Offeror proposed a price of JPY1,880 to VARECS on November 6, 2024, and received a response from VARECS on the same day stating that they were considering the Tender Offer Price at the JPY 1,925 level. It is understood that the Tender Offeror presented VARECS with the Tender Offer Price of JPY 1,900 as a final proposal on November 6, 2024, and received a response from VARECS on November 7, 2024, indicating its intention to accept the proposal. It is understood that subsequently, the Tender Offeror offered JPY 1,900, which VARECS was willing to accept, to Aso on November 7, 2024, and received a response from Aso on the same day indicating his intention to accept. Furthermore, it is understood that on November 7, 2024, the Tender Offeror presented Kanesho Sangyo and Mr. Kushibiki with the Tender Offer Price of JPY1,900, which was the price agreed to by Aso and VARECS, and received their acceptance of the Tender Offer on the same day. It is understood that following the above process, the Tender Agreements were concluded with each of Aso, VARECS, Kanesho Sangyo and Mr. Kushibiki in November 12, 2024.

In view of the foregoing, it is understood that the Tender Offeror has concluded that, assuming that the Company will not pay a year-end dividend for the fiscal year ending December 2024, making the Company a wholly-owned subsidiary will contribute to increasing the corporate value of the Tender Offeror Group as a whole and has decided to implement the Tender Offer at a Tender Offer Price of JPY1,900, at the meeting of the Board of Directors of the Company held on November 12 2024.

(III) Management Policies after the Tender Offer

The specific business strategies of the Tender Offeror Group and the Company Group after the Tender Offeror makes the Company a wholly-owned subsidiary will be decided through future discussions between the Tender Offeror and the Company. However, it is understood that the basic policy of the Tender Offeror Group, which focuses on bio-life solutions for realizing a recycling-based society, is that the Company will strengthen and expand the foundation of its pesticide business together with SDS Biotech by complementing the product portfolios of the Company and SDS Biotech, promoting research and development through the use of both companies' technologies and value chains, and enhancing domestic and overseas sales. Furthermore, it is understood that the Company and the Tender Offeror Group intend to work together to further develop the Tender Offeror Group's agrochemical business and to take initiatives to develop business in the bio-life field. It is understood that the Tender Offeror Group is also considering establishing an intermediate holding company that will become the wholly-owning parent company of the Company and SDS Biotech, and dispatching officers from both companies with the aim of maximizing synergies. It is understood that the method and specific timing thereof will be determined after consultation with the Company.

In addition, it is understood that the Tender Offeror plans to transition the Company from a company with an audit and supervisory committee to a company with corporate auditor after the implementation of the Tender Offer. It is understood that the details and specific timing thereof will be determined after consultation with the Company. It is understood that the Company's various employee systems and treatment are assumed to be maintained as a basic premise with a policy of maintaining employment after the Transaction.

(IV) Decision-making Process Leading to the Company's Decision to Support Tender Offer and Reason Therefor

(i) Background of Establishment of Consideration System

In early February 2024, the Company received an explanation from the Tender Offeror that it is considering implementing a transaction whereby the Tender Offeror would make the Company its subsidiary through a tender offer. Following this, the Company engaged in preliminary discussions with the Tender Offeror regarding the above-mentioned transaction, with the aim of hearing the Tender Offeror's assumptions at that time including the purpose of the above-mentioned transaction, envisaged structure, schedule and other relevant considerations. Concurrently, while conducting the above discussions with the Tender Offeror, the Company also exchanged opinions and held discussions with two other candidate companies, which are funds, regarding matters including the Company Group's management strategies and measures based on the outlook for the medium- to long-term business environment, as well as the optimal capital structure for the Company, and therefore the Company decided to suspend its consideration with the Tender Offeror for the time being. Subsequently, the Company made a request to the Tender

Offeror to resume consideration of making the Company a wholly-owned subsidiary. Subsequently, through repeated discussions and exchanges of opinions with the Tender Offeror, the Company concluded that the Tender Offeror and SDS Biotech are the optimal partners to contribute to the enhancement of the Company's corporate value due to the reasons that the Tender Offeror and SDS Biotech can continue the Company's management philosophy of farmer-focused management and that there is a complementarity in the areas of research and development, and promotion and sale of chemical and biological pesticides, both in Japan and overseas, and that business synergies can be maximized. Based on these reasons, from the mid-July 2024, the Company resumed discussions with the Tender Offeror regarding the management structure after making the Company a wholly-owned subsidiary, and from late August 2024, the Company began preliminary discussions with the Tender Offeror and SDS Biotech regarding the synergies that would result from making the Company a wholly-owned subsidiary. Subsequently, on September 10, 2024, the Company received from the Tender Offeror the Initial Proposal Document, and on the same day, the Company informed the Tender Offeror of its intention to commence consideration and discussions regarding the implementation of the Transactions. In light of the condition precedent for the Transactions, which requires the Tender Offeror to enter into a tender agreement with the Agreed Tendering Shareholders to tender all of their Company Shares held by them in the Tender Offer, and considering the impact on the minority shareholders of the Company, on September 10, 2024, the Company established a special committee (the "Special Committee") for the purpose of eliminating the risk of arbitrariness and conflicts of interest in the decision-making process leading to a decision on the implementation of the Transactions, including the Tender Offer, and ensuring the fairness and transparency of the Transactions. The Special Committee consists of four members, Mr. Hirokazu Iwasaki (an outside director of the Company (audit and supervisory committee member) and independent officer), Mr. Yoshiyuki Funakoshi (an outside director of the Company and independent officer), Mr. Motoharu Fujikura (an outside director of the Company (audit and supervisory committee member) and independent officer), and Ms. Fumie Ueda (an outside director of the Company (audit and supervisory committee member) and independent officer) (For the background of the establishment of the Special Committee, the background of the consideration, and the details of judgments, please see "(III) Establishment of Independent Special Committee at the Company and Obtainment of Reports from the Special Committee" in "(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer" below. In addition, since the Company commenced discussions toward the implementation of the Transactions, the Company has established a project team consisting of six officers and employees who are independent of the Tender Offeror Group and the Agreed Tendering Shareholders. Among the project team members, directors who are involved are Mr. Tomohiro Inoue (Senior Managing Director), Mr. Yoshio Kinoshita (Director, Executive Managing Officer), and Mr. Osamu Yamamoto (Director, Senior Managing Officer).

In addition, in mid-September 2024, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and third-party calculation agent independent of the Tender Offeror Group, the Company Group, and the Agreed Tendering Shareholders, as well as Anderson Mori & Tomotsune ("AMT") as a legal advisor, also independent of the Tender Offeror Group, the Company Group and the Agreed Tendering Shareholders, respectively. Among the Company's directors, Mr. Kushibiki, the Representative Director, President and Executive Officer, received notice from the Tender Offeror regarding its intention to enter into a tender agreement with Mr. Kushibiki and Kanesho Sangyo whose representative is Mr. Kushibiki. To avoid any potential conflict of interest, Mr. Kushibiki has not participated in the discussions and negotiations with the Tender Offeror in his capacity as a position of the Company since September 11, 2024, based on the legal advice received from AMT, its legal advisor.

(ii) Background of Consideration and Negotiation

After establishing the consideration system described above, the Company engaged in multiple discussions and negotiations with the Tender Offeror on the pros and cons of the Transactions, the appropriateness of the terms and conditions of the Transactions and other related matters in accordance with the negotiation policy and opinions, instructions, and requests at critical phases in the negotiations, which were confirmed in advance by the Special Committee, while receiving advice from Nomura Securities and AMT.

Specifically, the Company received the first proposal in writing from the Tender Offeror on October 22, 2024, proposing a Tender Offer Price of JPY 1,600. The proposed Tender Offer Price of JPY 1,600 includes a premium of 17.73% to JPY 1,359,

which is the closing price of the Company Shares on the Standard Market of the TSE on October 21, 2024, which is the business day immediately preceding the date of submission of the first proposal (i.e. October 22, 2024), a premium of 19.49% to JPY 1,339, which is the simple average closing price of for the past one (1) month up to that date, a premium of 24.90% to JPY 1,281, which is the simple average closing price for the past three (3) months up to that date, and a premium of 29.98% to JPY 1,231, which is the simple average closing price for the past six (6) months up to that date, respectively. In response to the first proposal, on October 24, 2024, the Company requested that the Tender Offeror consider raising the Tender Offer Price on the grounds that the Tender Offer Price in the first proposal of JPY 1,600 was significantly inadequate compared to the premium levels in previous similar transactions and the intrinsic value of the Company, and did not reach a level that gave sufficient consideration to minority shareholders. On October 28, 2024, the Company received the second proposal in writing from the Tender Offeror, proposing a Tender Offer Price of JPY 1,650. The proposed Tender Offer Price of JPY 1,650 includes a premium of 26.73% to JPY 1,302, which is the closing price of the Company Shares on the Standard Market of the TSE on October 25, 2024, which is the business day immediately preceding the date of submission of the second proposal (i.e. October 28, 2024), a premium of 23.13% to JPY 1,340, which is the simple average closing price of for the past one (1) month up to that date, a premium of 28.11% to JPY 1,288, which is the simple average closing price for the past three (3) months up to that date, and a premium of 33.28% to JPY 1,238, which is the simple average closing price for the past six (6) months up to that date, respectively. In response to the second proposal, on October 29, 2024, the Company requested that the Tender Offeror consider raising the Tender Offer Price on the grounds that the Tender Offer Price in the second proposal of JPY 1,650 was significantly inadequate compared to the premium levels in previous similar transactions and the intrinsic value of the Company, and did not reach a level that gave sufficient consideration to minority shareholders. On November 1, 2024, the Company received the third proposal in writing from the Tender Offeror, proposing a Tender Offer Price of JPY 1,850. The proposed Tender Offer Price of JPY 1,850 includes a premium of 40.58% to JPY 1,316, which is the closing price of the Company Shares on the Standard Market of the TSE on October 31, 2024, which is the business day immediately preceding the date of submission of the third proposal (i.e. November 1, 2024), a premium of 38.16% to JPY 1,339, which is the simple average closing price of for the past one (1) month up to that date, a premium of 42.64% to JPY 1,297, which is the simple average closing price for the past three (3) months up to that date, and a premium of 49.07% to JPY 1,241, which is the simple average closing price for the past six (6) months up to that date, respectively. In response to the third proposal, on November 5, 2024, the Company requested the Tender Offeror to set the Tender Offer Price at JPY 2,000, on the grounds that the Tender Offer Price in the third proposal of JPY 1,850 did not necessarily reach a level that gave sufficient consideration to minority shareholders in light of the premium levels in previous similar transactions and the intrinsic value of the Company. On November 6, 2024, the Company received the fourth proposal in writing from the Tender Offeror, again proposing a Tender Offer Price of JPY 1,850. The proposed Tender Offer Price of JPY 1,850 includes a premium of 42.20% to JPY 1,301, which is the closing price of the Company Shares on the Standard Market of the TSE on November 5, 2024, which is the business day immediately preceding the date of submission of the third proposal (i.e. November 6, 2024), a premium of 37.96% to JPY 1,341, which is the simple average closing price of for the past one (1) month up to that date, a premium of 41.33% to JPY 1,309, which is the simple average closing price for the past three (3) months up to that date, and a premium of 48.71% to JPY 1,244, which is the simple average closing price for the past six (6) months up to that date, respectively.

Subsequently, it is understood that the Tender Offeror has made a final proposal on November 7, 2024, setting the Tender Offer Price at JPY 1,900. The Tender Offer Price of JPY 1,900 proposed in the final proposal includes a premium of 43.94% to JPY 1,320, which is the closing price of the Company Shares on the Standard Market of the TSE on November 6, 2024, the business day immediately preceding the date of submission of the final proposal (i.e. November 7, 2024), a premium of 41.79% to JPY 1,340, which is the simple average closing price of for the past one (1) month up to that date, a premium of 44.71% to JPY 1,313, which is the simple average closing price for the past three (3) months up to that date, and a premium of 52.73 % to JPY 1,244, which is the simple average closing price for the past six (6) months up to that date, respectively.

After receiving the final proposal from the Tender Offeror, the Company carefully discussed and deliberated as described in “(iii) Details of the Decision by the Company”, and on November 7, 2024, the Company responded in writing to the Tender Offeror, indicating to accept the Tender Offer Price of JPY 1,900. During the above examination and negotiation process, the Special Committee received reports from the Company and the Company’s advisors as appropriate, conducted confirmations, and provided its opinions. Specifically, in obtaining the Share Valuation Report (Nomura Securities) (defined in “(iii) Details of

the Decision by the Company” below) and in receiving a proposal from the Tender Offeror regarding the Tender Offer Price, etc., the Company developed the Business Plan, and the Special Committee confirmed the content, important preconditions, the reasonableness of the background of preparation and other related matters of the Business Plan, and it was subsequently presented to the Tender Offeror. In addition, Nomura Securities, which is the Company’s financial advisor, has been following the negotiation policy decided by the Special Committee in its negotiations with the Tender Offeror. Each time a proposal was received from the Tender Offeror regarding the Tender Offer Price, Nomura Securities immediately reported to the Special Committee and acted in accordance with the opinions, instructions and requests from the Special Committee.

(iii) Details of the Decision by the Company

Under the circumstances described above, at the meeting of its Board of Directors held on November 12, 2024, based on the contents of the share valuation report obtained from Nomura Securities on November 11, 2024 (the “Share Valuation Report (Nomura Securities)”) and legal advice from AMT on the points to be noted in decision-making of the Transactions, including the Tender Offer, and with the utmost respect for the contents of the written report (the “Report”) dated November 12, 2024 submitted by the Special Committee (for an overview of the Report, please see “(III) Establishment of Independent Special Committee at the Company and Obtainment of Reports from the Special Committee” in “(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below.), the Company carefully discussed and examined the Transactions from the viewpoints of whether the Transactions would enhance the Company’s corporate value and whether the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate.

As a result, taking into account the following points, the Company has concluded that becoming a wholly-owned subsidiary of the Tender Offeror will create the synergies outlined below and that the Transactions will contribute to the enhancement of the Company Group’s corporate value.

(a) The collaboration with SDS Biotech is anticipated to enable the mutual reinforcement of both companies’ businesses, and will greatly enhance the earnings stability and growth potential of both companies. It will also enable SDS Biotech to further expand sales of its biological agents, utilizing its extensive sales network backed by a strong relationship of trust with farmers.

(b) The Company, whose main products are soil disinfectants and pest control agents, and SDS Biotech, which specializes in disease control agents and paddy herbicides, will be able to accelerate the development of mixed agents and new agents by mutually utilizing each other’s development capabilities and know-how. The expansion of the product lineup will further strengthen the value chain by enabling comprehensive product proposals to distributors and farmers.

(c) It enables to utilize the Tender Offeror Group’s basic technologies it has accumulated over the years, such as biotechnology-related technologies including fermentation and genetic modification, digital technologies using AI and MI, as well as the Tender Offeror Group’s capital strength and a wide range of resources and networks including overseas. The Company, the Tender Offeror, and SDS Biotech will be able to accelerate strategic initiatives and could be empowered to lead the development of the Japanese agrochemical industry, including the expansion of overseas business as a key regional strategy and the development of adjacent businesses, such as biostimulants, where market growth is expected.

(d) The system and operational burdens of maintaining a listing have increased year by year, due to compliance with recent listing maintenance standards for the new market division, the revised Corporate Governance Code, and other similar factors. By privatizing the Company Shares through the Transactions, these costs and operational burden can be reduced.

In general, the disadvantages of going private include inability to raise funds through equity financing from capital markets and the loss of benefits associated with being a listed company, such as enhanced name recognition and social credibility. However, given the Company’s current financial condition and the recent low interest rate environment for indirect financing, the Company believes that the disadvantages of going private with respect to the Company Shares are limited. This is because the Company has the ability to secure funds through its own funds and borrowings from financial institutions, and as for the enhancement of name recognition and social credibility, the Company Group has already established a certain level of name recognition and social credibility within the industry and by becoming a group company of the Tender Offeror, whose shares are listed on the Prime Market of the TSE, is expected to enhance the Company’s overall name recognition and group governance.

In addition, considering the various circumstances, including the following points and other factors, the Company has also determined that the Tender Offer Price of JPY 1,900 per share is a reasonable price that ensures the benefits to be enjoyed by the Company's general shareholders and that the Tender Offer provides the Company's general shareholders with a reasonable opportunity to sell the Company Shares at a price with an appropriate premium.

(a) The Tender Offer Price is a price agreed through sufficient negotiations between the Company and the Tender Offeror after the Company has taken sufficient steps to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price, as described in “(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below;

(b) The Tender Offer Price has been determined to be appropriate in the Report dated as of today which is obtained from the Special Committee as described in “(III) Establishment of Independent Special Committee at the Company and Obtainment of Reports from the Special Committee” in “(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below;

(c) The Tender Offer Price of JPY 1,900 includes a premium of 41.05% to JPY 1,347, which is the closing price of the Company Shares on the Standard Market of the TSE on November 11, 2024, which is the business day immediately preceding the date of announcement of the Transactions (i.e. November 11, 2024), a premium of 43.07% to JPY 1,328, which is the simple average closing price for the past one (1) month up to that date, a premium of 43.40% to JPY 1,325, which is the simple average closing price for the past three (3) months up to that date, and a premium of 52.12% to JPY 1,249, which is the simple average closing price for the past six (6) months up to that date, respectively. Considering the comparison with the premium levels of 37 cases involving tender offers without an upper limit, conducted by other companies targeting domestic listed companies for the purpose of making them wholly-owned subsidiaries (excluding cases involving Real Estate Investment Trusts (REITs), Management Buyout cases (MBOs) (Note 1), Employee Buyout cases (EBOs) (Note 2), cases of competing tender offers, cases where a target company has not resolved to recommend the acceptance of the tender offer at the time of the tender offer's announcement, cases of two-step tender offers, and cases with a certain capital relationship between the acquirer and the target company), which were announced after the publication of the “Fair M&A Guidelines” dated June 28, 2019 by the Ministry of Economy, Trade and Industry (“the M&A Guidelines”) on June 28, 2019 and successfully completed by November 11, 2024 (the premium level measured by the median/average premium value compared to the closing price on the business day immediately preceding the date of announcement (52.74%, 61.92%) the median/average premium value compared to the simple average closing price for the past one (1) month (54.42%, 62.24%), the median/average value of premium compared to the simple average closing price for the past three (3) months (52.46%, 64.33%) and the median/average value of premium compared to the simple average closing price for the past six (6) months (54.65%, 63.54%)), it is considered to be at a level generally close to, and comparable with, these cases and the Tender Offer Price is a price with reasonable premium, and

(d) The Tender Offer Price is at a level that exceeds the upper limit of the valuation ranges based on the average market share price method and comparable multiple valuation method, and exceeds the median value based on the discounted cash flow method (the “DCF Method”) in the results of Nomura Securities' calculation of the share value of the Company Shares as described in “(3) Matters Concerning Calculation” below.

(Note 1) The term “Management Buyout (MBO)” refers to a transaction in which the Tender Offeror is an executive of the Company or a transaction in which the Tender Offeror is a person that conducts the tender offer at the request of an executive of the Company and shares interests with the executive of the Company).

(Note 2) “Employee Buyout (EBO)” generally refers to a transaction in which employees of the target company contribute all or part of the acquisition funds and acquire shares of the target company based on the premise that the target company's business will continue.

Based on the above, the Company has determined that the Transactions, including the Tender Offer, will contribute to the enhancement of the Company's corporate value, and that the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate, and on November 12, 2024, the Company resolved to express its opinion in support of the Tender

Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.

For the method of abovementioned resolution of the Company's Board of Directors, please see "(V) Approval of All Directors of the Company (Including Audit and Supervisory Committee Members) without Conflicts of Interest" in "(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer" below.

(3) Matters Concerning Calculation

(I) Obtainment of Share Valuation Report from the Company's Independent Third-Party Calculation Agent

(i) Name of Calculation Agent and Relationship with the Company and Tender Offeror

To ensure the fairness of the decision-making process regarding the Tender Offer Price in expressing its opinion on the Tender Offer, the Company requested Nomura Securities, a financial advisor and a third-party calculation agent independent of the Tender Offeror Group, the Company Group, and the Agreed Tendering Shareholders, to calculate the value of the Company Shares. Nomura Securities does not fall under the category of a related party of the Tender Offeror Group, the Company Group, or the Agreed Tendering Shareholders, and does not have any material interest in the Transactions.

The Company believes that sufficient consideration has been given to the interests of the Company's general shareholders based on the other measures being taken to ensure the fairness of the Tender Offer Price implemented in connection with the Transactions (for specific details, please see "(VI) Establishment of Independent Consideration System at the Company" below.), and therefore has not obtained any opinion regarding the fairness of the Tender Offer Price (i.e. fairness opinion). In addition, remuneration of Nomura Securities for the Transactions includes a contingency fee to be paid on the condition such as that the Transactions are completed. Taking into consideration general practice in similar transactions, the Company has determined that the inclusion of a contingency fee to be paid on the condition such as that the Transactions are completed does not negate the independence of Nomura Securities, and has appointed Nomura Securities as the Company's financial advisor and third-party calculation agent in accordance with the above remuneration system.

(ii) Summary of Calculation

After considering the calculation methods for the Tender Offer, Nomura Securities calculated the share value of the Company Shares using (a) the average market share price method, as the Company Shares are listed on the Standard Market of the TSE and a market price exists for them, (b) the comparable multiple valuation method, as there are several comparable listed companies that can be compared with the Company, and it is possible to analogize the share value of the Company by comparing the market value of comparable listed companies, and (c) the DCF Method, to reflect the future business activities of the Company in the calculation. The Company obtained the Share Valuation Report (Nomura Securities) on November 11, 2024. The ranges of the per share value of the Company Shares calculated by Nomura Securities using each of the above method are as follows:

Average market share price method:	JPY 1,249 to JPY 1,347
Comparable multiple valuation method:	JPY 1,432 to JPY 1,834
DCF Method:	JPY 1,581 to JPY 2,099

Under the average market share price method, the range of the per share value of the Company Shares is calculated to be JPY 1,249 to JPY 1,347 based on the closing price of JPY 1,347 of the Company Shares on the Standard Market of the TSE on the calculation base date set at November 11, 2024, which is the business day immediately preceding the date of the announcement of the Tender Offer, JPY 1,323 the simple average closing price of the Company Shares for the past five (5) business days, JPY 1,328 the simple average closing price of the Company Shares for the past one (1) month, JPY 1,325 the simple average closing price of the Company Shares for the past three (3) months, and JPY 1,249 the simple average closing price of the Company Shares for the past six (6) months.

Under the comparable multiple valuation method, the range of the per share value of the Company Shares is calculated to be

JPY 1,432 to JPY 1,834 by selecting the listed companies engaged in businesses relatively similar to that of the Company and comparing their market share price and financial indicators of profitability and calculating the Company's share value.

Under the DCF Method, the range of the per share value of the Company Shares is calculated to be JPY 1,581 to JPY 2,099 by discounting the free cash flows that the Company is expected to generate after the fourth quarter of the fiscal year ending December 2024 to the present value using a certain discount rate and analyzing the Company's corporate value and share value based on the assumptions deemed to be reasonable, such as earnings forecasts and investment plans under the Business Plan. The synergistic effects that are expected to be realized by the execution of the Tender Offer have not been taken into account in the Business Plan, because it is difficult to make a concrete estimate of those effects at the time of calculation. Furthermore, the sales, operating profit and net income for the fiscal years ending December 2025 and December 2026 in the Business Plan are also lower than the earnings targets announced by the Company on February 13, 2024, as a result of reflecting the recent management environment and business conditions. In addition, the Business Plan, which is the basis for the calculation under the DCF Method above, includes fiscal years in which a significant increase in profit and a significant increase/decrease in free cash flows are expected compared to the previous fiscal year. Specifically, in the fiscal year ending December 2025, the Company expects a significant decrease in free cash flows due to a deterioration in profit margins resulting from a decrease in sales at overseas subsidiaries and an increase in working capital resulting from an increase in overall sales. In addition, in the fiscal year ending December 2026, the Company expects a significant increase in operating profit due to the improvement in the business environment including overseas, and a significant increase in free cash flows due to the improvement in the business environment including overseas and a decrease in capital investment compared to the previous fiscal year.

As described in “(III) Establishment of Independent Special Committee at the Company and Obtainment of Reports from the Special Committee” in “(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below, the Special Committee conducted a question-and-answer session after receiving from the Company explanation on the financial projections that form the basis of the calculation of the Business Plan, assumptions made in the preparation of preconditions and other relevant documents, and figures based thereon. However, the Special Committee confirmed that they did not find any particularly unreasonable points and that the calculation method and calculation results were reasonable.

(Note) Nomura Securities has calculated the share value of the Company Shares on the assumption that the publicly available information and all information provided by the Company are accurate and complete, and Nomura Securities has not independently verified their accuracy or completeness. The assets or liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities and other contingent liabilities) of the Company and its affiliates have not been independently evaluated, appraised or assessed, including analysis and evaluation of individual assets and liabilities, and Nomura Securities has not requested any third-party institution to make any appraisal or assessment. It is assumed that the Company's financial projections (including profit plans and other information) has been rationally reviewed or prepared by the Company's management based on the best and most honest estimates and judgment available at the time of calculation. The calculations made by Nomura Securities reflect information available to Nomura Securities and economic conditions up to November 11, 2024. The sole purpose of Nomura Securities' calculation is to serve as reference for the Company's Board of Directors in its consideration of the share value of the Company Shares.

(II) Obtainment of Share Valuation Report from the Company's Independent Third-party Calculation Agent

For an overview of the share valuation report dated November 11, 2024 (the “Share Valuation Report (EY)”) that the Tender Offeror obtained from EY, please see “(I) Obtainment of Share Valuation Report from the Tender Offeror's Independent Third-party Calculation Agent” in “(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below.

(4) Likelihood of and Reasons for Delisting

As of today, the Company Shares are listed on the Standard Market of the TSE. However, since the Tender Offeror has not set a maximum limit on the planned purchase quantity in 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 set out by the TSE. In addition, even if the Company Shares do not fall under the delisting standards at the time of consummation of the Tender Offer, as described in “(5) Policy for Organizational Restructuring, etc. after Tender Offer (Matters Regarding the So-called “Two-Step Acquisition”)” below, the Tender Offeror plans to implement procedures with the aim of acquiring all of the Company Shares, in which case, the Company Shares will be delisted through prescribed procedures in accordance with the delisting standards of the TSE. It will not be possible to trade the Company Shares on the Standard Market of the TSE after the delisting. For the reasons for the purpose of delisting, please see “(IV) Decision-making Process Leading to the Company’s Decision to Support Tender Offer and Reason Therefor” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” above.

(5) Policy for Organizational Restructuring, etc. after Tender Offer (Matters Regarding the So-called “Two-Step Acquisition”)

As stated in “(2) Grounds and Reasons for the Opinion on the Tender Offer” in “(I) Overview of the Tender Offer”, it is understood that the Tender Offeror intends to make the Company its wholly-owned subsidiary. If the Tender Offeror is unable to acquire all of the Company Shares in the Tender Offer, the Tender Offeror intends to implement procedures for acquiring all of the Company Shares after the consummation of the Tender Offer by the following methods:

(I) Demand for Share Cash-Out

If as a result of the consummation of the Tender Offer, the total number of voting rights in the Company owned by the Tender Offeror becomes 90% or more of the total number of voting rights of all shareholders of the Company, and the Tender Offeror becomes a special controlling shareholder as provided in Article 179, Paragraph 1 of the Companies Act, promptly after the completion of the settlement of the Tender Offer, it is understood that the Tender Offeror intends to demand all of the shareholders of the Company (excluding the Tender Offeror and the Company) to sell all of their Shares (the “Demand for Share Cash-Out”). In the Demand for Share Cash-Out, it is understood that the Tender Offeror intends to specify that it will deliver to the shareholders of the Company (excluding the Tender Offeror and the Company) an amount equal to the Tender Offer Price as consideration for each of the Company Shares. In such case, it is understood that the Tender Offeror will notify the Company to that effect and seek its approval for the Demand for Share Cash-Out. It is understood that if the Company approves the Demand for Share Cash-Out by a resolution at the meeting of its Board of Directors, the Tender Offeror will acquire all of the Company Shares owned by all of the shareholders of the Company (excluding the Tender Offeror and the Company) as of the acquisition date specified in the Demand for Share Cash-Out without obtaining the individual consent of the shareholders of the Company in accordance with the procedures under relevant laws and regulations. It is understood that the Tender Offeror intends to deliver to each of the shareholders an amount of money equal to the Tender Offer Price as consideration for per share of the Company Shares owned by each of the shareholders. The Company intends to approve such Demand for Share Cash-Out at the Board of Directors of the Company when the Tender Offeror notifies its intention to make a Demand for Share Cash-Out and the matters under the items in Article 179-2, Paragraph 1 of the Companies Act. As a provision under the Companies Act that aims to protect the rights of minority shareholders in relation to the Demand for Share Cash-Out pursuant to the provisions of Article 179-8 of the Companies Act and other relevant laws and regulations, the shareholders of the Company have the right to file a petition with the court for the determination of the sale price of the Company Shares they own.

(II) Share Consolidation

On the other hand, if, upon consummation of the Tender Offer, the total number of voting rights held in the Company by the Tender Offeror is less than 90% of the total number of voting rights held by all shareholders of the Company, in accordance with Article 180 of the Companies Act, it is understood that the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, request the Company to hold an extraordinary shareholders meeting (the “Extraordinary Shareholders Meeting”) that includes in its agenda a proposal to consolidate the Company Shares (the “Share Consolidation”) and, on the

condition of the effectuation of the Share Consolidation, a proposal to amend the Articles of Incorporation to abolish the provisions regarding share units. The Tender Offeror believes that it is desirable to hold the Extraordinary General Meeting of Shareholders at the earliest possible date from the viewpoint of enhancing the corporate value of the Company, and intends to request the Company to give a public notice of setting a record date during the purchase period of the Tender Offer (the “Tender Offer Period”) and to hold the Extraordinary Shareholders Meeting approximately in mid February 2025 so that a date shortly after the commencement date of the settlement of the Tender Offer (the “Settlement Commencement Date”) (as of today, it is understood that it is scheduled for December 31, 2024.) will be the record date for the Extraordinary Shareholders Meeting. It is understood that the Tender Offeror intends to vote in favor of the above proposals at the Extraordinary Shareholders Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, on the effective date of the Share Consolidation, the shareholders of the Company will own the number of Company Shares corresponding to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting. If a fraction of less than one share arises due to the Share Consolidation, the shareholders of the Company will receive the amount of money that would be obtained by selling to the Tender Offeror or the Company the Company Shares equivalent to the total number of such fractional shares (if the total number includes a fraction of less than one share, such fraction shall be rounded down; the same shall apply hereinafter) in accordance with the procedures under Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Company Shares equivalent to the total number of such fractional shares, as a result of the sale, it is understood that the Tender Offeror intends to request the Company to file a petition with the court for permission of voluntary sale after setting the amount of money to be paid to the shareholders of the Company who did not tender their Company Shares in the Tender Offer (excluding the Tender Offeror and the Company) so that it will be equal to the Tender Offer Price multiplied by the number of Company Shares owned by each of such shareholders. The ratio of the Share Consolidation has not yet been determined as of today, but the Tender Offeror plans to request the Company to set the ratio so that the number of Company Shares owned by the shareholders who did not tender their Company Shares in the Tender Offer (excluding the Tender Offeror and the Company) will be a fraction of less than one share so that only the Tender Offeror will be able to own all of the Company Shares.

As a provision in the Companies Act to protect the rights of minority shareholders in relation to share consolidation, if a fraction of less than one share arises as a result of the share consolidation, the Company's shareholders may, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, demand that the Company purchase, at a fair price, all of the fractional shares they own and may file a petition for the court to determine the price of the Company Shares. As described above, in the event of a share consolidation, the number of Company Shares owned by the Company's shareholders who did not tender their Company Shares in the Tender Offer (excluding the Tender Offeror and the Company) will be a fraction of less than one share so the Company's shareholders who oppose to the share consolidation will be able to file the above petition for pricing of the Company Shares in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If the abovementioned petition is filed, the purchase price will be ultimately determined by the court.

Furthermore, the Tender Offer is in no way intended to solicit the approval of the Company's shareholders at the Extraordinary Shareholders Meeting.

It is understood that the implementation of the procedures mentioned in (I) and (II) above may take time and the method of the procedures is subject to change depending on the status of revision, enforcement, interpretation by the authorities with respect to relevant laws and regulations, and other matters. However, even in such case, if the Tender Offer is consummated, it is understood that the Company intends to adopt a method wherein the Company's shareholders who did not tender their Company Shares in the Tender Offer (excluding the Tender Offeror and the Company) will ultimately be paid and the amount of money to be paid to the Company shareholders in such case will be calculated so that it will be equal to the Tender Offer Price multiplied by the number of Company Shares owned by such shareholders. However, in the case where a petition for determination of the purchase price with respect to Demand for Share Cash-Out or a petition for pricing with respect to a request for the purchase of shares in relation to the share consolidation is filed, the purchase price of the Company Shares or the price with respect to a request for the purchase of shares will be ultimately determined by the court.

The specific procedures in the above cases, the timing of the implementation and other relevant matters will be promptly announced by the Company as soon as they are determined upon discussion with the Tender Offeror. Additionally, we ask the Company's shareholders to consult their tax experts at their own responsibility with respect to the tax treatment when they tender their shares in the Tender Offer or take the abovementioned procedures.

(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer

As of today, the Company is not a subsidiary of the Tender Offeror, and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, it is not expected that the whole or a part of the Company's management will make a direct or indirect investment in the Tender Offeror, and the Transactions including the Tender Offer do not constitute a so-called Management Buyout (MBO).

However, considering that the Tender Offeror intended to enter into a tender agreement with the Agreed Tendering Shareholders whereby all of the Company Shares held by the Agreed Tendering Shareholders will be tendered in the Tender Offer, and the interests of the Agreed Tendering Shareholders and the Company's general shareholders may not necessarily coincide with each other., the Company and the Tender Offeror have taken the following measures to ensure the fairness of the Tender Offer Price, eliminate the possibility of arbitrariness and conflicts of interest in the decision-making process leading to the decision to implement the Tender Offer, and ensure the fairness and transparency of the Transactions.

It is understood that the Tender Offeror have not set the minimum planned purchase quantity corresponding to the so-called "Majority of Minority" from the idea that, if such minimum planned purchase quantity is set, there is a possibility that the consummation of the Tender Offer may become unstable and may not contribute to the interests of the minority shareholders of the Company who wish to sell their Company Shares through the Tender Offer. However, the Tender Offeror and the Company consider that due consideration is given to the interests of the minority shareholders of the Company since they have respectively taken the following measures. The measures taken by the Tender Offeror and other matters in the following descriptions are based on the explanations from the Tender Offeror.

(I) Obtainment of Share Valuation Report from the Tender Offeror's Independent Third-party Calculation Agent

It is understood that, in order to determine the Tender Offer Price, the Tender Offeror has requested EY, its third-party calculation agent, to calculate the value of the Company Shares and has received a Share Valuation Report (EY) on the value of the Company Shares (Note 1). EY does not fall under the category of related party of the Tender Offeror Group or the Company Group and does not have any material interests in the Tender Offer. In addition, the Tender Offeror and the Company have taken measures to ensure the fairness of the Tender Offer such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest (specifically, the measures stated in "(6) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer"), and the Tender Offeror believes that due consideration is given to the interests the Company's minority shareholders. Therefore, the Tender Offeror has not obtained a written opinion from EY on the fairness of the Tender Offer Price or the Tender Offer (i.e. fairness opinion) and EY has not expressed any such opinion.

It is understood that, to calculate the value of the Company Shares, EY considered the method to be adopted among several share evaluation methods, and uses the market price method for the reason that the Company is listed on the Standard Market of the TSE and its share price is determined in the market and the DCF Method to reflect the future business activities in the calculation. According to the Share Valuation Report (EY), the calculation method adopted and the range of the value per Company Share calculated based on such calculation method are as stated below.

Market price method	: JPY 1,249 to JPY 1,347
DCF Method	: JPY 1,786 to JPY 2,228

It is understood that, under the market price method, EY calculated the range of the per share value of the Company Shares

to be JPY 1,249 to JPY 1,347 based on the closing price of JPY 1,347 of the Company Shares on the Standard Market of the TSE on the calculation base date set at November 11, 2024, JPY1,328 which is the simple average closing price of the Company Shares for the past one (1) month up to the said date, JPY 1,325 which is the simple average closing price of the Company Shares for the past three (3) months up to the said date, and JPY 1,249 which is the simple average closing price of the Company Shares for the past six (6) months up to the said date.

It is understood that, under the DCF Method, EY calculated the range of the per share value of the Company Shares to be JPY 1,786 to JPY 2,228 by the discounting of the future free cash flows that the Company is expected to generate after the fourth quarter of the fiscal year ending December 2024 to the present value using a certain discount rate based on the Company's business plan revised by the Tender Offeror on the basis of the Business Plan proposed by the Company and taking into account the results of the due diligence conducted on the Company, the synergy effects expected from the implementation of the Transactions, and various factors such as the recent trends of performance and publicly announced information. The Financial Projections used as an assumption under the DCF Method include fiscal years in which a significant increase or decrease in free cash flow and a significant increase or decrease in profit are expected. Specifically, for the fiscal year ending December 2025, the Company expects a significant decrease in operating profit and a significant decrease in free cash flow due to the deterioration of profit margins associated with the decrease in sales of its overseas subsidiaries. For the fiscal year ending December 2026, the Company expects a significant increase in operating profit due to the improvement in the business environment including overseas and a significant increase in free cash flow due to the improvement in the business environment including overseas and a decrease in capital investment from the previous fiscal year. The Company's future Financial Projections based on the DCF Method assumes that the Transactions will be implemented, and takes into account the synergy effect expected from the Transactions.

(Note 1) It is understood that, in calculating the value of the Company Shares, EY has generally adopted the information provided by the Company or the Tender Offeror and publicly disclosed information, without any change, and assumed that all such information and other information adopted were accurate and complete and has not independently verified their accuracy and completeness. Furthermore, EY has not made any independent evaluations, appraisals or assessments of the assets or liabilities (including contingent liabilities) of the Company and its affiliates, including analyses and evaluations of individual assets and liabilities. In addition, EY assumes that the Company's financial forecasts have been reasonably prepared based on the best currently possible forecasts and judgments of the Tender Offeror's management. The valuation by EY is based on the above information and economic conditions that were available as of November 11, 2024.

(II) Obtainment of Share Valuation Report from the Company's Independent Third-party Calculation Agent

As stated in “(i) Background of Establishment of Consideration System” in “(IV) Decision-making Process Leading to the Company's Decision to Support Tender Offer and Reason Therefor” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, in order to ensure transparency and reasonableness in the process of the decision-making by the Company's Board of Directors concerning the Transactions, the Company appointed Nomura Securities as a financial advisor and a third-party calculation agent independent of the Tender Offeror Group, the Company Group, and the Agreed Tendering Shareholders, and received from Nomura Securities advice and assistance from a financial perspective including advice on the valuation of the Company Shares and the policy for negotiation with the Tender Offeror, and obtained the Share Valuation Report (Nomura Securities) as of November 11, 2024. For the outline of the Share Valuation Report (Nomura Securities), please see “(ii) Summary of Calculation” in “(I) Obtainment of Share Valuation Report from the Company's Independent Third-party Calculation Agent” in “(3) Matters Concerning Calculation” above.

Nomura Securities does not fall under the category of related party of the Tender Offeror, the Company, or the Agreed Tendering Shareholders and does not have any material interests in the Transactions including the Tender Offer. In addition, at its first meeting, the Special Committee approved Nomura Securities as the financial advisor and third-party calculation agent, after having confirmed that there is no problem with its independence.

(III) Establishment of Independent Special Committee at the Company and Obtainment of Reports from the Special Committee

(i) Background of the establishment, etc.

As stated in “(i) Background of Establishment of Consideration System” in “(IV) Decision-making Process Leading to the Company’s Decision to Support Tender Offer and Reason Therefor” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, for the purpose of eliminating arbitrariness from the decision-making of the Company and establishing a fair, transparent, and objective decision-making process with respect to the Transactions including the Tender Offer, by passing a resolution at the meeting of the Board of Directors on September 10, 2024, the Company has established a Special Committee comprised by 4 members who do not have an interest in the Tender Offeror Group or the Company Group or the success or failure of the Transactions including the Tender Offer, who are Mr. Hirokazu Iwasaki (outside director (audit and supervisory committee member) and independent officer), Mr. Yoshiyuki Funakoshi (outside director and independent officer), Mr. Motoharu Fujikura (outside director (audit and supervisory committee member) and independent officer), and Ms. Fumie Ueda (outside director (audit and supervisory committee member) and independent officer). Members of the Special Committee have not changed since its establishment, and they have appointed from among themselves Mr. Hirokazu Iwasaki as chairman of the Special Committee.

Members of the Special Committee shall be paid a fixed amount of compensation, and a contingency fee which is conditional upon the announcement or consummation of the Transactions including the Tender Offer is not included.

Based on the resolution of the Board of Directors mentioned above, the Company’s Board of Directors consulted the Special Committee on (i) whether the purpose of the Transactions is considered to be reasonable (including whether the Transactions will contribute to the enhancement of the Company’s corporate value), (ii) whether the fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer Price) is ensured, (iii) whether the fairness of the procedures for the Transactions is ensured, (iv) whether the Transactions is considered to be not disadvantageous to the minority shareholders of the Company based on (i) to (iii) above, and (v) whether the Company’s Board of Directors should express its opinion in favor of the Tender Offer and recommend that the Company’s shareholders tender their shares in the Tender Offer ((i) to (v) are hereinafter collectively referred to as “Consultation Matters”) and delegated the Special Committee to submit the Report on these matters to the Company. Furthermore, the Company’s Board of Directors also resolved at its meeting on September 10, 2024 that the decision of its Board of Directors in connection with the Transactions shall be made with the utmost respect for the judgment of the Special Committee, and that if the Special Committee judges the terms and conditions of the Transactions to be inappropriate, the Company’s Board of Directors will not approve the Transactions. Moreover, at its meeting on September 10, 2024, the Company’s Board of Directors also resolved to grant the Special Committee the authorities: (i) to be substantially involved in the process of negotiations on the terms and conditions of the Transactions such as by confirming in advance the policy on the negotiations on the Tender Offer Price in the Tender Offer and other terms and conditions of the Transactions, receiving reports on a timely basis on the status of the negotiations, and expressing opinions and providing instructions or requests at the important phase, (ii) to approve (including ex post approval) financial or legal advisors of the Company (“Advisors”), (iii) to appoint the Special Committee’s own third-party calculation agent and other Advisors upon making reports on the Consultation Matters as necessary (If the Special Committee judges that it may rely on and seek professional advice or explanations from the Company’s Advisors such as where the Company’s Advisors have a high degree of expertise and where there is no problem with their independence, it may seek professional advice or explanations from the Company’s Advisors. Furthermore, the Company will bear reasonable cost for the professional advice of the Special Committee’s Advisors), and (iv) to receive information necessary for the consideration and judgment of the Transactions from officers and employees of the Company and other persons the Special Committee finds necessary upon making reports on the Consultation Matters.

(ii) Background of the consideration

The Special Committee met a total of 13 times for the period between September 11, 2024 and November 12, 2024 and made reports, shared information, conducted deliberations, and made decisions through e-mails and by other means also between the

meetings as necessary to perform its duties concerning the Consultation Matters. Specifically, since there are no problems with the independence and expertise of Nomura Securities, the financial advisor and third-party calculation agent, and AMT, the legal advisor appointed by the Company, the Special Committee approved, at its first meeting held on September 11, 2024, Nomura Securities and AMT as the Company's financial advisor and third-party calculation agent and the Company's legal advisor respectively. The Special Committee, having confirmed that it may also receive advice from Nomura Securities and AMT as may be necessary, decided that it will not appoint its own external advisor, and the Special Committee approved the review system having confirmed that there were no problems with it for the Transactions established within the Company (including the scope and duties of its officers and employees involved in the consideration, negotiation and judgment regarding the Transactions) from the perspective of independence and fairness.

As the specific status of subsequent deliberations, the Special Committee (i) presented questions to the Company and exchanged questions and answers with the Company in the style of an interview with regard to the purpose and background of the Transactions and the management policy after the Transactions, and other matters, and (ii) in another meeting, the Special Committee presented questions to the Tender Offeror and exchanged questions and answers with the Tender Offeror in the style of an interview with regard to the purpose and background of the Transactions and the management policy after the Transactions, and other matters.

In addition, with respect to the Business Plan prepared by the Company, the Special Committee received explanations from the Company on the important conditions precedent and the background of the preparation and have confirmed the reasonableness of such matters. The Special Committee has also had a question-and-answer session and conducted deliberations and discussions based on the explanations received from Nomura Securities on important conditions precedent including the details of the share valuation made based on the Business Plan, the basis of calculation of the discount rate under the DCF Method, and the reason for selecting the similar companies under the comparable multiple valuation method, and have confirmed the reasonableness of such matters.

Furthermore, the Special Committee received from the Company, Nomura Securities, and AMT, explanations on the details of the measures to be taken to ensure fairness of the procedures of the Transactions as well as the method and process of the decision-making of the Company's Board of Directors regarding the Transactions and other measures to be taken to avoid conflicts of interest, and conducted deliberations and discussions on the measures to be taken to ensure the fairness of the procedures in the Transactions.

Based on the advice from Nomura Securities from a financial perspective, in order to draw out a higher price from the Tender Offeror, the Special Committee conducted deliberations and discussions on its negotiation policy including the policy of holding negotiations sufficiently in accordance with the process generally followed in M&A between mutually independent third parties. Since the Special Committee had received the first proposal from the Tender Offeror on October 22, 2024 that the Tender Offer Price per share be JPY 1,600, every time the Special Committee received a proposal on the Tender Offer Price from the Tender Offeror, the Special Committee conducted deliberations and discussions on the policy for negotiations with the Tender Offeror also taking into consideration the advice from Nomura Securities from a financial perspective and was substantially involved in the process of negotiations with the Tender Offeror on the Tender Offer Price. Consequently, on November 7, 2024, the Special Committee received from the Tender Offeror the final proposal stating that the Tender Offer Price per share is to be JPY 1,900.

(iii) Details of the judgment

The Special Committee carefully discussed and considered the Consultation Matters based on the advice from a financial perspective given by Nomura Securities, the Company's financial advisor, at the Company's request and on the contents of the Share Valuation Report (Nomura Securities) and the advice from a legal perspective it had received from AMT under the above-mentioned circumstances, and consequently submitted a Report with the contents substantially as set forth below to the Company's Board of Directors, on November 12, 2024, with the unanimous consent of all members:

(A) Details of the report

- (a) The Transactions contribute to the enhancement of corporate value and their purpose is considered to be reasonable.
- (b) The fairness and reasonableness of the terms and conditions of the Transactions (including the purchase price in the Tender

Offer) are considered to be ensured.

(c) The fairness of the procedures of the Transactions is considered to be ensured.

(d) Based on (a) to (c) above, the Transactions are considered not to be disadvantageous to the Company's minority shareholders.

(e) It is considered to be reasonable that the Company's Board of Directors expresses its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.

(B) Reasons for the report

(a) Whether the purpose of the Transactions is considered to be reasonable (including whether the Transactions will contribute to the enhancement of the Company's corporate value).

Based on the following points, the synergies envisaged under the Transactions are found to be reasonable and there is no major inconsistency or discrepancy between the expectations of the Tender Offeror and those of the Company, and it is found that implementation of the Transactions contributes to the solution of the management issues recognized by the Company. Furthermore, the explanations given as the reason that enhancement of the Company's corporate value should be achieved through the Transactions rather than business alliance or other means are also found to be reasonable and it is considered reasonable that such enhancement of corporate value will be achieved through the Transactions. In addition, there is no circumstance considered to be a material impediment to the enhancement of the Company's corporate value through the Transactions. Thus, the Transactions contribute to the enhancement of the Company's corporate value, and it is considered that their purpose is reasonable.

- The agricultural environment is expected to continue to expand in the future as the demand for food increases with the growth of the world's population, and the global agricultural chemical market continues to grow due to the expansion of agricultural production. In domestic agriculture, while the number of agricultural producers is decreasing and the average age of farmers is increasing, there are also changes in the structure of agricultural production, such as an increase in large-scale producers and agricultural corporations. In this environment, the domestic agricultural chemical industry is required to further improve the safety of agricultural chemicals under the Revised Agricultural Chemicals Control Act (effective December 2018), and the safety of domestically registered agricultural chemicals needs to be re-evaluated based on recent scientific knowledge. In the global agricultural chemical market, the registration system for agricultural chemicals is being revised ahead of Japan, and not only the safety assessment of agricultural chemicals during use and residual agricultural chemicals, but also the environmental impact assessment on ecosystems is being strengthened, and the registration of many existing agricultural chemicals is being revoked or cancelled. On the other hand, the outlook remains uncertain due to factors such as the ongoing situation in Russia and Ukraine and the continued rise in commodity prices as a result of the deterioration of international affairs.

- Faced with these circumstances, the Company Group is working to enhance its corporate value by formulating a new Medium-Term Management Plan (2022-2025) along with a long-term business plan with the slogan 'Lead The Way 2025' in order to become a centennial company while adhering to the management philosophy that has guided the Company since its founding. The Company also aims to be a service-oriented company that can "meet the expectations of farmers, consumers and the local community" and make a significant contribution to the development of agriculture as an industry and the local economy, while always remembering our respect for farmers and respecting their motivation to produce, and above all aiming to improve farmers' earnings.

- The Company's recognition of the business environment and management issues described above does not contradict or clearly contradict objective facts. Therefore, taking measures that contribute to the above (including, but not limited to M&A) generally can be considered to contribute to the enhancement of the corporate value of the Company, although it is necessary to individually take into account the risks associated with, and the disadvantages of, the measures.

- According to the Tender Offeror, the synergies of the Transactions envisaged by the Tender Offeror are as follows. (i) Through the Transactions, in the case of chemical pesticides, not only will the product portfolios complement each other, but also the combination of the technologies of the Tender Offeror, the Company, and SDS Biotech, the Tender Offeror's subsidiary will accelerate the development of new agents. (ii) In the field of biological pesticides, it becomes possible to achieve business expansion by establishing an integrated system from development to marketing that goes beyond the conventional framework.

(iii) A comprehensive proposal can also be made by using the best mix of chemical pesticides and biological pesticides.

- The synergies of the Transactions envisaged by the Company are as follows. (i) The collaboration with SDS Biotech is anticipated to enable the mutual reinforcement of both companies' businesses, and will greatly enhance the earnings stability and growth potential of both companies. It will also enable SDS Biotech to further expand sales of its biological agents, utilizing its extensive sales network backed by a strong relationship of trust with farmers. (ii) The Company, whose main products are soil disinfectants and pest control agents, and SDS Biotech, which specializes in disease control agents and paddy herbicides, will be able to accelerate the development of mixed agents and new agents by mutually utilizing each other's development capabilities and know-how. The expansion of the product lineup will further strengthen the value chain by enabling comprehensive product proposals to distributors and farmers. (iii) It enables to utilize the Tender Offeror Group's basic technologies it has accumulated over the years, such as biotechnology-related technologies including fermentation and genetic modification, digital technologies using AI and ML, as well as the Tender Offeror Group's capital strength and a wide range of resources and networks including overseas. The Company, the Tender Offeror, and SDS Biotech will be able to accelerate strategic initiatives and could be empowered to lead the development of the Japanese agrochemical industry, including the expansion of overseas business as a key regional strategy and the development of adjacent businesses, such as biostimulants, where market growth is expected. (iv) The system and operational burdens of maintaining a listing have increased year by year, due to compliance with recent listing maintenance standards for the new market division, the revised Corporate Governance Code, and other similar factors. By privatizing the Company Shares through the Transactions, these costs and operational burden can be reduced.

- The details of the above envisaged synergies have no inconsistencies or points clearly contrary to objective facts and are found to be reasonable. In addition, the synergies envisaged by the Tender Offeror and those envisaged by the Company coincide, and there are no inconsistencies or discrepancies between them.

- The Tender Offeror intends to pursue synergies between the Company and SS-Biotech and achieve sustainable business growth. This is based on the Tender Offeror's belief that such synergies can be achieved only when the entire group unites by making the Company a wholly owned subsidiary. The Tender Offeror intends to make active investments with the aim of thereafter becoming a solid business entity of the No.2 class in the domestic agrochemicals industry and believes that only a wholly owned subsidiary will be able to achieve such synergies and sustainable business growth in order to timely make decisions for such intentions. In addition, with respect to the so-called parent-subsidary listing, in which the Tender Offeror acquires a majority of the shares while maintaining the minority shareholders of the Company, there has been a recent concern at the Tokyo Stock Exchange that there is a possibility of a conflict of interest between the shareholders of the parent company and the shareholders of its subsidiaries, and there is a trend toward resolving such situation. Therefore, if the situation with respect to the parent-subsidary listing were to arise, there is a high possibility that the Company would be prevented from concentrating on implementing its business strategy, for example, the situation where the minority shareholders of the Company would require that the Company becomes a wholly-owned subsidiary or that their shares be sold. Thus, in view of its objective, it is understood that the Tender Offeror believes that it should aim at making the Company a wholly-owned subsidiary from the beginning.

- In light of the above, the Company's judgment that it will aim to solve management issues through the Transaction rather than through other means is considered to be reasonable.

- The disadvantages to the Company caused by the Transactions include inability to raise funds through equity financing from capital markets and the loss of benefits associated with being a listed company, such as enhanced name recognition and social credibility. However, given the Company's current financial condition and the recent low interest rate environment for indirect financing, the Company believes that the disadvantages of going private with respect to the Company Shares are limited. This is because the Company has the ability to secure funds through its own funds and borrowings from financial institutions, and as for the enhancement of name recognition and social credibility, the Company Group has already established a certain level of name recognition and social credibility within the industry and by becoming a group company of the Tender Offeror, whose shares are listed on the Prime Market of the TSE, is expected to enhance the Company's overall name recognition and group governance.

- Also included in the issues is whether any act concerning the Company's business that may reduce the corporate value of the Company are envisaged, such as (i) whether there will be a carve-out due to a share transfer, company split, business transfer, etc., or reorganization such as dissolution of a subsidiary and discontinuation of business after the Transactions, (ii) whether there

will be any reduction in the number of employees after the Transactions and whether there will be any adverse effect on existing employees, and (iii) whether there will be any adverse effect on the financing and recruitment of personnel associated with the Transactions, and (iv) whether there will be any adverse effect on the relationships between the Company and customers, suppliers and other business partners of the Company after the Transactions. Regarding the matters mentioned in (i) to (iv), the following points are confirmed.

(a) With respect to the organization, business and product lines of the Company Group after the Transaction, the current state is expected to be maintained as a basic premise (although the Tender Offeror Group is considering the establishment of an intermediate holding company, that will become the wholly-owning parent company of the Company and SDS Biotech, and dispatching officers from both companies with the aim of maximizing synergies, the establishment of such an intermediate holding company is not considered to directly affect the matters mentioned in this item.).

(b) The Company's various employee systems and treatment are assumed to be maintained as a basic premise, with a policy of maintaining employment after the Transactions.

(c) The Tender Offeror is assumed to consummate the Transaction using its own funds. Furthermore, as the Tender Offeror, that is listed on the Prime Market of the TSE, is considered to have a high level of credibility and recognition, it is not expected that the Company becoming a wholly-owned subsidiary of the Tender Offeror will have a negative impact on the Company's social trust compared to its current status as a listed company, and therefore no negative impact on recruitment is anticipated.

(d) No such adverse effect mentioned (iv) is envisaged.

- In light of the above, there is no circumstance considered to be a material impediment to the enhancement of the Company's corporate value through the Transactions.

(b) Fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer Price)

Based on the following points, the Tender Offer Price is found to be fair and appropriate assuming the appropriateness of the negotiation and scheme of the Transactions. In addition, in the Transactions, even if minority shareholders receive any consideration from either the Tender Offer or the Squeeze-out Procedure, it is ensured that they will receive consideration that is equivalent to the Tender Offer Price per Company Share. Thus, it is found that the fairness and appropriateness of the terms and conditions of the Transactions including the Tender Offer are ensured.

- With respect to the negotiation status of the Tender Offer Price, having started from the initial offer price (JPY 1,600 per share) of the Tender Offeror, the Company repeatedly held negotiations with the Tender Offeror while receiving advice from Nomura Securities based on the results of the provisional share valuation by Nomura Securities and considering a request of the Special Committee for an increase in the purchase price based on the deliberations and discussions at the Special Committee, as a result of which the Company obtained from the Tender Offeror 3 proposals to increase the purchase price and reached a final agreement on the Tender Offer Price (JPY 1,900 per share). In the series of negotiations, the Special Committee had been substantially involved in the process of the negotiations, where Nomura Securities shared with and explained to the Special Committee at a committee meeting or by e-mail and the Special Committee had confirmed the policy and had given opinions from time to time. As a result, the final Tender Offer Price has been substantially increased from the price initially quoted by the Tender Offeror and it is found that, as the circumstances leading to the Tender Offer Price, the Company has held negotiations with the intention of effecting the Transactions on terms and conditions as favorable to the minority shareholders as possible. Based on the above, it is presumed that the agreement on the Tender Offer Price in the Transactions was reached as a result of negotiations between the Company and the Tender Offeror, based on objective and consistent discussions which are substantially equivalent to those at arm's length, and there are no circumstances which raise doubts about the transparency and fairness of the agreement process.

- The Business Plan has been prepared on a standalone basis without assuming the implementation of the Transactions as the Financial Projections for the period from the fiscal year ending December 2024 and the fiscal year ending December 2029. There does not seem to be any fact that the Tender Offeror or its related persons were involved in or had influence on the preparation of the Business Plan. Furthermore, although the Company has provided certain explanations on the Business Plan to the Tender Offeror in the negotiations with it, there is no fact that the Business Plan was established or revised according to the instructions of or considering the intention of the Tender Offeror. In view of the foregoing, there is no fact that pressure on the

part of the Tender Offeror was involved in the process of establishing the Business Plan and the contents thereof is not found to be an unreasonable estimate.

• The valuation method adopted by Nomura Securities is a corporate value evaluation method assuming a going concern. Specifically, the market price method, the comparable multiple valuation method and the DCF Method are adopted. The combination of the valuation methods, in which the valuation upper limit is ascertained using the DCF Method in which the present value of future cash flows is factored into the valuation based on the market share price, is in line with the standard approach for corporate valuation and is found to be appropriate. No unreasonable points are found with respect to the choice of the market price method, the comparable multiple valuation method, and the DCF Method as well as the respective calculation methods and bases, and the Special Committee evaluated that it could rely on the Share Valuation Report (Nomura Securities) in its consideration of the share value of the Company Shares. The Tender Offer Price of JPY 1,900 per share is found to (i) exceed the upper limit of the range of the per share value of the Company Shares calculated by the market price method, (ii) exceed the upper limit of the range of the per share value of the Company Shares calculated by the comparable multiple valuation method, and to (iii) exceed the median of the range of the per share value of the Company Shares calculated by the DCF Method. Further, the Tender Offer Price is the amount obtained by adding a premium of 41.05% to the closing price of the Company Shares on the Tokyo Stock Exchange on November 11, 2024, 43.07% to the average closing price in the past one (1) month, 43.40% to the average closing price in the past three (3) months, and 52.12% to the average closing price in the past six (6) months. Considering the comparison with the premium levels of 37 cases involving tender offers without an upper limit, conducted by other companies targeting domestic listed companies for the purpose of making them wholly-owned subsidiaries (excluding cases involving Real Estate Investment Trusts (REITs), Management Buyout cases (MBOs), Employee Buyout cases (EBOs), cases of competing tender offers, cases where a target company has not resolved to recommend the acceptance of the tender offer at the time of the tender offer's announcement, cases of two-step tender offers, and cases with a certain capital relationship between the acquirer and the target company), which were announced after the publication of the M&A Guidelines on June 28, 2019 and successfully completed by November 11, 2024 (the premium level measured by the median/average premium value compared to the closing price on the business day immediately preceding the date of announcement (52.74 %, 61.92%) the median/average premium value compared to the simple average closing price for the past one (1) month (54.42%, 62.24%), the median/average value of premium compared to the simple average closing price or the past three (3) months (52.46%, 64.33%) and the median/average value of premium compared to the simple average closing price for the past six (6) months (54.65%, 63.54%)), the Tender Offer is considered to be comparable to these cases and it is considered that a comparable premium is ensured. In addition to the perspective from the comparison with the above results of the valuation by Nomura Securities, in view of the fact that the Transactions ensure premiums in close proximity to and comparable with the premiums in the recent tender offers and that the Tender Offer Price is at a level exceeding the highest price in light of the trends in the stock price of the Company in the most recent year, the level of the Tender Offer Price is not unreasonable.

• In the Transactions, the method of conducting a tender offer in the first step and conducting the demand for share cash-out or a share consolidation in the second step is envisaged, and it is not expected to take the method of conducting reorganization, such as a share exchange. The method of the Transactions is generally employed in these types of privatization transactions, and it is possible, in any procedures in the second step, to file an application for determination of the selling price or an application for pricing to the court after exercising appraisal rights. In addition, since the consideration to be received by the shareholders consists of cash, the method of the Transactions is considered to be desirable in that it is easy to understand the consideration and that the value is highly stable and objective. The method is also particularly preferable to a reorganization such as a share exchange in exchange for shares, etc., from the standpoint of simultaneously fulfilling the request that the Company promptly be made a wholly-owned subsidiary and ensuring an opportunity and time for the minority shareholders to make appropriate judgment based on sufficient information. Furthermore, since no upper limit is set in the Tender Offer, it is considered that the issue of coerciveness is small. Based on the above, it is found reasonable that the two-step acquisition method with a tender offer is adopted as the acquisition method and that the purchase price will be in cash.

(c) Whether the fairness of the procedures for the Transactions is ensured.

In light of the following points, it is concluded that the fairness of the procedures relating to the Transactions, including

the Tender Offer, is ensured because it is found that (i) a situation which is practically equivalent to that of arm's length transaction is secured in the process of forming the terms and conditions of the Transactions, and (ii) substantial fairness measures are adopted and operated effectively from the viewpoint of securing opportunities for minority shareholders to make appropriate decisions based on sufficient information.

- The Special Committee has been consulted by the Company on the Consultation Matters, and in considering the Consultation Matters, it has (i) examined and determined the pros and cons of M&A from the perspective of whether or not it will contribute to the improvement of the Company's corporate value, and (ii) examined and determined (a) the appropriateness of the terms of the Transactions and (b) the fairness of the procedures, from the perspective of furthering the interests of minority shareholders.
- The Special Committee is composed of four independent outside directors, and it has been confirmed that each member is independent of the Tender Offeror and the success or failure of the Transactions, and the Company's Board of Directors has resolved that any decision made by the Company's Board of Directors regarding the Transactions, including whether or not to support the Tender Offer, shall be made with the utmost respect for the content of the Committee's decisions, and if the Special Committee determines that the terms of the Transactions, including the Tender Offer, are not appropriate, the Board of Directors will not approve the Transactions, including the Tender Offer, it is recognized that the Special Committee is functioning effectively as a measure to ensure fairness.
- In order to ensure transparency and rationality in the decision-making process regarding the Transactions, the Company has received advice from the Company Group, the Tender Offeror Group, the Agreed Tendering Shareholders, and Anderson Mori & Tomotsune, a legal advisor independent of the success or failure of the Transactions, regarding the establishment of a special committee, the selection of its members, and other measures to ensure fairness. At its first meeting of the Special Committee, the Special Committee confirmed that there were no issues with the high level of expertise and independence of the Company's legal advisor, Anderson Mori & Tomotsune, and that the Special Committee would seek expert advice as necessary.
- In order to ensure the fairness of the Tender Offer Price, the Company has obtained the Share Valuation Report (Nomura Securities) from Nomura Securities, a third-party calculation agent independent of the Company Group, the Tender Offeror Group, the Agreed Tendering Shareholders and the success or failure of the Transactions, as materials concerning the share value of the Company Shares.
- The Tender Offer Period is scheduled to be 30 business days, whereas the minimum period stipulated by law is 20 business days. By setting the Tender Offer Period to a longer period than the minimum period stipulated by law, it is recognized that the Company will ensure that its shareholders have an appropriate opportunity to decide whether to tender their shares in the Tender Offer, while also ensuring that the opportunity for a takeover bid by a counterbidder. In addition, there is no agreement between the Company and the Tender Offeror that would unduly restrict the Company's contact with potential counterbidders. As such, in this case, it is recognized that an indirect market check was carried out by implementing the M&A after creating an environment in which other potential acquirers could make counterproposals after the announcement.
- Although the Majority of Minority is not applied for the minimum planned purchase quantity for the Tender Offer, it is recognized that a considerable degree of consideration is being given to the minority shareholders of the Company, taking into account that other measures to ensure fairness are being taken.
- In the Tender Offer Statement and the Company's Statement of Opinion Press Release, there is to be substantial disclosure of information regarding the content of the authority granted to the Special Committee, the background to the deliberations of the Special Committee and its involvement in the negotiation process regarding the terms of the Transactions with the Tender Offeror, the content of the Report, the remuneration system for the members of the Special Committee, etc., summary of the Share Valuation Report (Nomura Securities) and the process and negotiation history leading up to the implementation of the Transactions, etc., and it is recognized that important information will be provided to the Company's shareholders to assist them in making judgments regarding the appropriateness of the terms of the Transactions, etc.

- If the Tender Offeror does not acquire all of the Company Shares in the Tender Offer, it plans to make a demand for share cash-out of all of the Company Shares or request that the Company hold an extraordinary general meeting of shareholders that includes a proposal for a share consolidation promptly after the completion of the settlement of the Tender Offer. It has also been announced that the money to be delivered to the Company's shareholders as compensation when making a demand for share cash-out or a share consolidation will be calculated so that it is the same as the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each shareholder. Furthermore, given that the right to petition the court for a price determination is secured for the Company's shareholders in the case of a demand for share cash-out, and the right to demand that the Company purchase shares and the right to petition the court for a price determination in connection with this are secured for the Company's shareholders in the case of a share consolidation, it is recognized that consideration has been given to avoid any coerciveness.
- (d) Whether the decision to implement the Transactions is disadvantageous to the minority shareholders of the Company
Considering that there is no problem with any of (a) to (c) above, regarding this Consultation Matter (d), it is found that implementation of the Transactions is not disadvantageous to the minority shareholders of the Company.
- (e) Whether it is appropriate for the Company's Board of Directors to express its opinion in favor of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer
Considering that there is no problem with any of (a) to (d) above, it is appropriate for the Company's Board of Directors express its opinion in favor of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer.

(IV) Obtainment of Advice from the Company's Independent Law Firm

As stated in “(i)Background of Establishment of Consideration System” in “(IV) Decision-making Process Leading to the Company's Decision to Support Tender Offer and Reason Therefor” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, to ensure transparency and reasonableness in the decision-making process of the Company's Board of Directors regarding the Transactions, the Company has appointed AMT as a legal advisor independent of the Tender Offeror Group, the Company Group, and the Agreed Tendering Shareholders and has received necessary legal advice on the decision-making process and decision-making method regarding the Transactions including the Tender Offer and other points to be noted upon making decisions regarding the Transactions.

AMT does not fall under the category of related party of the Tender Offeror Group, the Company Group, or the Agreed Tendering Shareholders and does not have any material interests in the Tender Offer. In addition, at its first meeting, the Special Committee approved AMT as the Company's legal advisor, after having confirmed that there is no problem with its independence. The remuneration of AMT does not include a contingency fee to be paid on the condition such as that the Transactions are consummated.

(V) Approval of All Directors of the Company (Including Audit and Supervisory Committee Members) without Conflicts of Interest

The Company carefully discussed and considered the Tender Offer based on the Report submitted by the Special Committee stated in “(III) Establishment of Independent Special Committee at the Company and Obtainment of Reports from the Special Committee” above, the legal advice stated in “(IV) Obtainment of Advice from the Company's Independent Law Firm” above and the Share Valuation Report (Nomura Securities) stated in “(II) Obtainment of Share Valuation Report from the Company's Independent Third-party Calculation Agent” above and other matters.

As a result, as stated in “(IV) Decision-making Process Leading to the Company's Decision to Support Tender Offer and Reason Therefor” in “(2) Grounds and Reasons for the Opinion on the Tender Offer” above, at the meeting of the Company's Board of Directors held today, it was resolved that the Company expresses support for the Tender Offer and to recommend the

Company's shareholders to tender their shares in the Tender Offer by a unanimous vote of the eight directors without conflicts of interest who participated in the resolution (including directors who are audit and supervisory committee members) among all nine directors of the Company.

Among the directors of the Company, the Tender Offeror had the intention of entering into a tender agreement with Mr. Kushibiki and with Kanesho Sangyo whose representative is Mr. Kushibiki. Thus, from the perspective of avoiding the doubt of conflict of interest, based on the legal advice from AMT, the Company's legal advisor, Mr. Kushibiki has not, since September 11 2024, participated in the discussions or negotiations with the Tender Offeror on the part of the Company nor has he participated in the deliberations or resolutions at the meeting of the Board of Directors stated above.

(VI) Establishment of Independent Consideration System at the Company

As stated in "(IV) Decision-making Process Leading to the Company's Decision to Support Tender Offer and Reason Therefor" in "(2) Grounds and Reasons for the Opinion on the Tender Offer" above, since the Company commenced discussions toward the implementation of the Transactions, the Company has established a project team consisting of six officers and employees who are independent of the Tender Offeror Group and the Agreed Tendering Shareholders to consider, negotiate for, and make judgement on the Tender Offer (including the scope and duties of its officers and employees involved in the consideration, negotiation, and judgment regarding the Tender Offer) from a standpoint independent of the Tender Offeror Group and the Agreed Tendering Shareholders. Among the project team members, directors who are involved are Mr. Tomohiro Inoue (Senior Managing Director), Mr. Yoshio Kinoshita (Director, Executive Managing Officer), and Mr. Osamu Yamamoto (Director, Senior Managing Officer). Specifically, on September 11, 2024, from the perspective of eliminating an issue of structural conflict of interest, the Company determined that it will not cause Mr. Kushibiki to be involved in the negotiation process, consideration, and judgment concerning the terms and conditions of the Transactions between the Company and the Tender Offeror including the Tender Offer Price or to be involved in the preparation process of the Business Plan which is the basis of evaluation of the Company Shares and is continuing such treatment. Furthermore, at its first meeting held on September 11, 2024, the Special Committee approved that there is no problem with such consideration system from the perspective of independence and fairness.

(VII) Measures to Ensure Opportunities for Purchases from Other Purchasers

The Tender Offeror has not made an agreement with the Company that restricts the counterbidders from making contact with the Company such as an agreement including transaction protection clauses that prohibit the Company from making contact with the counterbidders. Furthermore, it is understood that the Tender Offeror sets the Tender Offer Period of 30 business days, which is longer than 20 business days, the minimum period required by law. It is understood that, by setting the Tender Offer Period to be longer than the minimum period required by law, the Tender Offeror intends to ensure the appropriateness of the Tender Offer Price by ensuring the opportunities for any person other than the Tender Offeror to make a competitive purchase, etc. of the Company Shares, while ensuring opportunities for the shareholders of the Company to appropriately judge whether or not to tender their shares in the Tender Offer.

4. Matters Related to Important Agreements Concerning the Tender Offer

It is understood that the Tender Offeror entered into the Tender Agreement with the Agreed Tendering Shareholders on November 12, 2024, respectively. It is understood that, in connection with the Transactions, the Tender Offeror has not entered into any agreement with the Agreed Tendering Shareholders, under which certain benefits other than the consideration of the Tender Offer are granted or provided.

Tender Agreement (Aso)

It is understood that, in relation to the Tender Offer, the Tender Offeror entered into a Tender Agreement (Aso) with Aso on

November 12, 2024, under which Aso has agreed to tender the Agreed Tendered Shares (Aso) it owns in the Tender Offer within 10 business days from the commencement date of the Tender Offer. It is understood that, under the Tender Agreement (Aso), Aso may, at its discretion, decide not to tender, withdraw its tender, or cancel the agreement for the purchase of the Agreed Tendered Shares (Aso) that have been tendered, if Aso obtains the prior written consent of the Tender Offeror or if any of the preconditions for Aso's obligations are not satisfied in whole or in part during the Tender Offer Period. In addition, it is understood that, until the Settlement Commencement Date, except for tender under the Tender Agreement (Aso), Aso shall not directly or indirectly (i) transfer, succeed to, pledge or otherwise dispose of the Agreed Tendered Shares (Aso), or the acquisition, provision, or transfer (including short selling and tendering to a tender offer for the Company's issued shares, etc. by a third party) of the Company Shares or rights pertaining to the Company Shares (except in cases where Aso does not tender to the Tender Offer, withdraws its tender, or is able to cancel the Tender Agreement for the Agreed Tendered Shares (Aso) that were formed as a result of the tender, in accordance with the above), and (ii) Aso will not actively make any proposals or solicitations to third parties regarding any transactions that compete with or inhibit the Tender Offer or have the potential to do so (includes organizational restructuring activities such as mergers, share exchanges, and company splits between the Company and third parties, as well as the transfer of all or part of the Company's business and tender offers and other sales of the Company Shares issued by the Company by third parties), and if Aso receives any information, proposals or solicitations regarding such transactions from third parties, Aso will notify the Tender Offeror as soon as is reasonably practicable. In addition, it is understood that if the Tender Offer is successful and settlement for the Tender Agreement (Aso) is completed, and a general meeting of the Company's shareholders is held with the record date for exercising rights being a date prior to the day before the Settlement Commencement Date, Aso is to exercise the voting rights and all other rights pertaining to the Company Shares held by Aso at the general meeting of shareholders in accordance with the instructions of the Tender Offeror.

It is understood that, in the Tender Agreement (Aso), the preconditions for Aso's tender are (1) that the Tender Offer has been lawfully and validly commenced and has not been withdrawn; (2) that there are no material errors in the representations and warranties of the Tender Offeror (Note 1); (3) that there is no material breach by the Tender Offeror of the obligations set out in the Tender Agreement (Aso); (4) that the Company's Board of Directors has passed a resolution to express an opinion in favor of the Tender Offer and that such opinion has not been changed or withdrawn; and (5) that there are no laws, regulations, orders, dispositions or judgments by judicial or administrative agencies, etc. that restrict or prohibit the Tender Offer or the tender of shares based on the Tender Agreement (Aso) by Aso. Furthermore, it is understood that under the Tender Agreement (Aso), Aso is not prohibited or restricted from tendering its shares in the Tender Offer, at its discretion, after waiving the preconditions.

In addition, it is understood that in the Tender Agreement (Aso), each party has agreed to the following in addition to the above: reasons for termination of the agreement (Note 2), confidentiality, publication, prohibition on transfer of contractual status, expenses, complete agreement, governing law and jurisdiction, and good faith consultation.

(Note 1) It is understood that the Tender Agreement (Aso) stipulates that the Tender Offeror's representations and warranties include: (i) the validity of its establishment and continued existence; (ii) its possession of the necessary authority and ability to conclude and perform the Tender Agreement (Aso); (iii) the validity and enforceability of the Tender Agreement (Aso); (iv) the absence of any conflict with laws and regulations; (v) the absence of any bankruptcy proceedings; and (vi) the absence of any transactions or involvement with antisocial forces.

It is understood that the Tender Agreement (Aso) stipulates that Aso's representations and warranties include: (i) the validity of its establishment and continued existence; (ii) its possession of the necessary authority and ability to conclude and perform the Tender Agreement (Aso); (iii) the validity and enforceability of the Tender Agreement (Aso); (iv) the absence of any conflict with laws and regulations; (v) the absence of any bankruptcy proceedings; (vi) ownership of Company Shares; and (vii) the absence of any transactions or involvement with antisocial forces.

(Note 2) It is understood that the Tender Agreement (Aso) states that the agreement will be terminated in the following cases: (i) if the agreement is terminated due to a breach of a material obligation by either party; (ii) if the agreement is terminated due to a material breach of a representation or warranty by either party; and (iii) if the Tender Offeror withdraws the Tender Offer in accordance with laws and regulations or the Tender Offer is not successful.

It is understood that, in conjunction with the Tender Offer, on November 12, 2024, the Tender Offeror has executed the Tender Agreement (VARECS) with VARECS to the effect that the Shares Agreed to be Tendered (VARECS) owned by VARECS shall be tendered in the Tender Offer within at least 10 business days from the commencement date of the Tender Offer. It is understood that the Tender Agreement (VARECS) provides that if prior written consent is obtained from the Tender Offeror, VARECS may terminate an agreement related to the purchase of the Shares Agreed to be Tendered (VARECS) completed as a result of its tender. It is understood that, in addition, it is provided that if a tender offer for the Target Company Shares is commenced by a person other than the Tender Offeror with a purchase price that exceeds the Tender Offer Price by 5% or more (if the Tender Offer Price is increased due to a change in the terms and conditions for purchase, this shall be the changed purchase price) (the tender offer is required to be one in which no maximum planned purchase quantity is set and the minimum planned purchase quantity is set at the number of shares that will result in the voting rights held by the tender offeror of the tender offer after the tender offer corresponding to two-thirds or more of all voting rights of the Target Company) (a “Competing Tender Offer”), and an attorney’s written opinion to the effect that VARECS’ tender or failure to withdraw its tender is reasonably found to be in breach of its fiduciary duty owed to its investors is submitted and a copy of the written opinion is delivered to the Tender Offeror by the end of the Tender Offer Price despite no breach of VARECS’ obligations set forth in (i) and (ii) below, VARECS may propose to hold discussions with the Tender Offeror on a change in the Tender Offer Price; and if the Tender Offeror does not increase the Tender Offer Price up to a price higher than the purchase price in the Competing Tender Offer by the day on which 10 business days have elapsed from the day of such proposal or the end of the tender offer period, whichever comes earlier, VARECS may tender no shares or withdraw its tender without paying any money under any name whether it be damages or penalty and without being subject to any other obligations, burdens, or conditions. It is understood that it is also provided that until the Settlement Commencement Date, except for a tender based on the Tender Agreement (VARECS), directly or indirectly, (i) VARECS shall not transfer, hand over, provide as a collateral, or otherwise dispose of the Shares Agreed to be Tendered (VARECS) or shall not obtain, provide, or transfer any shares in the Target Company or any right pertaining to shares in the Target Company (including making a short sale and tendering its shares in a third party’s tender offer targeting shares issued by the Target Company), and that (ii) VARECS shall not make any proposal or solicitation to a third party regarding a transaction that conflicts with or impedes, or may conflict with or impede, the Tender Offer (including the Target Company’s organizational restructuring with a third party, such as a merger, share exchange, or company split, transfer of all or part of the Target Company’s businesses, and a third party’s tender offer or other purchase and sale targeting shares issued by the Target Company); if VARECS receives any information provision, proposal, solicitation, etc. regarding such transaction from a third party, VARECS shall promptly give notice to the Tender Offeror. It is understood that, in addition, it is provided that if VARECS tenders its shares and the Tender Offer is successfully completed, and if a shareholders’ meeting of the Target Company is held with the record date for exercise of rights which is a day falling on or before the day preceding the Settlement Commencement Date, VARECS shall exercise its voting rights pertaining to the Target Company Shares owned by VARECS and other rights at the shareholders’ meeting in accordance with the Tender Offeror’s instructions.

It is understood that the Tender Agreement (VARECS) provides that the conditions precedent for VARECS’ tender shall be as follows: (i) the Tender Offer has been commenced lawfully and effectively and has not been withdrawn; (ii) there is no material error in the Tender Offeror’s representations and warranties (Note 1); (iii) there is no material breach by the Tender Offeror of its obligations set forth in the Tender Agreement (VARECS); (iv) the Target Company’s board of directors has adopted a resolution to express its opinion in support of the Tender Offer and such expressed opinion has not been changed or withdrawn; and (v) there is no unpublished material fact regarding the Target Company’s business (as set forth in Article 166, paragraph (2) of the Act) or no unpublished fact regarding implementation or suspension of a tender offer, etc. for shares in the Target Company (as set forth in Article 167, paragraph (2) of the Act; excluding the fact regarding the Tender Offer). It is understood that, under the Tender Agreement (VARECS), VARECS is not prohibited or restricted from tendering its shares in the Tender Offer by waiving those conditions precedent at its own discretion.

It is understood that, in addition, in the Tender Agreement (VARECS), in addition to the above, the parties have agreed to the termination events (Note 2), confidentiality, publication, no-transfer of their contractual status, expenses, entire agreement, governing law and jurisdiction, and good-faith discussion provisions.

(Note 1) It is understood that, under the Tender Agreement (VARECS), as the Tender Offeror's representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (VARECS); (iii) the validity and enforceability of the Tender Agreement (VARECS); (iv) non-existence of conflict with laws or regulations; (v) non-existence of insolvency proceedings; (vi) non-existence of transactions with or involvement of anti-social forces; and (vii) no knowledge of unpublished material facts.

It is understood that, under the Tender Agreement (VARECS), as VARECS' representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (VARECS); (iii) the validity and enforceability of the Tender Agreement (VARECS); (iv) non-existence of conflict with laws or regulations; (v) non-existence of insolvency proceedings; (vi) its ownership of the Target Company Shares; (vii) non-existence of transactions with or involvement of anti-social forces; and (viii) no knowledge of unpublished material facts.

(Note 2) It is understood that the Tender Agreement (VARECS) provides the following termination events: (i) termination due to a party's breach of any of its material obligations; (ii) termination due to a material breach of any of a party's representations and warranties; and (iii) the Tender Offeror's failure to commence the Tender Offer on November 13, 2024 or withdrawal of the Tender Offer in accordance with laws and regulations, failure of the Tender Offer, or VARECS' failure to tender its shares or withdrawal of its tender in accordance with the above.

Tender Agreement (Kanesho Sangyo)

It is understood that, in relation to the Tender Offer, the Tender Offeror entered into a Tender Agreement (Kanesho Sangyo) with Kanesho Sangyo on November 12, 2024, under which Kanesho Sangyo has agreed to tender the Agreed Tendered Shares (Kanesho Sangyo) it owns in the Tender Offer within 15 business days of the commencement date of the Tender Offer. It is understood that the Tender Agreement (Kanesho Sangyo) stipulates that Kanesho Sangyo may not, under any circumstances, withdraw its tender for the Tender Offer or cancel the agreement for the purchase of the Agreed Tendered Shares (Kanesho Sangyo) that have been tendered, unless Kanesho Sangyo has obtained the prior written consent of the Tender Offeror. In addition, it is understood that if a general meeting of the Company's shareholders is held with the record date for exercising rights being a date prior to the day before the Settlement Commencement Date, Kanesho Sangyo **is to** exercise the voting rights and all other rights pertaining to the Company Shares held by Kanesho Sangyo at the general meeting of shareholders in accordance with the instructions of the Tender Offeror. It is understood that the Tender Agreement (Kanesho Sangyo) does not stipulate any conditions precedent for Kanesho Sangyo to tender its shares.

In addition, it is understood that in the Tender Agreement (Kanesho Sangyo), each party has agreed to the following in addition to the above: reasons for termination of the agreement (Note 1), confidentiality, publication, governing law and jurisdiction, and good faith consultation.

(Note 1) It is understood that the Tender Agreement (Kanesho Sangyo) states that the agreement will be terminated in the following cases: (i) if the agreement is terminated due to a material breach of a representation and warranty by either party (Note 2); and (ii) if the Tender Offeror withdraws the Tender Offer in accordance with laws and regulations or the Tender Offer is not successful.

(Note 2) It is understood that the Tender Agreement (Kanesho Sangyo) stipulates that the Tender Offeror's representations and warranties include: (i) the validity of its establishment and continued existence; (ii) its possession of the necessary authority and ability to conclude and perform the Tender Agreement (Kanesho Sangyo); (iii) the validity and enforceability of the Tender Agreement (Kanesho Sangyo); (iv) the absence of any conflict with laws and regulations; (v) the absence of any bankruptcy proceedings; and (vi) the absence of any transactions or involvement with antisocial forces.

It is understood that the Tender Agreement (Kanesho Sangyo) stipulates that Kanesho Sangyo's representations

and warranties include: (i) the validity of its establishment and continued existence; (ii) its possession of the necessary authority and ability to conclude and perform the Tender Agreement (Kanesho Sangyo); (iii) the validity and enforceability of the Tender Agreement (Kanesho Sangyo); (iv) the absence of any conflict with laws and regulations; (v) the absence of any bankruptcy proceedings; (vi) ownership of the Company Shares; and (vii) the absence of any transactions or involvement with antisocial forces.

Tender Agreement (Mr. Kushibiki)

It is understood that, in relation to the Tender Offer, the Tender Offeror entered into an agreement with Mr. Kushibiki on November 12, 2024, under which Mr. Kushibiki has agreed to tender the Agreed Tendered Shares (Mr. Kushibiki), within 15 business days from the commencement date of the Tender Offer, after Mr. Kushibiki (i) causing the holders of the security interests to cancel all 47,000 shares of the Agreed Tendered Shares (Mr. Kushibiki) over which security interests are established, and (ii) either terminating the stock lending agreement for 250,000 shares of the Agreed Tendered Shares (Mr. Kushibiki) subject to a stock lending transaction or receiving the return of such shares in accordance with such stock lending agreement.

It is understood that the Tender Agreement (Mr. Kushibiki) does not stipulate any conditions precedent for Mr. Kushibiki to tender its shares.

In addition, it is understood that in the Tender Agreement (Mr. Kushibiki), each party has agreed to the following in addition to the above: reasons for termination of the agreement (Note 1), confidentiality, publication, governing law and jurisdiction, and good faith consultation.

(Note 1) It is understood that the Tender Agreement (Mr. Kushibiki) states that the agreement will be terminated in the following cases: (i) if the agreement is terminated due to a material breach of a representation and warranty by either party (Note 2); and (ii) if the Tender Offeror withdraws the Tender Offer in accordance with laws and regulations or the Tender Offer is not successful.

(Note 2) It is understood that the Tender Agreement (Mr. Kushibiki) stipulates that the Tender Offeror's representations and warranties include: (i) the validity of its establishment and continued existence; (ii) its possession of the necessary authority and ability to conclude and perform the Tender Agreement (Mr. Kushibiki); (iii) the validity and enforceability of the Tender Agreement (Mr. Kushibiki); (iv) the absence of any conflict with laws and regulations; (v) the absence of any bankruptcy proceedings; and (vi) the absence of any transactions or involvement with antisocial forces.

It is understood that the Tender Agreement (Mr. Kushibiki) stipulates that Mr. Kushibiki's representations and warranties include: (i) the validity of its establishment and continued existence, (ii) its possession of the necessary authority and ability to conclude and perform the Tender Agreement (Mr. Kushibiki); (iii) the validity and enforceability of the Tender Agreement (Mr. Kushibiki), (iv) the absence of any conflict with laws and regulations; (v) the absence of any bankruptcy proceedings; (vi) ownership of the Company Shares; and (vii) the absence of any transactions or involvement with antisocial forces.

5. Details of Benefits to be Provided by the Tender Offeror or its Special Related Parties
Not applicable.

6. Policy for Responding under the Basic Policy to Control of the Company
Not applicable.

7. Questions to Tender Offeror
Not applicable.

8. Request for Extension of Tender Offer Period
Not applicable.

9. Future Outlook

Please see “(II) Background, Purpose and Decision-making Process Leading to Tender Offeror’s Decision to Conduct Tender Offer”, “(III) Management Policies after the Tender Offer”, and “(IV) Decision-making Process Leading to the Company’s Decision to Support Tender Offer and Reason Therefor” in “(2) Grounds and Reasons for the Opinion on the Tender Offer”, and “(4) Likelihood of and Reasons for Delisting” and “(5) Policy for Organizational Restructuring, Etc. after Tender Offer (Matters Regarding the So-called ‘Two-Step Acquisition’)” in “3. Contents, Basis of and Reason for Opinions on Tender Offer” above.

10. Others

(1) Publication of Financial Results for the Third Quarter of the Fiscal Year Ending December 2024 <Japanese Standard> (Consolidated)

The Company’s Financial Results for the Third Quarter of the Fiscal Year Ending December 2024 <Japanese Standard> (Consolidated) have been published as of today. For details, please see the Company’s published material mentioned above.

(2) Publication of “Announcement of Revision of the Forecast for the Final Dividend for the Fiscal Year Ending December 2024 (No Dividend)”

At a meeting of its Board of Directors held today, the Company resolved on condition that the Tender Offer is consummated, to revise its dividend forecast for the fiscal year ending December 2024 published on August 13, 2024, not to pay the final dividend for the fiscal year ending December 2024. For details, please see the Company’s published material mentioned above.

End

(Reference) Overview of Purchase

Please see the attached “Notice Concerning the Commencement of a Tender Offer for the shares of AGRO-KANESHO CO., LTD. (Securities Code: 4955)” announced by the Tender Offeror today.

[Regulations on Solicitation]

This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

[Future projections]

The matters described in this press release include statements concerning the future plans and strategies of the Tender Offeror and the Tender Offeror Group in the event of the acquisition of the Company Shares. These statements reflect the Tender Offeror's expectations based on the Tender Offeror's assumptions and beliefs derived from the information currently available to the Tender Offeror. Please note that the actual results may be significantly different from the Tender Offeror's expectations due to various risks and uncertainties. The Tender Offeror shall not be obligated to update statements concerning future prospects to reflect actual business results or other various developments, changes in the conditions, or other related factors.

[US Regulations]

The Tender Offer targets the common shares of the Company, which was established in Japan. The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) or Section 14(d) of the U.S. Securities Exchange Act of 1934, (as amended, the "U.S. Securities Exchange Act of 1934") or the rules promulgated under such Sections do not apply to the Tender Offer, and the Tender Offer is not in compliance with the procedures and standards thereunder. The financial information in this press release and in the reference materials to this press release has been prepared based on Japanese generally accepted accounting principles which may significantly be different from the generally accepted accounting standards of the United States or other countries. Also, because the Tender Offeror is a corporation incorporated outside the U.S. and all or some of their directors are non-U.S. residents, it may be difficult to exercise rights or demands against them that can be claimed based on U.S. securities laws. In addition, shareholders may not be permitted to commence any legal procedures in courts outside the U.S. against non-U.S. corporations or their directors based on a breach of U.S. securities laws. Furthermore, U.S. courts are not necessarily granted jurisdiction over non-U.S. corporations or their related companies.

All procedures regarding the Tender Offer shall be conducted in the Japanese language unless otherwise provided. While some or all of the documents regarding the Tender Offer will be prepared in English, the Japanese documents shall prevail in case of any discrepancies between Japanese documents and corresponding English documents.

The Tender Offeror and its affiliates, each of the financial advisors of the Tender Offeror and the Company, and the tender offer agent (including their respective related companies) may, in addition to within their ordinary course of business, purchase or conduct any act toward the purchase of the common shares of the Company for their own account or for their customers' accounts outside the Tender Offer prior to the commencement of, or during, the purchase period of the Tender Offer in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act of 1934 to the extent permissible under the financial instruments and exchange laws and other applicable laws and regulations in Japan. Such purchase may be made in the market at the market price or outside the market at a price determined through negotiation. If any information concerning such purchase is disclosed in Japan, the disclosure of such information will also be made on the English website of such purchaser (or by other method of public disclosure).

If shareholders exercise their rights to demand the Company to purchase the shares constituting less than one unit in accordance with the Companies Act, the Company may purchase its own shares during the period of the Tender Offer in accordance with the procedures required by laws and regulations

This press release and any reference materials to this press release include the "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended, the "U.S. Securities Exchange Act of 1933") and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or implicitly indicated in the forward-looking statements, due to known or unknown risks, uncertainties, or other factors. None of the Company, the Tender Offeror, or any of their respective affiliates can promise that the predictions expressly or implicitly indicated as the "forward-looking statements" will be achieved. The "Forward-looking statements" included in this press release and in the reference materials to this press release were prepared based on the information held by the Company and

the Tender Offeror as of the date of this press release and, unless obliged by laws and regulations, neither the Company, the Tender Offeror nor their respective affiliates shall have the obligation to change or revise the statements made herein in order to reflect the future incidents or situations.

[Other National Regulations]

Some countries or regions may impose restrictions by law on the announcement, issue or distribution of this press release. In such cases, please take note of such restrictions and comply with them. This press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.



November 12, 2024

Press Release

Company name: Idemitsu Kosan Co., Ltd.
Representative Director & Chief Executive Officer: Shunichi Kito
(Company Code: 5019, TSE, Prime Market)

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**Notice Regarding Commencement of Tender Offer for
Shares of AGRO-KANESHO CO., LTD. (Securities Code: 4955)**

Idemitsu Kosan Co., Ltd. (the “Tender Offeror”) hereby announces that it has resolved at its board of directors’ meeting held on November 12, 2024, to acquire the shares of common stock (the “Target Company Shares”) of AGRO-KANESHO CO., LTD. (Code: 4955, Standard Market of Tokyo Stock Exchange, Inc. (the “TSE”); the “Target Company”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “Act”), as described below.

1. Purpose of the Purchase

(1) Overview of the Tender Offer

At the board of directors’ meeting held on November 12, 2024, the Tender Offeror resolved to implement the Tender Offer as part of the transactions intended to acquire all of the Target Company Shares listed on the Standard Market of the TSE (excluding the treasury shares owned by the Target Company; the same applies hereinafter) and to make the Target Company a wholly-owned subsidiary of the Tender Offeror (the “Transactions”). As of today, the Tender Offeror does not own any Target Company Shares.

With respect to the Tender Offer, the Tender Offeror has set a minimum planned purchase quantity of 8,077,300 shares (ownership ratio (Note 1): 66.67%), and if the total number of shares tendered in response to the Tender Offer (the “Tendered Shares”) falls below this minimum planned purchase quantity, the Tender Offeror will purchase no Tendered Shares. On the other hand, as described above, the Tender Offeror intends to acquire all of the Target Company Shares and has therefore not set a maximum planned purchase quantity, and if the total number of Tendered Shares is equal to or exceeds the minimum planned purchase quantity, the Tender Offeror will purchase all of the Tendered Shares. The minimum planned purchase quantity (8,077,300 shares) is intended for the Tender Offeror to make the Target Company its wholly-owned subsidiary through

the Transactions. When implementing the procedures for the share consolidation necessary for the Tender Offeror to make the Target Company its wholly-owned subsidiary as described in “(II) Share Consolidation” of “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a “Two-Step Acquisition”)” below, a special resolution of the shareholders’ meeting as set forth in Article 309(2) of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter) is required. Therefore, the minimum planned purchase quantity (8,077,300 shares) was set as to allow the Tender Offeror alone to satisfy such requirement. Specifically, the minimum planned purchase quantity (8,077,300 shares) was set as the number obtained by the following formula: (i) subtracting the number of treasury shares owned by the Target Company as of September 30, 2024 reported by the Target Company (1,288,889 shares, which does not include 135,537 Target Company Shares owned by it in the trust account for the share delivery trust established for the stock compensation plan for the directors and other relevant officers; hereinafter the same with respect to the number of treasury shares owned by the Target Company) from the total number of issued shares of the Target Company as of September 30, 2024 as described in the Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP) published by the Target Company on November 12, 2024 (the “Target Company’s Third-Quarter Financial Results”) (13,404,862 shares); this amounts to 12,115,973 shares, which corresponds to 121,159 voting rights; (ii) then multiplying such number of voting rights by 2/3 (with the resulting fraction being rounded up to the nearest whole number, which equals to 80,773 voting rights); and (iii) multiplying such number of voting rights by 100 shares, which is the number of shares in each share unit of the Target Company.

(Note 1) The “ownership ratio” refers to the ratio (rounded to the nearest hundredth, which also applies with regard to subsequent descriptions of ownership ratio) to the number of shares (12,115,973 shares) obtained by subtracting the number of treasury shares owned by the Target Company as of September 30, 2024 (1,288,889 shares) as described in the Target Company’s Third-Quarter Financial Results from the total number of issued shares of the Target Company as of September 30, 2024 as described in the Target Company’s Third-Quarter Financial Results (13,404,862 shares).

In conjunction with the Tender Offer, the Tender Offeror has executed the following agreements on November 12, 2024 wherein Aso, Kanesho Sangyo, and Mr. Kushibiki (respectively defined below) have agreed to tender all Target Company Shares they respectively own in the Tender Offer, and wherein VARECS has agreed to tender all Target Company Shares owned by it in the discretionary investment account that it manages (combined number of shares owned: 5,002,894 shares; combined ownership ratio: 41.29%) in the Tender Offer (hereinafter Aso, VARECS, Kanesho Sangyo, and Mr. Kushibiki are referred to as the “Agreed Tendering Shareholders”): (i) an agreement with Aso Corporation (“Aso”), which is the Target Company’s largest shareholder (as of June 30, 2024; hereinafter the same for the subsequent descriptions of the ranking of shareholders), (number of shares owned: 2,199,400 shares; ownership ratio: 18.15%; the “Shares Agreed to be Tendered (Aso)”), for tendering those shares in the Tender Offer (the “Tender Agreement (Aso)”); (ii) an agreement with VARECS Partners Limited (“VARECS”), which is the Target Company’s second largest shareholder (Note 2), (number of shares owned: 1,600,400 shares; ownership ratio: 13.21%) for tendering all Target Company Shares owned by VARECS in the discretionary investment account that it manages (number of shares owned: 1,599,300 shares; ownership ratio: 13.20%; the “Shares Agreed to be Tendered

(VARECS)”) in the Tender Offer (the “Tender Agreement (VARECS)”); (iii) an agreement with Kanesho Sangyo Kabushiki Kaisha (“Kanesho Sangyo”), which is the Target Company’s fifth largest shareholder and the asset management company of Mr. Hironori Kushibiki, who is the Target Company’s Representative Director and President (“Mr. Kushibiki”), (number of shares owned: 800,000 shares; ownership ratio: 6.60%; the “Shares Agreed to be Tendered (Kanesho Sangyo)”) for tendering those shares in the Tender Offer (the “Tender Agreement (Kanesho Sangyo)”); and (iv) an agreement with Mr. Kushibiki, the Target Company’s ninth largest shareholder, (number of shares owned: 404,194 shares (Note 3); ownership ratio: 3.34%; the “Shares Agreed to be Tendered (Mr. Kushibiki)”) for tendering those shares in the Tender Offer (the “Tender Agreement (Mr. Kushibiki)”).

For the outline of the Tender Agreement (Aso), the Tender Agreement (VARECS), the Tender Agreement (Kanesho Sangyo) and the Tender Agreement (Mr. Kushibiki) (collectively, the “Tender Agreements”), please refer to “(6) Matters Regarding Critical Agreements Related to the Tender Offer” below.

(Note 2) According to “(5) Situation of Major Shareholders” of “1. Situation of Shares” of “III. Situation of Filing Company” of “Part 1. Corporate Information” (Japanese original only) in the Target Company’s semiannual securities report for the 66th fiscal year filed on August 14, 2024 (the “Target Company’s Semiannual Report”), although VARECS filed a statement of large-volume holding of the Target Company Shares (including a statement of changes), the Target Company is unable to verify the number of shares beneficially owned by VARECS as of June 30, 2024. Accordingly, the ranking of shareholders in this press release lists the shareholders in descending order of shareholding ratio by referring to the following: (i) for VARECS, the ratio of Target Company Shares owned by VARECS as of today reported by VARECS; and (ii) for the other shareholders, the “ratio of the number of shares owned to the total number of issued shares (excluding treasury shares)” of “(5) Situation of Major Shareholders” of “1. Situation of Shares” of “III. Situation of Filing Company” of “Part 1. Corporate Information” in the Target Company’s Semiannual Report.

(Note 3) As of September 30, 2024, Mr. Kushibiki indirectly owns 794 Target Company Shares (with any fractional shares discarded) (ownership ratio: 0.01%) equivalent to the ratio of shares owned through the Target Company’s officer shareholding association, which Target Company Shares are not included in the number of shares owned by Mr. Kushibiki. As of September 30, 2024, 68,181 Target Company Shares (with any fractional shares discarded) (ownership ratio: 0.56%) have been definitively vested in Mr. Kushibiki pursuant to the share delivery rules governing the Target Company’s share delivery trust, which Target Company Shares are not included in the number of shares owned by Mr. Kushibiki. The same applies to the number of shares owned by Mr. Kushibiki referred to hereinafter.

As the Tender Offeror intends to make the Target Company its wholly-owned subsidiary, if the Tender Offeror fails to acquire all of the Target Company Shares during the Tender Offer, the Tender Offeror will acquire all of the remaining Target Company Shares by implementing the procedures as described in “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a “Two-Step Acquisition”)” below to make the Tender Offeror the sole shareholder of the Target Company (the “Squeeze-out Procedure”).

Furthermore, according to the “Statement of Opinion in Support of the Tender Offer for Our Shares by Idemitsu Kosan Co., Ltd. and Recommendation for Tender” published by the Target Company on November

12, 2024 (the “Target Company Press Release”), at its board of directors’ meeting held on November 12, 2024, the Target Company resolved to express its opinion to support the Tender Offer and to recommend that the Target Company shareholders tender their shares in the Tender Offer.

For details of the Target Company’s board of directors’ resolutions stated above, please refer to the Target Company Press Release, and “(V) Approval of All Directors of the Target Company (Including Audit and Supervisory Committee Members) without Conflicts of Interest” of “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below.

- (2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy
- (I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer

As of October 31, 2024, the Tender Offeror, its 180 subsidiaries, and 55 affiliates (collectively, the “Tender Offeror Group”) conduct (i) fuel oil business, (ii) basic chemicals business, (iii) functional materials business, (iv) power and renewable energy business, (v) resources business, and (iv) other businesses. The Tender Offeror was established by Mr. Sazo Idemitsu, the founder, as Idemitsu Shokai in Moji City, Fukuoka Prefecture (currently, Moji Ward, Kitakyushu City) in June 1911 and started sales of petroleum mainly in the Kanmon area. In March 1940, Mr. Sazo Idemitsu established Idemitsu Kosan Co., Ltd. in Tokyo, and Idemitsu Shokai merged with Idemitsu Kosan Co., Ltd. as a company disappearing in an absorption-type merger in November 1947. The Tender Offeror was listed on the First Section of the TSE in October 2006, and as a result of the restructuring of market divisions of the TSE as of April 4, 2022, it currently is listed on the Prime Market of the TSE.

On the other hand, the Target Company was founded in August 1951 by the founder, Daikichi Kushibiki, as Kouyou Trading Co., Ltd. (Otemachi, Chiyoda-ku) with the aim of importing and introducing agricultural chemicals from countries around the world. In November of the same year, the company name was changed to Kanesho Co., Ltd. In April 1959, Kanesho Chemical Industry Co., Ltd. was established, and in January 1985, the two companies merged, with Kanesho Chemical Industry Co., Ltd. becoming the surviving company and changing its name to AGRO-KANESHO CO., LTD. The Target Company was over-the-counter registered with the Japan Securities Dealers Association in June 1993, and was listed on the Second Section of the TSE in September 2000. It was then listed on the First Section of the TSE in September 2014. In addition, after being transferred to the Prime Market of the TSE on April 4, 2022 as a result of a review of market segments on the TSE, the Target Company was transferred to the Standard Market of the TSE in October 2023, where it is currently listed.

As of today, the Target Company group consists of the Target Company and 2 consolidated subsidiaries (Kanesho Soil Treatment SRL/BV (Kingdom of Belgium) and AGRO-KANESHO KOREA CO., LTD (South Korea)), a total of 3 companies (the “Target Company Group”), and its principal business is the production and sale of agricultural chemicals such as soil disinfectants, pesticides and disease control agents. The Target Company Group conducts research and development, technology dissemination, production, and sales based on its management philosophy, “Our credo” (1. We are responsible to our customers who use our

products and services. 2. We are responsible to our employees who are engaged in our business. 3. We are responsible for relevant local societies with our business and in turn whole society. 4. We are responsible to our stockholders.) and the motto “With always growers.”

The agricultural environment is expected to continue to expand in the future as the demand for food increases with the growth of the world’s population, and the global agricultural chemical market continues to grow due to the expansion of agricultural production. In domestic agriculture, while the number of agricultural producers is decreasing and the average age of farmers is increasing, there are also changes in the structure of agricultural production, such as an increase in large-scale producers and agricultural corporations. In this environment, the domestic agricultural chemical industry is required to further improve the safety of agricultural chemicals under the Revised Agricultural Chemicals Control Act (effective December 2018), and the safety of domestically registered agricultural chemicals needs to be re-evaluated based on recent scientific knowledge. In the global agricultural chemical market, the registration system for agricultural chemicals is being revised ahead of Japan, and not only the safety assessment of agricultural chemicals during use and residual agricultural chemicals, but also the environmental impact assessment on ecosystems is being strengthened, and the registration of many existing agricultural chemicals is being revoked or cancelled. On the other hand, the outlook remains uncertain due to factors such as the ongoing situation in Russia and Ukraine and the continued rise in commodity prices as a result of the deterioration of international affairs.

Faced with these circumstances, the Target Company Group is working to enhance its corporate value by formulating a new Medium-Term Management Plan (2022-2025) along with a long-term business plan with the slogan ‘Lead The Way 2025’ in order to become a centennial company while adhering to the management philosophy that has guided the Target Company since its founding. The Target Company also aims to be a service-oriented company that can “meet the expectations of farmers, consumers and the local community” and make a significant contribution to the development of agriculture as an industry and the local economy, while always remembering its respect for farmers and respecting their motivation to produce, and above all aiming to improve farmers’ earnings.

In addition to creating products that meet the needs of the production site to create unique new agricultural chemical ingredients with high safety, the R&D department is working to expand the Target Company’s portfolio by introducing products from other companies and acquiring intangible assets. In the context of the increasing focus on reducing the use of chemical pesticides and chemical fertilizers as a social issue in agricultural production, as set forth in the European “Farm to Fork” (Note 1) and the Japanese “Green Food System Strategy” (Note 2), the Target Company is accelerating research and development of microbial and natural-source pesticides and materials, with the Biological Solutions Department, established in 2023, at the core, to introduce a product group that contributes to integrated pest management (IPM), which combines various pest control measures.

(Note 1) “Farm to Fork” strategy refers to a core strategy in the agricultural sector aimed at realizing the “European Green Deal,” an overarching initiative published by the European Commission on May 20, 2020, which outlines the future direction of food policy in the EU towards a sustainable economic and social model.

(Note 2) “Green Food System Strategy” refers to a food production policy formulated by the Ministry

of Agriculture, Forestry, and Fisheries in May 2021, aiming to enhance the productivity and sustainability of domestic agriculture, forestry, and fisheries.

In the Production Department, 13 years have passed since the Fukushima Plant was forced to suspend operations due to the accident at the Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Plant. In November 2018, the Target Company established and began operating the Yamaguchi Plant as a replacement for the Fukushima Plant and as a distribution base for western Japan. (The Yamaguchi Plant acquired ISO 9001 certification in February 2021). Together with the Ibaraki Plant, Naoetsu Plant, and Tokorozawa Office, which is the distribution base for eastern Japan, the Target Company is strengthening its in-house production system, working to ensure a stable supply of products, and continuously reviewing costs, as well as working to improve quality assurance and customer satisfaction and generate profits. The Applied Technology Laboratory, which the Target Company has been working on in collaboration with the Research and Development Division, has completed a new building on the grounds of the Yamaguchi Plant. The Target Company has established a system that enables the smooth transition from formulation research to industrial production, as well as the establishment and succession of formulation technology and know-how in agricultural chemical manufacturing. The Target Company has developed and transferred formulation technology and know-how in agricultural chemical production and have established a system that enables a smooth transition from formulation research to industrial production.

In addition to providing appropriate technical information to agricultural producers, the Technology Dissemination Department is also expanding its support activities for soil preparation, which is the foundation of agriculture, and for soil nematode control and pest diagnosis, using its soil analysis laboratory. In addition, the Target Company is also providing support for obtaining GLOBALG.A.P. Certification (Note 3) and operating research and practical farms (Kanesho Farm) to solve local agricultural and cultivation issues at 5 locations nationwide, and the Target Company is working to contribute to local agriculture and agricultural producers by providing these services. In addition, the Target Company has been working to strengthen its relationships with customers since September 2023 by providing basic information on agricultural chemicals, raising awareness of their safe use, and providing information on the Target Company's products through the "Kanesho Seminar" on the web.

(Note 3) "GLOBALG.A.P. Certification" refers to an international standard that verifies good agricultural practices.

In the overseas business, the registration of the Target Company's main product, the pesticide "Kanemite Flowable" has been approved in 54 countries around the world, and the Target Company is currently developing it in 4 more countries. Since its registration was approved in California, USA, in October 2021, the Target Company has been developing the new formulation of the insecticide "Veto 30SC" worldwide. The soil disinfectant "Nemakick Granules and Liquid" have been approved for registration in 10 countries to date, and the Target Company is working to expand the number of countries in which they are registered. In addition, the Target Company continues to maintain, expand and sell the soil disinfectants "Basamid Microgranules" and "D-D" worldwide through its overseas subsidiaries, and in South Korea the Target Company strengthens its direct support to local sales companies, retailers and farmers.

The Tender Offeror has set Bio-Life Solutions (Note 4) as a key focus area for achieving a circular society and aims to expand its agrichemical business. Since June 2011 when SDS Biotech Kabushiki Kaisha (“SDS Biotech”) became a subsidiary of the Tender Offeror, the Tender Offeror’s Agri-Bio Business Department (which was succeeded to by SDS Biotech through an absorption-type company split in 2022) and SDS Biotech have been working together to expand Bio-Life Solutions. However, the Tender Offeror realized that it would not be easy for the Tender Offeror Group to work alone to drive and implement measures required for business expansion, such as the development of new drugs and expansion of its overseas businesses. Hence, the Tender Offeror has been seeking a suitable partner. In this context, SDS Biotech, which was looking for a company to which it could entrust the sale of biological materials, proposed holding discussions with the Target Company, which dealt with the same types of products. On October 11, 2022, SDS Biotech executed a business alliance agreement with the Target Company with regard to disseminating and selling products (mainly SDS Biotech’s biological pesticides and materials) that contribute to Integrated Pest Management (IPM) (hereinafter those products are referred to as “IPM Products”) and agreed to pursue business development through a closer relationship; thus, they deepened their collaboration. Amid such increased interactions between the Tender Offeror Group and the Target Company Group, the Tender Offeror reached the following conclusion and notified the Target Company in early February 2024 that it was considering implementing a transaction to make the Target Company a wholly-owned subsidiary through a tender offer: (i) there was only minimal overlap between the Target Company’s and SDS Biotech’s product portfolios; (ii) their advantages and disadvantages in technologies and value chains complemented each other; and therefore (iii) instead of SDS Biotech and the Target Company engaging in collaborations individually, combining the technological and sales capabilities of both companies as members of the Tender Offeror Group would create synergies and lead to an expansion of business. In light of the foregoing, in and after early February 2024, the Tender Offeror and the Target Company held further preliminary discussions on the purposes of the transaction, as well as its anticipated structure and schedule, among other matters. However, both parties decided to suspend examining temporarily, as the Target Company was also sharing its opinions and having discussions with two other candidates which were funds concurrently, on matters such as the Target Company Group’s management strategies and measures with a medium- to long-term business environment outlook, as well as the Target Company’s optimal capital structure. Thereafter, in mid July 2024, the Target Company approached the Tender Offeror, proposing to resume its consideration of the Tender Offeror’s proposal to make the Target Company a wholly-owned subsidiary. Pursuant to the Target Company’s proposal, the Tender Offeror had discussions with the Target Company from mid-July 2024 on the Target Company’s management structure after it becomes a wholly-owned subsidiary of the Tender Offeror. Further, in late July 2024, in order to further examine the Transactions, the Tender Offeror appointed Nishimura & Asahi as its legal advisor independent of the Tender Offeror Group and the Target Company Group, and Goldman Sachs Japan Co., Ltd. (“Goldman Sachs”) as its financial advisor independent of the Tender Offeror Group and the Target Company Group. In early August 2024, the Tender Offeror also additionally appointed EY Strategy and Consulting Co., Ltd. (“EY”) as its outside advisor independent of the Tender Offeror Group and the Target Company Group. Thereafter, the Tender Offeror and SDS Biotech had their preliminary discussions with the Target Company from late August 2024 on the potential synergies expected from the Tender Offeror making the Target Company a wholly-owned subsidiary. As a result of such discussions, the Tender Offeror concluded

that the Target Company would be an optimal partner for the Tender Offeror to strengthen and expand its agricultural business for the following reasons: (i) in the field of chemical pesticides, the proposed transaction would not only contribute to the parties mutually complementing their product portfolios, but also accelerate the development of new drugs by compounding the technologies of the Tender Offeror, SDS Biotech and the Target Company; (ii) in the field of biological pesticides, (a) the Tender Offeror acknowledged that disseminating biological pesticides would be more difficult than in the case of chemical pesticides and doing so would inevitably require greater effort, such as providing detailed guidance to farmers, despite a potential growth in the global demand for biological pesticides amid the recent shift to reducing the application of the volume of chemical pesticides as seen, for example, under the Green Food System Strategy in Japan and the Farm to Fork Strategy in Europe, (b) therefore, working together with the Target Company, which values ties with farmers on the frontline, would (aa) enable the Tender Offeror to further boost its supply chain from development to sales, (bb) enable both the Tender Offeror Group and the Target Company Group to pursue an expansion of their biological pesticide businesses, and (cc) potentially promote the development of new biological pesticides by leveraging both parties' libraries and evaluation technologies; (iii) the best combination of chemical and biological pesticides would enable the parties to make proposals from a comprehensive perspective; and (iv) there is the prospect of creating an optimal manufacturing/logistics system by sharing manufacturing/logistics facilities and mutually utilizing resources. Accordingly, on September 10, 2024, the Tender Offeror presented to the Target Company an initial proposal document to acquire all of the Target Company Shares and to take the Target Company private as a wholly-owned subsidiary of the Tender Offeror (the "Initial Proposal Document").

(Note 4) "Bio-Life Solutions" is one of the growing business areas of the Tender Offeror's functional materials business segment, and its key fields of focus are environment-friendly agriculture and livestock materials and bio-based products using bioconversion technology and biological materials; business expansion has been promoted in the agri-bio (agricultural chemicals biopesticide) business.

Thereafter, the Tender Offeror conducted due diligence procedures on the Target Company from mid September 2024 to late October 2024.

Thereafter, in late October 2024, the Tender Offeror additionally appointed EY as a third-party calculation agent independent of the Tender Offeror Group and the Target Company Group, and Mizuho Securities Co., Ltd. as a financial advisor independent of the Tender Offeror Group and the Target Company Group.

Following such procedures, the Tender Offeror further examined the terms and conditions, as well as other matters pertaining to the Transactions, including the purchase price per Target Company Share in the Tender Offer (the "Tender Offer Price"). As a result, the Tender Offeror made a first proposal with the Tender Offer Price at JPY 1,600 on October 22, 2024, taking into account all factors as a whole, including the following: (i) the following premiums have been added to the Target Company Shares: (a) 17.73% (rounded to the nearest hundredth; the same applies hereinafter to the calculation of the premium rate on share prices) over JPY 1,359, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 21, 2024; (b) 19.49% over the simple average of the closing price of JPY 1,339 (rounded to the nearest whole number; the same applies hereinafter to the calculation of the simple average of the closing

price) for the past one-month period; (c) 24.90% over the simple average of the closing price of JPY 1,281 for the past three-month period; and (d) 29.98% over the simple average of the closing price of JPY 1,231 for the past six-month period; (ii) an analysis based on the business plan submitted by the Target Company covering the fiscal year ending in December 2024 to the fiscal year ending in December 2029 (the “Business Plan”); (iii) the results of due diligence procedures obtained at the time; and (iv) the analysis results of the market price transition of the Target Company Shares. Thereafter, on October 24, 2024, the Tender Offeror received a request for review of the Tender Offer Price from the Special Committee (as defined in “(i) Background of Establishment of Consideration System” in “(II) Decision-making Process Leading to the Target Company’s Decision to Support Tender Offer and Reason Therefor” below; the same applies hereinafter) since the proposed Tender Offer Price was extremely inadequate compared to premium levels in past similar cases and the intrinsic value of the Target Company, and the price did not reach a level at which due consideration could have been given to the Target Company’s minority shareholders. In reply to the Target Company, the Tender Offeror made a second proposal with the Tender Offer Price at JPY 1,650 on October 28, 2024, taking into account all factors as a whole, including the following: (i) the following premiums have been added to the Target Company Shares: (a) 26.73% over JPY 1,302, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 25, 2024; (b) 23.13% over the simple average of the closing price of JPY 1,340 for the past one-month period; (c) 28.11% over the simple average of the closing price of JPY 1,288 for the past three-month period; and (d) 33.28% over the simple average of the closing price of JPY 1,238 for the past six-month period; (ii) an analysis based on the Business Plan submitted by the Target Company; (iii) the results of due diligence procedures obtained at the time; and (iv) the analysis results of the market price transition of the Target Company Shares. Thereafter, on October 29, 2024, the Tender Offeror received a request for review of the Tender Offer Price from the Special Committee since the proposed Tender Offer Price was extremely inadequate compared to premium levels in past similar cases and the intrinsic value of the Target Company, and the price did not reach a level at which due consideration could have been given to the Target Company’s minority shareholders. In reply to the Target Company, the Tender Offeror made a third proposal with the Tender Offer Price at JPY 1,850 on November 1, 2024, taking into account all factors as a whole, including the following: (i) the following premiums have been added to the Target Company Shares: (a) 40.58% over JPY 1,316, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 31, 2024; (b) 38.16% over the simple average of the closing price of JPY 1,339 for the past one-month period; (c) 42.64% over the simple average of the closing price of JPY 1,297 for the past three-month period; and (d) 49.07% over the simple average of the closing price of JPY 1,241 for the past six-month period; (ii) an analysis based on the Business Plan submitted by the Target Company; (iii) the results of due diligence procedures obtained at the time; and (iv) the analysis results of the market price transition of the Target Company Shares. Thereafter, on November 5, 2024, the Tender Offeror received a request from the Special Committee that the Tender Offer Price be set at JPY 2,000 since (i) the proposed Tender Offer Price was still not necessarily at the level at which due consideration had been given to the Target Company’s minority shareholders, in light of the premium levels in past similar cases and the intrinsic value of the Target Company, and (ii) it was difficult to conclude that part of the synergy effects created from the Transactions would be sufficiently distributed to the Target Company’s minority shareholders. In reply to the Target Company, on November 6, 2024, the Tender Offeror made a fourth proposal by maintaining the proposed Tender Offer Price at JPY 1,850, as the price sufficiently reflected not only the

intrinsic value of the Target Company but also the creation of synergy effects expected from the Transactions, taking into account all factors as a whole, including the following: (i) the following premiums have been added to the Target Company Shares: (a) 42.20% over JPY 1,301, which is the closing price of the Target Company Shares on the Standard Market of the TSE on November 5, 2024; (b) 37.96% over the simple average of the closing price of JPY 1,341 for the past one-month period; (c) 41.33% over the simple average of the closing price of JPY 1,309 for the past three-month period; and (d) 48.71% over the simple average of the closing price of JPY 1,244 for the past six-month period; (ii) an analysis based on the Business Plan submitted by the Target Company; (iii) the results of due diligence procedures obtained at the time; and (iv) the analysis results of the market price transition of the Target Company Shares. Thereafter, on November 7, 2024, the Tender Offeror presented the Tender Offer Price of JPY 1,900 to Aso and VARECS and received a response from Aso and VARECS that they had the intention to accept the price; therefore, the Tender Offeror made the final proposal to the Target Company with the Tender Offer Price at JPY 1,900, since (i) the following premiums have been added to the Target Company Shares: (a) 43.94% over JPY 1,320, which is the closing price of the Target Company Shares on the Standard Market of the TSE on November 6, 2024; (b) 41.79% over the simple average of the closing price of JPY 1,340 for the past one-month period; (c) 44.71% over the simple average of the closing price of JPY 1,313 for the past three-month period; and (d) 52.73% over the simple average of the closing price of JPY 1,244 for the past six-month period; and (ii) the Target Company's shareholders would be provided with an opportunity to sell Target Company Shares at a price that sufficiently reflects the creation of expected synergies. The Tender Offeror subsequently received a response from the Special Committee on November 7, 2024 that after repeated and sincere discussions and consideration of the proposed Tender Offer Price, the Target Company's board of directors agreed to the Transactions at the proposed Tender Offer Price and planned to recommend that the Target Company shareholders tender their shares in the Tender Offer.

Furthermore, the Tender Offeror held discussions regarding tender agreements with the Agreed Tendering Shareholders who executed the tender agreements. Specifically, the Tender Offeror executed confidentiality agreements with Aso, VARECS, Kanesho Sangyo, and Mr. Kushibiki, respectively, in late October 2024 and commenced negotiations aiming to execute tender agreements. In late October 2024, the Tender Offeror provided Aso and VARECS with the overview of the Transactions and informed them that the anticipated Tender Offer Price was JPY 1,700. When the Tender Offeror inquired whether Aso and VARECS would be able to tender their shares if the Transactions were implemented, they were informed that further discussions on the Tender Offer Price were necessary, though they would continue to consider it. Thereafter, on November 1, 2024, the Tender Offeror proposed the Tender Offer Price at JPY 1,850 to Aso and received a response on the same day that Aso had the intention to accept the proposal. The Tender Offeror also proposed the Tender Offer Price at JPY 1,850 to VARECS on November 1, 2024, and in return received a request from VARECS on November 5, 2024 that it consider the Tender Offer Price at the level of JPY 1,950. On November 5, 2024, the Tender Offeror proposed to VARECS again that the Tender Offer Price would still be JPY 1,850 and received a response on November 6, 2024 that VARECS considered that the minimum acceptable Tender Offer Price was at the level of JPY 1,925. On November 6, 2024, the Tender Offeror made a proposal at JPY 1,880 to VARECS and received a response on the same day that VARECS still considered that the Tender Offer Price at the level of JPY 1,925. On November 6, 2024, the Tender Offeror made a final proposal to VARECS with the Tender Offer Price at JPY 1,900, and received a response from VARECS on November 7,

2024 that it had the intention to accept the proposal. Thereafter, on November 7, 2024, the Tender Offeror proposed to Aso the price of JPY 1,900, which VARECS intended to accept, and the Tender Offeror received a response on the same day that Aso had the intention to accept the proposal. Further, the Tender Offeror proposed the Tender Offer Price at JPY 1,900 to Kanesho Sangyo and Mr. Kushibiki, which Aso and VARECS intended to accept, and the Tender Offeror received a response on the same day that Kanesho Sangyo and Mr. Kushibiki had the intention to accept the proposal. Through the aforementioned process, the Tender Offeror executed tendering agreements with Aso, VARECS, Kanesho Sangyo, and Mr. Kushibiki, respectively, as of November 12, 2024.

Through the aforementioned process, the Tender Offeror reached the conclusion that making the Target Company its wholly-owned subsidiary would contribute to enhancement of the corporate value of the Tender Offeror Group as a whole, and on the premise that the Target Company's year-end dividends for the fiscal year ending in December 2024 would not be paid, the Tender Offeror decided to set the Tender Offer Price at JPY 1,900 and to implement the Tender Offer at the board of directors' meeting held on November 12, 2024.

(II) Decision-making Process Leading to the Target Company's Decision to Support Tender Offer and Reason Therefor

(i) Background of Establishment of Consideration System

According to the Target Company Press Release, in early February 2024, the Target Company received an explanation from the Tender Offeror that it is considering implementing a transaction whereby the Tender Offeror would make the Target Company its subsidiary through a tender offer. Following this, the Target Company engaged in preliminary discussions with the Tender Offeror regarding the above-mentioned transaction, with the aim of hearing the Tender Offeror's assumptions at that time including the purpose of the above-mentioned transaction, envisaged structure, schedule and other relevant considerations. Concurrently, while conducting the above discussions with the Tender Offeror, the Target Company also exchanged opinions and held discussions with two other candidate companies, which are funds, regarding matters including the Target Company Group's management strategies and measures based on the outlook for the medium- to long-term business environment, as well as the optimal capital structure for the Target Company, and therefore, the Target Company decided to suspend its consideration with the Tender Offeror for the time being. Subsequently, the Target Company made a request to the Tender Offeror to resume consideration of making the Target Company a wholly-owned subsidiary. Subsequently, through repeated discussions and exchanges of opinions with the Tender Offeror, the Target Company concluded that the Tender Offeror and SDS Biotech are the optimal partners to contribute to the enhancement of the Target Company's corporate value due to the reasons that the Tender Offeror and SDS Biotech can continue the Target Company's management philosophy of farmer-focused management and that there is a complementarity in the areas of research and development, and sales of chemical and biological pesticides, both in Japan and overseas, and that business synergies can be maximized. Based on these reasons, in mid-July 2024, the Target Company resumed discussions with the Tender Offeror regarding the management structure after making the Target Company a wholly-owned subsidiary, and from late August 2024, the Target Company began preliminary discussions with the Tender Offeror and SDS Biotech regarding the synergies that would result from making the Target Company a wholly-owned subsidiary. Subsequently, on September 10, 2024, the Target Company received from the Tender Offeror the Initial Proposal Document, and on the same day, the Target Company informed the Tender

Offeror of its intention to commence consideration and discussions regarding the implementation of the Transactions. In light of the condition precedent for the Transactions, which requires the Tender Offeror to enter into a tender agreement with the Agreed Tendering Shareholders to tender all of their Target Company Shares held by them in the Tender Offer, and considering the impact on the minority shareholders of the Target Company, on September 10, 2024, the Target Company established a special committee (the “Special Committee”) for the purpose of eliminating the risk of arbitrariness and conflicts of interest in the decision-making process leading to a decision on the implementation of the Transactions, including the Tender Offer, and ensuring the fairness and transparency of the Transactions. The Special Committee consists of four members, Mr. Hirokazu Iwasaki (an outside director of the Target Company (audit and supervisory committee member) and independent officer), Mr. Yoshiyuki Funakoshi of the Target Company (an outside director and independent officer), Mr. Motoharu Fujikura (an outside director of the Target Company (audit and supervisory committee member) and independent officer), and Ms. Fumie Ueda (an outside director of the Target Company (audit and supervisory committee member) and independent officer) (For the background of the establishment of the Special Committee, the background of the consideration, and the details of judgments, please see “(III) Establishment of Independent Special Committee at the Target Company and Obtainment of Reports from the Special Committee” in “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below. In addition, since the Target Company commenced discussions toward the implementation of the Transactions, the Target Company has established a project team consisting of six officers and employees who are independent of the Tender Offeror Group and the Agreed Tendering Shareholders. Among the project team members, directors who are involved are Mr. Tomohiro Inoue (Senior Managing Director), Mr. Yoshio Kinoshita (Director, Executive Managing Officer), and Mr. Osamu Yamamoto (Director, Senior Managing Officer).

In addition, in mid-September 2024, the Target Company appointed Nomura Securities Co., Ltd. (“Nomura Securities”) as a financial advisor and third-party calculation agent independent of the Tender Offeror Group, the Target Company Group, and the Agreed Tendering Shareholders, as well as Anderson Mori & Tomotsune (“AMT”) as a legal advisor, also independent of the Tender Offeror Group, the Target Company Group and the Agreed Tendering Shareholders. Among the Target Company’s directors, Mr. Kushibiki, the Representative Director, President and Executive Officer, received notice from the Tender Offeror regarding its intention to enter into a tender agreement with Mr. Kushibiki and Kanesho Sangyo, whose representative is Mr. Kushibiki. To avoid any potential conflict of interest, Mr. Kushibiki has not participated in the discussions and negotiations with the Tender Offeror in his capacity as a position of the Target Company since September 11, 2024, based on the legal advice received from AMT, its legal advisor.

(ii) Background of Consideration and Negotiation

After establishing the consideration system described above, the Target Company engaged in multiple discussions and negotiations with the Tender Offeror on the pros and cons of the Transactions, the appropriateness of the terms and conditions of the Transactions and other related matters in accordance with the negotiation policy and opinions, instructions, and requests at critical phases in the negotiations, which were confirmed in advance by the Special Committee, while receiving advice from Nomura Securities and AMT.

Specifically, the Target Company received the first proposal in writing from the Tender Offeror on October 22, 2024, proposing a Tender Offer Price of JPY 1,600. The proposed Tender Offer Price of JPY 1,600 includes a premium of 17.73% to JPY 1,359, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 21, 2024, which is the business day immediately preceding the date of submission of the first proposal (i.e. October 22, 2024), a premium of 19.49% to JPY 1,339, which is the simple average closing price of for the past one (1) month up to that date, a premium of 24.90% to JPY 1,281, which is the simple average closing price for the past three (3) months up to that date, and a premium of 29.98% to JPY 1,231, which is the simple average closing price for the past six (6) months up to that date, respectively. In response to the first proposal, on October 24, 2024, the Target Company requested that the Tender Offeror consider raising the Tender Offer Price on the grounds that the Tender Offer Price in the first proposal of JPY 1,600 was significantly inadequate compared to the premium levels in previous similar transactions and the intrinsic value of the Target Company, and did not reach a level that gave sufficient consideration to minority shareholders. On October 28, 2024, the Target Company received the second proposal in writing from the Tender Offeror, proposing a Tender Offer Price of JPY 1,650. The proposed Tender Offer Price of JPY 1,650 includes a premium of 26.73% to JPY 1,302, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 25, 2024, which is the business day immediately preceding the date of submission of the second proposal (i.e. October 28, 2024), a premium of 23.13% to JPY 1,340, which is the simple average closing price of for the past one (1) month up to that date, a premium of 28.11% to JPY 1,288, which is the simple average closing price for the past three (3) months up to that date, and a premium of 33.28% to JPY 1,238, which is the simple average closing price for the past six (6) months up to that date, respectively. In response to the second proposal, on October 29, 2024, the Target Company requested that the Tender Offeror consider raising the Tender Offer Price on the grounds that the Tender Offer Price in the second proposal of JPY 1,650 was significantly inadequate compared to the premium levels in previous similar transactions and the intrinsic value of the Target Company, and did not reach a level that gave sufficient consideration to minority shareholders. On November 1, 2024, the Target Company received the third proposal in writing from the Tender Offeror, proposing a Tender Offer Price of JPY 1,850. The proposed Tender Offer Price of JPY 1,850 includes a premium of 40.58 % to JPY 1,316, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 31, 2024, which is the business day immediately preceding the date of submission of the third proposal (i.e. November 1, 2024), a premium of 38.16% to JPY 1,339, which is the simple average closing price of for the past one (1) month up to that date, a premium of 42.64% to JPY 1,297, which is the simple average closing price for the past three (3) months up to that date, and a premium of 49.07% to JPY 1,241, which is the simple average closing price for the past six (6) months up to that date, respectively. In response to the third proposal, on November 5, 2024, the Target Company requested that the Tender Offeror set the Tender Offer Price at JPY 2,000, on the grounds that the Tender Offer Price in the third proposal of JPY 1,850 did not necessarily reach a level that gave sufficient consideration to minority shareholders in light of the premium levels in previous similar transactions and the intrinsic value of the Target Company. On November 6, 2024, the Target Company received the fourth proposal in writing from the Tender Offeror, again proposing a Tender Offer Price of JPY 1,850. The proposed Tender Offer Price of JPY 1,850 includes a premium of 42.20% to JPY 1,301, which is the closing price of the Target Company Shares on the Standard Market of the TSE on November 5, 2024, which is the business day immediately preceding the date of submission of the fourth

proposal (i.e., November 6, 2024), a premium of 37.96% to JPY 1,341, which is the simple average closing price for the past one (1) month up to that date, a premium of 41.33% to JPY 1,309, which is the simple average closing price for the past three (3) months up to that date, and a premium of 48.71% to JPY 1,244, which is the simple average closing price for the past six (6) months up to that date, respectively.

Subsequently, the Tender Offeror has made a final proposal on November 7, 2024, setting the Tender Offer Price at JPY 1,900. The Tender Offer Price of JPY 1,900 proposed in the final proposal includes a premium of 43.94% to JPY 1,320, which is the closing price of the Target Company Shares on the Standard Market of the TSE on November 6, 2024, the business day immediately preceding the date of submission of the final proposal (i.e., November 7, 2024), a premium of 41.79% to JPY 1,340, which is the simple average closing price for the past one (1) month up to that date, a premium of 44.71% to JPY 1,313, which is the simple average closing price for the past three (3) months up to that date, and a premium of 52.73 % to JPY 1,244, which is the simple average closing price for the past six (6) months up to that date, respectively.

After receiving the final proposal from the Tender Offeror, the Target Company carefully discussed and deliberated as described in “(iii) Details of the Decision by the Target Company” below, and on November 7, 2024, the Target Company responded in writing to the Tender Offeror, indicating to accept the Tender Offer Price of JPY 1,900. During the above examination and negotiation process, the Special Committee received reports from the Target Company and the Target Company’s advisors as appropriate, conducted confirmations, and provided its opinions. Specifically, in obtaining the Share Valuation Report (Nomura Securities) (defined in “(iii) Details of the Decision by the Target Company” below) and in receiving a proposal from the Tender Offeror regarding the Tender Offer Price, etc., the Target Company developed the Business Plan, and the Special Committee confirmed the content, important preconditions, the reasonableness of the background of preparation and other related matters of the Business Plan, and it was subsequently presented to the Tender Offeror. In addition, Nomura Securities, which is the Target Company’s financial advisor, has been following the negotiation policy decided by the Special Committee in its negotiations with the Tender Offeror. Each time a proposal was received from the Tender Offeror regarding the Tender Offer Price, Nomura Securities immediately reported to the Special Committee and acted in accordance with the opinions, instructions and requests from the Special Committee.

(iii) Details of the Decision by the Target Company

Under the circumstances described above, at the meeting of its board of directors held on November 12, 2024, based on the contents of the share valuation report obtained from Nomura Securities on November 11, 2024 (the “Share Valuation Report (Nomura Securities)”) and legal advice from AMT on the points to be noted in decision-making of the Transactions, including the Tender Offer, and with the utmost respect for the contents of the written report (the “Report”) dated November 12, 2024 submitted by the Special Committee (for an overview of the Report, please see “(III) Establishment of Independent Special Committee at the Target Company and Obtainment of Reports from the Special Committee” in “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below.), the Target Company carefully discussed and examined the Transactions from the viewpoints of whether the Transactions would enhance the Target Company’s corporate value and whether the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate.

As a result, taking into account the following points, the Target Company has concluded that becoming

a wholly-owned subsidiary of the Tender Offeror will create the synergies outlined below and that the Transactions will contribute to the enhancement of the Target Company Group's corporate value.

(a) The collaboration with SDS Biotech is anticipated to enable the mutual reinforcement of both companies' businesses, and will greatly enhance the earnings stability and growth potential of both companies. It will also enable SDS Biotech to further expand sales of its biological agents, utilizing its extensive sales network backed by a strong relationship of trust with farmers.

(b) The Target Company, whose main products are soil disinfectants and pest control agents, and SDS Biotech, which specializes in disease control agents and paddy herbicides, will be able to accelerate the development of mixed agents and new agents by mutually utilizing each other's development capabilities and know-how. The expansion of the product lineup will further strengthen the value chain by enabling comprehensive product proposals to distributors and farmers.

(c) It enables to utilize the Tender Offeror Group's basic technologies it has accumulated over the years, such as biotechnology-related technologies including fermentation and genetic modification, digital technologies using AI and MI, as well as the Tender Offeror Group's capital strength and a wide range of resources and networks including overseas. The Target Company, the Tender Offeror, and SDS Biotech will be able to accelerate strategic initiatives and could be empowered to lead the development of the Japanese agrochemical industry, including the expansion of overseas business as a key regional strategy and the development of adjacent businesses, such as biostimulants, where market growth is expected.

(d) The system and operational burdens of maintaining a listing have increased year by year, due to compliance with recent listing maintenance standards for the new market division, the revised Corporate Governance Code, and other similar factors. By privatizing the Target Company Shares through the Transactions, these costs and operational burden can be reduced.

In general, the disadvantages of going private include inability to raise funds through equity financing from capital markets and the loss of benefits associated with being a listed company, such as enhanced name recognition and social credibility. However, given the Target Company's current financial condition and the recent low interest rate environment for indirect financing, the Target Company believes that the disadvantages of going private with respect to the Target Company Shares are limited. This is because the Target Company has the ability to secure funds through its own funds and borrowings from financial institutions, and as for the enhancement of name recognition and social credibility, the Target Company Group has already established a certain level of name recognition and social credibility within the industry and by becoming a group company of the Tender Offeror, whose shares are listed on the Prime Market of the TSE, is expected to enhance the Target Company's overall name recognition and group governance.

In addition, considering the various circumstances, including the following points and other factors, the Target Company has also determined that the Tender Offer Price of JPY 1,900 per share is a reasonable price that ensures the benefits to be enjoyed by the Target Company's general shareholders and that the Tender Offer provides the Target Company's general shareholders with a reasonable opportunity to sell the Target Company Shares at a price with an appropriate premium.

(a) The Tender Offer Price is a price agreed through sufficient negotiations between the Target Company and the Tender Offeror after the Target Company has taken sufficient steps to ensure the fairness of the terms and conditions of the Transactions, including the Tender Offer Price, as described in “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below;

(b) The Tender Offer Price has been determined to be appropriate in the Report which is obtained from the Special Committee as described in “(III) Establishment of Independent Special Committee at the Target Company and Obtainment of Reports from the Special Committee” in “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below;

(c) The Tender Offer Price of JPY 1,900 includes a premium of 41.05% to JPY 1,347, which is the closing price of the Target Company Shares on the Standard Market of the TSE on November 11, 2024, which is the business day immediately preceding the date of announcement of the Transactions (i.e. November 11, 2024), a premium of 43.07% to JPY 1,328, which is the simple average closing price for the past one (1) month up to that date, a premium of 43.40% to JPY 1,325, which is the simple average closing price for the past three (3) months up to that date, and a premium of 52.12% to JPY 1,249, which is the simple average closing price for the past six (6) months up to that date, respectively. Considering the comparison with the premium levels of 37 cases involving tender offers without an upper limit, conducted by other companies targeting domestic listed companies for the purpose of making them wholly-owned subsidiaries (excluding cases involving Real Estate Investment Trusts (REITs), Management Buyoutcases (MBO) (Note 1), Employee Buyout cases (EBO) (Note 2), cases of competing tender offers, cases where a target company has not resolved to recommend the acceptance of the tender offer at the time of the tender offer’s announcement, cases of two-step tender offers, and cases with a certain capital relationship between the acquirer and the target company), which were announced after the publication of the “Fair M&A Guidelines” dated June 28, 2019 by the Ministry of Economy, Trade and Industry (the “M&A Guidelines”) on June 28, 2019 and successfully completed by November 11, 2024 (the premium level measured by the median/average premium value compared to the closing price on the business day immediately preceding the date of announcement (52.74%, 61.92%), the median/average premium value compared to the simple average closing price for the past one (1) month (54.42%, 62.24%), the median/average value of premium compared to the simple average closing price or the past three (3) months (52.46%, 64.33%) and the median/average value of premium compared to the simple average closing price for the past six (6) months (54.65%, 63.54%)), it is considered to be at a level generally close to and comparable with these cases and the Tender Offer Price is a price with reasonable premium, and

(d) The Tender Offer Price is at a level that exceeds the upper limit of the valuation ranges based on the average market share price method and comparable multiple valuation method, and exceeds the median value based on the discounted cash flow method (“the DCF Method”) in the results of Nomura Securities’ calculation of the share value of the Target Company Shares as described in “(II) Obtainment of Share Valuation Report from the Target Company’s Independent Third-party Calculation Agent” in “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below.

(Note 1) The term “Management Buyout (MBO)” refers to a transaction in which the Tender Offeror is an executive of the Target Company or a transaction in which the Tender Offeror is a person that conducts the tender offer at the request of an executive of the Target Company and shares interests with the executive of the Target Company.

(Note 2) “Employee Buyout (EBO)” generally refers to a transaction in which employees of the target company contribute all or part of the acquisition funds and acquire shares of the target company based on the premise that the target company’s business will continue.

Based on the above, the Target Company has determined that the Transactions, including the Tender Offer, will contribute to the enhancement of the Target Company’s corporate value, and that the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate, and on November 12, 2024, the Target Company resolved to express its opinion in support of the Tender Offer and recommend that the Target Company’s shareholders tender their shares in the Tender Offer.

For the method of abovementioned resolution of the Target Company’s board of directors, please see “(V) Approval of All Directors of the Target Company (Including Audit and Supervisory Committee Members) without Conflicts of Interest” in “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” below.

(III) Management Policy After the Tender Offer

Going forward, the Tender Offeror and the Target Company will discuss and decide on specific business strategies of the Tender Offeror Group and the Target Company after the Tender Offeror makes the Target Company its wholly-owned subsidiary. With Bio-Life Solutions as a key focus area for achieving a circular society, the Tender Offeror Group intends, as a basic policy, for the Target Company to strengthen and expand the foundation of its agrichemical business together with SDS Biotech through efforts including the following: (i) the Target Company and SDS Biotech mutually complementing their product portfolios; (ii) promoting research and development leveraging the two companies’ technologies and value chains; and (iii) increasing their domestic and overseas sales. Furthermore, the Target Company and the Tender Offeror Group will work together to engage in efforts toward further growth of the Tender Offeror Group’s agrichemical business, and business development in Bio-Life Solutions. The Tender Offeror Group is also considering seeking to maximize synergies by incorporating an intermediate holding company that will be the wholly-owning parent company of the Target Company and SDS Biotech and dispatching officers from both companies. The methods and specific timeline will be determined through discussions with the Target Company.

After implementing the Tender Offer, the Tender Offeror plans to change the Target Company from a company with an audit and supervisory committee to a company with company auditors. The details and specific timeline will be determined through discussions with the Target Company. The Tender Offeror will maintain the Target Company’s various employee systems and treatment as a basic premise, with a policy of maintaining the employment of those employees after implementing the Tender Offer.

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

Measures to Ensure Fairness of Tender Offer

As of today, the Target Company is not a subsidiary of the Tender Offeror, and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, it is not expected that the whole or a part of the Target Company's management will make a direct or indirect investment in the Tender Offeror, and the Transactions including the Tender Offer do not constitute a so-called Management Buyout (MBO).

However, considering that the Tender Offeror intended to enter into a tender agreement with the Agreed Tendering Shareholders whereby all of the Target Company Shares held by the Agreed Tendering Shareholders will be tendered in the Tender Offer, and the interests of the Agreed Tendering Shareholders and the Target Company's general shareholders may not necessarily coincide with each other, the Target Company and the Tender Offeror have taken the following measures to ensure the fairness of the Tender Offer Price, eliminate the possibility of arbitrariness and conflicts of interest in the decision-making process leading to the decision to implement the Tender Offer, and ensure the fairness and transparency of the Transactions.

The Tender Offeror has not set the minimum planned purchase quantity corresponding to the so-called "Majority of Minority" from the idea that, if such minimum planned purchase quantity is set, there is a possibility that the consummation of the Tender Offer may become unstable and may not contribute to the interests of the minority shareholders of the Target Company who wish to sell their Target Company Shares through the Tender Offer. However, the Tender Offeror and the Target Company consider that due consideration is given to the interests of the minority shareholders of the Target Company since they have respectively taken the following measures. The measures taken by the Tender Offeror and other matters in the following descriptions are based on the explanations from the Target Company.

(I) Obtainment of Share Valuation Report from the Tender Offeror's Independent Third-party Calculation Agent

Before determining the Tender Offer Price, the Tender Offeror requested that EY, its third-party calculation agent independent of the Tender Offeror Group and the Target Company Group, calculate the value of the Target Company Shares in order to ensure fairness of the Tender Offer Price.

For the details, please refer to "(I) Basis for the Valuation" of "(4) Basis for Valuation of the Purchase Price" of "2. Overview of the Purchase" below.

(II) Obtainment of Share Valuation Report from the Target Company's Independent Third-party Calculation Agent

According to the Target Company Press Release, as stated in "(i) Background of Establishment of Consideration System" in "(II) Decision-making Process Leading to the Target Company's Decision to Support Tender Offer and Reason Therefor" in "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" above, in order to ensure transparency and reasonableness in the process of the decision-making by the Target Company's board of directors concerning the Transactions, the Target Company appointed Nomura Securities as a financial advisor and a third-party calculation agent independent of the Tender Offeror Group, the Target Company Group, and the Agreed Tendering Shareholders, and received from Nomura Securities advice and assistance from a financial perspective including advice on the valuation of the Target Company Shares and the policy for negotiation with the Tender Offeror, and obtained the Share Valuation Report (Nomura

Securities) as of November 11, 2024. For the outline of the Share Valuation Report (Nomura Securities), please see “(ii) Summary of Calculation” below.

Nomura Securities does not fall under the category of related party of the Tender Offeror, the Target Company, or the Agreed Tendering Shareholders and does not have any material interests in the Transactions including the Tender Offer. In addition, at its first meeting, the Special Committee approved Nomura Securities as the financial advisor and third-party calculation agent, after having confirmed that there is no problem with its independence.

(i) Name of Calculation Agent and Relationship with the Target Company and Tender Offeror

To ensure the fairness of the decision-making process regarding the Tender Offer Price in expressing its opinion on the Tender Offer, the Target Company requested Nomura Securities, a financial advisor and a third-party calculation agent independent of the Tender Offeror Group, the Target Company Group, and the Agreed Tendering Shareholders, to calculate the value of the Target Company Shares. Nomura Securities does not fall under the category of a related party of the Tender Offeror Group, the Target Company Group, or the Agreed Tendering Shareholders, and does not have any material interest in the Transactions.

The Target Company believes that sufficient consideration has been given to the interests of the Target Company’s general shareholders based on the other measures being taken to ensure the fairness of the Tender Offer Price implemented in connection with the Transactions (for specific details, please see “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer”), and therefore has not obtained any opinion regarding the fairness of the Tender Offer Price (i.e. fairness opinion). In addition, remuneration of Nomura Securities for the Transactions includes a contingency fee to be paid on the condition such as that the Transactions are completed. Taking into consideration general practice in similar transactions, the Target Company has determined that the inclusion of a contingency fee to be paid on the condition such as that the Transactions are completed does not negate the independence of Nomura Securities, and has appointed Nomura Securities as the Target Company’s financial advisor and third-party calculation agent in accordance with the above remuneration system.

(ii) Summary of Calculation

After considering the calculation methods for the Tender Offer, Nomura Securities calculated the share value of the Target Company Shares using (a) the average market share price method, as the Target Company Shares are listed on the Standard Market of the TSE and a market price exists for them, (b) the comparable multiple valuation method, as there are several comparable listed companies that can be compared with the Target Company, and it is possible to analogize the share value of the Target Company by comparing the market value of comparable listed companies, and (c) the DCF Method, to reflect the future business activities of the Target Company in the calculation. The Target Company obtained the Share Valuation Report (Nomura Securities) on November 11, 2024. The ranges of the per share value of the Target Company Shares calculated by Nomura Securities using each of the above method are as follows:

Average market share price method: JPY 1,249 to JPY 1,347

Comparable multiple valuation method: JPY 1,432 to JPY 1,834

DCF Method:

JPY 1,581 to JPY 2,099

Under the average market share price method, the range of the per share value of the Target Company Shares is calculated to be JPY 1,249 to JPY 1,347 based on the closing price of JPY 1,347 of the Target Company Shares on the Standard Market of the TSE on the calculation base date set at November 11, 2024, which is the business day immediately preceding the date of the announcement of the Tender Offer, JPY 1,323 the simple average closing price of the Target Company Shares for the past five (5) business days, JPY 1,328 the simple average closing price of the Target Company Shares for the past one (1) month, JPY 1,325 the simple average closing price of the Target Company Shares for the past three (3) months, and JPY 1,249 the simple average closing price of the Target Company Shares for the past six (6) months.

Under the comparable multiple valuation method, the range of the per share value of the Target Company Shares is calculated to be JPY 1,432 to JPY 1,834 by selecting the listed companies engaged in businesses relatively similar to that of the Target Company and comparing their market share price and financial indicators of profitability and calculating the Target Company's share value.

Under the DCF Method, the range of the per share value of the Target Company Shares is calculated to be JPY 1,581 to JPY 2,099 by discounting the free cash flows that the Target Company is expected to generate after the fourth quarter of the fiscal year ending December 2024 to the present value using a certain discount rate and analyzing the Target Company's corporate value and share value based on the assumptions deemed to be reasonable, such as earnings forecasts and investment plans under the Business Plan. The synergistic effects that are expected to be realized by the execution of the Tender Offer have not been taken into account in the Business Plan, because it is difficult to make a concrete estimate of those effects at the time of calculation. Furthermore, the sales, operating profit, and net income for the fiscal years ending December 2025 and December 2026 in the Business Plan are also lower than the earnings targets announced by the Target Company on February 13, 2024, as a result of reflecting the recent management environment and business conditions. In addition, the Business Plan, which is the basis for the calculation under the DCF Method above, includes fiscal years in which a significant increase in profit and a significant increase/decrease in free cash flows are expected compared to the previous fiscal year. Specifically, in the fiscal year ending December 2025, the Target Company expects a significant decrease in free cash flows due to a deterioration in profit margins resulting from a decrease in sales at overseas subsidiaries and an increase in working capital resulting from an increase in overall sales. In addition, in the fiscal year ending December 2026, the Target Company expects a significant increase in operating profit due to the improvement in the business environment including overseas, and a significant increase in free cash flows due to the improvement in the business environment including overseas and a decrease in capital investment compared to the previous fiscal year.

As described in "(III) Establishment of Independent Special Committee at the Target Company and Obtainment of Reports from the Special Committee" below, the Special Committee conducted a question-and-answer session after receiving from the Target Company explanation on the financial projections that form the basis of the calculation of the Business Plan, assumptions made in the preparation of preconditions and other relevant documents, and figures based thereon. However, the Special Committee confirmed that they did not find any particularly unreasonable points and that the calculation method and calculation results were reasonable.

(Note) Nomura Securities has calculated the share value of the Target Company Shares on the assumption that the publicly available information and all information provided by the Target Company are accurate and complete, and Nomura Securities has not independently verified their accuracy or completeness. The assets or liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities and other contingent liabilities) of the Target Company and its affiliates have not been independently evaluated, appraised or assessed, including analysis and evaluation of individual assets and liabilities, and Nomura Securities has not requested any third-party institution to make any appraisal or assessment. It is assumed that the Target Company's financial projections (including profit plans and other information) has been rationally reviewed or prepared by the Target Company's management based on the best and most honest estimates and judgment available at the time of calculation. The calculations made by Nomura Securities reflect information available to Nomura Securities and economic conditions up to November 11, 2024. The sole purpose of Nomura Securities' calculation is to serve as reference for the Target Company's board of directors in its consideration of the share value of the Target Company Shares.

(III) Establishment of Independent Special Committee at the Target Company and Obtainment of Reports from the Special Committee

(i) Background of the establishment, etc.

According to the Target Company Press Release, as stated in “(i) Background of Establishment of Consideration System” in “(II) Decision-making Process Leading to the Target Company's Decision to Support Tender Offer and Reason Therefor” in “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above, for the purpose of eliminating arbitrariness from the decision-making of the Target Company and establishing a fair, transparent, and objective decision-making process with respect to the Transactions including the Tender Offer, by passing a resolution at the meeting of the board of directors on September 10, 2024, the Target Company has established a Special Committee comprised by 4 members who do not have an interest in the Tender Offeror Group or the Target Company Group or the success or failure of the Transactions including the Tender Offer, who are Mr. Hirokazu Iwasaki (outside director (audit and supervisory committee member) and independent officer), Mr. Yoshiyuki Funakoshi (outside director and independent officer), Mr. Motoharu Fujikura (outside director (audit and supervisory committee member) and independent officer), and Ms. Fumie Ueda (outside director (audit and supervisory committee member) and independent officer). Members of the Special Committee have not changed since its establishment, and they have appointed from among themselves Mr. Hirokazu Iwasaki as chairman of the Special Committee.

Members of the Special Committee shall be paid a fixed amount of compensation, and a contingency fee which is conditional upon the announcement or consummation of the Transactions including the Tender Offer is not included.

Based on the resolution of the board of directors mentioned above, the Target Company's board of directors consulted the Special Committee on (i) whether the purpose of the Transactions is considered to be reasonable (including whether the Transactions will contribute to the enhancement of the Target Company's corporate value), (ii) whether the fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer Price) is ensured, (iii) whether the fairness of the procedures for the Transactions

is ensured, (iv) whether the Transactions are considered to be not disadvantageous to the minority shareholders of the Target Company based on (i) to (iii) above, and (v) whether the Target Company's board of directors should express its opinion in favor of the Tender Offer and recommend that the Target Company's shareholders tender their shares in the Tender Offer ((i) to (v) are hereinafter collectively referred to as "Consultation Matters") and delegated the Special Committee to submit the Report on these matters to the Target Company. Furthermore, the Target Company's board of directors also resolved at its meeting on September 10, 2024 that the decision of its board of directors in connection with the Transactions shall be made with the utmost respect for the judgment of the Special Committee, and that if the Special Committee judges the terms and conditions of the Transactions to be inappropriate, the Target Company's board of directors will not approve the Transactions. Moreover, at its meeting on September 10, 2024, the Target Company's board of directors also resolved to grant the Special Committee the authorities: (i) to be substantially involved in the process of negotiations on the terms and conditions of the Transactions such as by confirming in advance the policy on the negotiations on the Tender Offer Price in the Tender Offer and other terms and conditions of the Transactions, receiving reports on a timely basis on the status of the negotiations, and expressing opinions and providing instructions or requests at the important phase, (ii) to approve (including ex post approval) financial or legal advisors of the Target Company ("Advisors"), (iii) to appoint the Special Committee's own third-party calculation agent and other Advisors upon making reports on the Consultation Matters as necessary (If the Special Committee judges that it may rely on and seek professional advice or explanations from the Target Company's Advisors such as where the Target Company's Advisors have a high degree of expertise and where there is no problem with their independence, it may seek professional advice or explanations from the Target Company's Advisors. Furthermore, the Target Company will bear reasonable cost for the professional advice of the Special Committee's Advisors), and (iv) to receive information necessary for the consideration and judgment of the Transactions from officers and employees of the Target Company and other persons the Special Committee finds necessary upon making reports on the Consultation Matters.

(ii) Background of the consideration

The Special Committee met a total of 13 times for the period between September 11, 2024 and November 12, 2024 and made reports, shared information, conducted deliberations, and made decisions through e-mails and by other means also between the meetings as necessary to perform its duties concerning the Consultation Matters. Specifically, since there are no problems with the independence and expertise of Nomura Securities, the financial advisor and third-party calculation agent, and AMT, the legal advisor appointed by the Target Company, the Special Committee approved, at its first meeting held on September 11, 2024, Nomura Securities and AMT as the Target Company's financial advisor and third-party calculation agent and the Target Company's legal advisor respectively. The Special Committee, having confirmed that it may also receive advice from Nomura Securities and AMT as may be necessary, decided that it will not appoint its own external advisor, and the Special Committee approved the review system having confirmed that there were no problems with it for the Transactions established within the Target Company (including the scope and duties of its officers and employees involved in the consideration, negotiation and judgment regarding the Transactions) from the perspective of independence and fairness.

As the specific status of subsequent deliberations, the Special Committee (i) presented questions to the

Target Company and exchanged questions and answers with the Target Company in the style of an interview with regard to the purpose and background of the Transactions and the management policy after the Transactions, and other matters, and (ii) in another meeting, the Special Committee presented questions to the Tender Offeror and exchanged questions and answers with the Tender Offeror in the style of an interview with regard to the purpose and background of the Transactions and the management policy after the Transactions, and other matters.

In addition, with respect to the Business Plan prepared by the Target Company, the Special Committee received explanations from the Target Company on the important conditions precedent and the background of the preparation and have confirmed the reasonableness of such matters. The Special Committee has also had a question-and-answer session and conducted deliberations and discussions based on the explanations received from Nomura Securities on important conditions precedent including the details of the share valuation made based on the Business Plan, the basis of calculation of the discount rate under the DCF Method, and the reason for selecting the similar companies under the comparable multiple valuation method, and have confirmed the reasonableness of such matters.

Furthermore, the Special Committee received from the Target Company, Nomura Securities, and AMT, explanations on the details of the measures to be taken to ensure fairness of the procedures of the Transactions as well as the method and process of the decision-making of the Target Company's board of directors regarding the Transactions and other measures to be taken to avoid conflicts of interest, and conducted deliberations and discussions on the measures to be taken to ensure the fairness of the procedures in the Transactions.

Based on the advice from Nomura Securities from a financial perspective, in order to draw out a higher price from the Tender Offeror, the Special Committee conducted deliberations and discussions on its negotiation policy including the policy of holding negotiations sufficiently in accordance with the process generally followed in M&A between mutually independent third parties. Since the Special Committee had received the first proposal from the Tender Offeror on October 22, 2024 that the Tender Offer Price per share be JPY 1,600, every time the Special Committee received a proposal on the Tender Offer Price from the Tender Offeror, the Special Committee conducted deliberations and discussions on the policy for negotiations with the Tender Offeror also taking into consideration the advice from Nomura Securities from a financial perspective and was substantially involved in the process of negotiations with the Tender Offeror on the Tender Offer Price. Consequently, on November 7, 2024, the Special Committee received from the Tender Offeror the final proposal stating that the Tender Offer Price per share is to be JPY 1,900.

(iii) Details of the judgment

The Special Committee carefully discussed and considered the Consultation Matters based on the advice from a financial perspective given by Nomura Securities, the Target Company's financial advisor, at the Target Company's request and on the contents of the Share Valuation Report (Nomura Securities) and the advice from a legal perspective it had received from AMT under the above-mentioned circumstances, and consequently submitted a Report with the contents substantially as set forth below to the Target Company's board of directors, on November 12, 2024, with the unanimous consent of all members:

(A) Details of the report

- (a) The Transactions contribute to the enhancement of corporate value and their purpose is considered to be reasonable.
- (b) The fairness and reasonableness of the terms and conditions of the Transactions (including the purchase price in the Tender Offer) are considered to be ensured.
- (c) The fairness of the procedures of the Transactions is considered to be ensured.
- (d) Based on (a) to (c) above, the Transactions are considered not to be disadvantageous to the Target Company's minority shareholders.
- (e) It is considered to be reasonable that the Target Company's board of directors expresses its opinion in support of the Tender Offer and recommend that the Target Company's shareholders tender their shares in the Tender Offer.

(B) Reasons for the report

- (a) Whether the purpose of the Transactions is considered to be reasonable (including whether the Transactions will contribute to the enhancement of the Target Company's corporate value).

Based on the following points, the synergies envisaged under the Transactions are found to be reasonable and there is no major inconsistency or discrepancy between the expectations of the Tender Offeror and those of the Target Company, and it is found that implementation of the Transactions contributes to the solution of the management issues recognized by the Target Company. Furthermore, the explanations given as the reason that enhancement of the Target Company's corporate value should be achieved through the Transactions rather than business alliance or other means are also found to be reasonable and it is considered reasonable that such enhancement of corporate value will be achieved through the Transactions. In addition, there is no circumstance considered to be a material impediment to the enhancement of the Target Company's corporate value through the Transactions. Thus, the Transactions contribute to the enhancement of the Target Company's corporate value, and it is considered that their purpose is reasonable.

- The agricultural environment is expected to continue to expand in the future as the demand for food increases with the growth of the world's population, and the global agricultural chemical market continues to grow due to the expansion of agricultural production. In domestic agriculture, while the number of agricultural producers is decreasing and the average age of farmers is increasing, there are also changes in the structure of agricultural production, such as an increase in large-scale producers and agricultural corporations. In this environment, the domestic agricultural chemical industry is required to further improve the safety of agricultural chemicals under the Revised Agricultural Chemicals Control Act (effective December 2018), and the safety of domestically registered agricultural chemicals needs to be re-evaluated based on recent scientific knowledge. In the global agricultural chemical market, the registration system for agricultural chemicals is being revised ahead of Japan, and not only the safety assessment of agricultural chemicals during use and residual agricultural chemicals, but also the environmental impact assessment on ecosystems is being strengthened, and the registration of many existing agricultural chemicals is being revoked

or cancelled. On the other hand, the outlook remains uncertain due to factors such as the ongoing situation in Russia and Ukraine and the continued rise in commodity prices as a result of the deterioration of international affairs.

- Faced with these circumstances, the Target Company Group is working to enhance its corporate value by formulating a new Medium-Term Management Plan (2022-2025) along with a long-term business plan with the slogan ‘Lead The Way 2025’ in order to become a centennial company while adhering to the management philosophy that has guided the Target Company since its founding. The Target Company also aims to be a service-oriented company that can “meet the expectations of farmers, consumers and the local community” and make a significant contribution to the development of agriculture as an industry and the local economy, while always remembering its respect for farmers and respecting their motivation to produce, and above all aiming to improve farmers’ earnings.
- The Target Company’s recognition of the business environment and management issues described above does not contradict or clearly contradict objective facts. Therefore, taking measures that contribute to the above (including, but not limited to, M&A) generally can be considered to contribute to the enhancement of the corporate value of the Target Company, although it is necessary to individually take into account the risks associated with, and the disadvantages of, the measures.
- According to the Tender Offeror, the synergies of the Transactions envisaged by the Tender Offeror are as follows. (i) Through the Transactions, in the case of chemical pesticides, not only will the product portfolios complement each other, but also the combination of the technologies of the Target Company, the Tender Offeror, and SDS Biotech, the Tender Offeror’s subsidiary, will accelerate the development of new agents. (ii) In the field of biological pesticides, it become possible to achieve business expansion by establishing an integrated system from development to marketing that goes beyond the conventional framework. (iii) A comprehensive proposal can also be made by using the best mix of chemical pesticides and biological pesticides.
- The synergies of the Transactions envisaged by the Target Company are as follows. (i) The collaboration with SDS Biotech is anticipated to enable the mutual reinforcement of both companies’ businesses and will greatly enhance the earnings stability and growth potential of both companies. It will also enable SDS Biotech to further expand sales of its biological agents, utilizing its extensive sales network backed by a strong relationship of trust with farmers. (ii) The Target Company, whose main products are soil disinfectants and pest control agents, and SDS Biotech, which specializes in disease control agents and paddy herbicides, will be able to accelerate the development of mixed agents and new agents by mutually utilizing each other’s development capabilities and know-how. The expansion of the product lineup will further strengthen the value chain by enabling comprehensive product proposals to distributors and farmers. (iii) It enables to utilize the Tender Offeror Group’s basic technologies it has accumulated over the years, such as biotechnology-related technologies including fermentation and genetic modification, digital technologies using AI and MI, as well as the Tender Offeror Group’s capital strength and a wide range of resources and

networks including overseas. The Target Company, the Tender Offeror, and SDS Biotech will be able to accelerate strategic initiatives and could be empowered to lead the development of the Japanese agrochemical industry, including the expansion of overseas business as a key regional strategy and the development of adjacent businesses, such as biostimulants, where market growth is expected. (iv) The system and operational burdens of maintaining a listing have increased year by year, due to compliance with recent listing maintenance standards for the new market division, the revised Corporate Governance Code, and other similar factors. By privatizing the Target Company Shares through the Transactions, these costs and operational burden can be reduced.

- The details of the above envisaged synergies have no inconsistencies or points clearly contrary to objective facts and are found to be reasonable. In addition, the synergies envisaged by the Tender Offeror and those envisaged by the Target Company coincide, and there are no inconsistencies or discrepancies between them.
- The Tender Offeror intends to pursue synergies between the Target Company and SDS Biotech and achieve sustainable business growth. This is based on the Tender Offeror's belief that such synergies can be achieved only when the entire group unites by making the Target Company a wholly owned subsidiary. The Tender Offeror intends to make active investments with the aim of thereafter becoming a solid business entity of the No.2 class in the domestic agrochemicals industry and believes that only a wholly owned subsidiary will be able to achieve such synergies and sustainable business growth in order to timely make decisions for such intentions. In addition, with respect to the so called parent-subsiary listing, in which the Tender Offeror acquires a majority of the shares while maintaining the minority shareholders of the Target Company, there has been a recent concern at the TSE that there is a possibility of a conflict of interest between the shareholders of the parent company and the shareholders of its subsidiaries, and there is a trend toward resolving such situation. Therefore, if the situation with respect to the parent-subsiary listing were to arise, there is a high possibility that the Target Company would be prevented from concentrating on implementing its business strategy, for example, the situation where the minority shareholders of the Target Company would require that the Target Company becomes a wholly-owned subsidiary or that their shares be sold. Thus, in view of its objective, it is understood that the Tender Offeror believes that it should aim at making the Target Company a wholly-owned subsidiary from the beginning.
- In light of the above, the Target Company's judgment that it will aim to solve management issues through the Transactions rather than through other means is considered to be reasonable.
- The disadvantages to the Target Company caused by the Transactions include inability to raise funds through equity financing from capital markets and the loss of benefits associated with being a listed company, such as enhanced name recognition and social credibility. However, given the Target Company's current financial condition and the recent low interest rate environment for indirect financing, the Target Company believes that the disadvantages of going private with respect to the Target Company Shares are limited. This is because the

Target Company has the ability to secure funds through its own funds and borrowings from financial institutions, and as for the enhancement of name recognition and social credibility, the Target Company Group has already established a certain level of name recognition and social credibility within the industry and by becoming a group company of the Tender Offeror, whose shares are listed on the Prime Market of the TSE, is expected to enhance the Target Company's overall name recognition and group governance.

- Also included in the issues is whether any act concerning the Target Company's business that may reduce the corporate value of the Target Company are envisaged, such as (i) whether there will be a carve-out due to a share transfer, company split, business transfer, etc., or reorganization such as dissolution of a subsidiary and discontinuation of business after the Transactions, (ii) whether there will be any reduction in the number of employees after the Transactions and whether there will be any adverse effect on existing employees, (iii) whether there will be any adverse effect on the financing and recruitment of personnel associated with the Transactions, and (iv) whether there will be any adverse effect on the relationships between the Target Company and customers, suppliers and other business partners of the Target Company after the Transactions. Regarding the matters mentioned in (i) to (iv), the following points are confirmed.

(a) With respect to the organization, business and product lines of the Target Company Group after the Transactions, the current state is expected to be maintained as a basic premise (although the Tender Offeror Group is considering the establishment of an intermediate holding company, that will become the wholly-owning parent company of the Target Company and SDS Biotech, and dispatching officers from both companies with the aim of maximizing synergies, the establishment of such an intermediate holding company is not considered to directly affect the matters mentioned in this item.).

(b) The Target Company's various employee systems and treatment are assumed to be maintained as a basic premise, with a policy of maintaining employment after the Transactions.

(c) The Tender Offeror is assumed to consummate the Transactions using its own funds. Furthermore, as the Tender Offeror, that is listed on the Prime Market of the TSE, is considered to have a high level of credibility and recognition, it is not expected that the Target Company becoming a wholly-owned subsidiary of the Tender Offeror will have a negative impact on the Target Company's social trust compared to its current status as a listed company, and therefore no negative impact on recruitment is anticipated.

(d) No such adverse effect mentioned (iv) is envisaged.

- In light of the above, there is no circumstance considered to be a material impediment to the enhancement of the Target Company's corporate value through the Transactions.

(b) Fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer Price)

Based on the following points, the Tender Offer Price is found to be fair and appropriate assuming the appropriateness of the negotiation and scheme of the Transactions. In addition, in the Transactions, even if minority shareholders receive any consideration from either the Tender Offer or the Squeeze-out Procedure, it is ensured that they will receive consideration that is equivalent to the Tender Offer Price per Target Company Share. Thus, it is found that the fairness and appropriateness of the terms and conditions of the Transactions including the Tender Offer are ensured.

- With respect to the negotiation status of the Tender Offer Price, having started from the initial offer price (JPY 1,600 per share) of the Tender Offeror, the Target Company repeatedly held negotiations with the Tender Offeror while receiving advice from Nomura Securities based on the results of the provisional share valuation by Nomura Securities and considering a request of the Special Committee for an increase in the purchase price based on the deliberations and discussions at the Special Committee, as a result of which the Target Company obtained from the Tender Offeror 3 proposals to increase the purchase price and reached a final agreement on the Tender Offer Price (JPY 1,900 per share). In the series of negotiations, the Special Committee had been substantially involved in the process of the negotiations, where Nomura Securities shared with and explained to the Special Committee at a committee meeting or by e-mail and the Special Committee confirmed the policy and gave opinions from time to time. As a result, the final Tender Offer Price has been substantially increased from the price initially quoted by the Tender Offeror and it is found that, as the circumstances leading to the Tender Offer Price, the Target Company has held negotiations with the intention of effecting the Transactions on terms and conditions as favorable to the minority shareholders as possible. Based on the above, it is presumed that the agreement on the Tender Offer Price in the Transactions was reached as a result of negotiations between the Target Company and the Tender Offeror, based on objective and consistent discussions which are substantially equivalent to those at arm's length, and there are no circumstances which raise doubts about the transparency and fairness of the agreement process.
- The Business Plan has been prepared on a standalone basis without assuming the implementation of the Transactions as the financial projections for the period from the fiscal year ending December 2024 and the fiscal year ending December 2029. There does not seem to be any fact that the Tender Offeror or its related persons were involved in or had influence on the preparation of the Business Plan. Furthermore, although the Target Company has provided certain explanations on the Business Plan to the Tender Offeror in the negotiations with it, there is no fact that the Business Plan was established or revised according to the instructions of or considering the intention of the Tender Offeror. In view of the foregoing, there is no fact that pressure on the part of the Tender Offeror was involved in the process of establishing the Business Plan and the contents thereof is not found to be an unreasonable estimate.
- The valuation method adopted by Nomura Securities is a corporate value evaluation method assuming a going concern. Specifically, the market price method, the comparable multiple

valuation method and the DCF Method were adopted. The combination of the valuation methods, in which the valuation upper limit is ascertained using the DCF Method in which the present value of future cash flows is factored into the valuation based on the market share price, is in line with the standard approach for corporate valuation and is found to be appropriate. No unreasonable points are found with respect to the choice of the market price method, the comparable multiple valuation method, and the DCF Method as well as the respective calculation methods and bases, and the Special Committee determined that it could rely on the Share Valuation Report (Nomura Securities) in its consideration of the share value of the Target Company Shares. The Tender Offer Price of JPY 1,900 per share is found to (i) exceed the upper limit of the range of the per share value of the Target Company Shares calculated by the market price method, (ii) exceed the upper limit of the range of the per share value of the Target Company Shares calculated by the comparable multiple valuation method, and (iii) exceed the median of the range of the per share value of the Target Company Shares calculated by the DCF Method. Further, the Tender Offer Price is the amount obtained by adding a premium of 41.05% to the closing price of the Target Company Shares on the TSE on November 11, 2024, 43.07% to the average closing price in the past one (1) month, 43.40% to the average closing price in the past three (3) months, and 52.12% to the average closing price in the past six (6) months. Considering the comparison with the premium levels of 37 cases involving tender offers without an upper limit, conducted by other companies targeting domestic listed companies for the purpose of making them wholly-owned subsidiaries (excluding cases involving Real Estate Investment Trusts (REITs), Management Buyout (MBO) cases, Employee Buyout (EBO) cases, cases of competing tender offers, cases where a target company has not resolved to recommend the acceptance of the tender offer at the time of the tender offer's announcement, cases of two-step tender offers, and cases with a certain capital relationship between the acquirer and the target company), which were announced after the publication of the M&A Guidelines on June 28, 2019 and successfully completed by November 11, 2024 (the premium level measured by the median/average premium value compared to the closing price on the business day immediately preceding the date of announcement (52.74%, 61.92%) the median/average premium value compared to the simple average closing price for the past one (1) month (54.42%, 62.24%), the median/average value of premium compared to the simple average closing price or the past three (3) months (52.46%, 64.33%) and the median/average value of premium compared to the simple average closing price for the past six (6) months (54.65%, 63.54%)), the Tender Offer is considered to be comparable to these cases and it is considered that a comparable premium is ensured. In addition to the perspective from the comparison with the above results of the valuation by Nomura Securities, in view of the fact that the Transactions ensure premiums in close proximity to and comparable with the premiums in the recent tender offers and that the Tender Offer Price is at a level exceeding the highest price in light of the trends in the stock price of the Target Company in the most recent year, the level of the Tender Offer Price is not unreasonable.

- In the Transactions, the method of conducting a tender offer in the first step and conducting

the demand for demand for sale of shares or a share consolidation in the second step is envisaged, and it is not expected to take the method of conducting reorganization, such as a share exchange. The method of the Transactions is generally employed in these types of privatization transactions, and it is possible, in any procedures in the second step, to file an application for determination of the selling price or an application for pricing to the court after exercising appraisal rights. In addition, since the consideration to be received by the shareholders consists of cash, the method of the Transactions is considered to be desirable in that it is easy to understand the consideration and that the value is highly stable and objective. The method is also particularly preferable to a reorganization such as a share exchange in exchange for shares, etc., from the standpoint of simultaneously fulfilling the request that the Target Company promptly be made a wholly-owned subsidiary and ensuring an opportunity and time for the minority shareholders to make appropriate judgment based on sufficient information. Furthermore, since no upper limit is set in the Tender Offer, it is considered that the issue of coerciveness is small. Based on the above, it is found reasonable that the two-step acquisition method with a tender offer is adopted as the acquisition method and that the purchase price will be in cash.

(c) Whether the fairness of the procedures for the Transactions is ensured.

In light of the following points, it is concluded that the fairness of the procedures relating to the Transactions, including the Tender Offer, is ensured because it is found that (i) a situation which is practically equivalent to that of arm's length transaction is secured in the process of forming the terms and conditions of the Transactions, and (ii) substantial fairness measures are adopted and operated effectively from the viewpoint of securing opportunities for minority shareholders to make appropriate decisions based on sufficient information.

- The Special Committee has been consulted by the Target Company on the Consultation Matters, and in considering the Consultation Matters, it has (i) examined and determined the pros and cons of M&A from the perspective of whether or not it will contribute to the improvement of the Target Company's corporate value, and (ii) examined and determined (a) the appropriateness of the terms of the Transactions and (b) the fairness of the procedures, from the perspective of furthering the interests of minority shareholders.
- The Special Committee is composed of four independent outside directors, and it has been confirmed that each member is independent of the Tender Offeror and the success or failure of the Transactions, and the Target Company's board of directors has resolved that any decision made by the Target Company's board of directors regarding the Transactions, including whether or not to support the Tender Offer, shall be made with the utmost respect for the content of the Committee's decisions, and if the Special Committee determines that the terms of the Transactions, including the Tender Offer, are not appropriate, the board of directors will not approve the Transactions, including the Tender Offer, it is recognized that the Special Committee is functioning effectively as a measure to ensure fairness.
- In order to ensure transparency and rationality in the decision-making process regarding the

Transactions, the Target Company has received advice from AMT, a legal advisor independent of the Target Company Group, the Tender Offeror Group, the Agreed Tendering Shareholders, and the success or failure of the Transactions, regarding the establishment of a special committee, the selection of its members, and other measures to ensure fairness. At its first meeting of the Special Committee, the Special Committee confirmed that there were no issues with the high level of expertise and independence of the Target Company's legal advisor, AMT, and that the Special Committee would seek expert advice as necessary.

- In order to ensure the fairness of the Tender Offer Price, the Target Company has obtained the Share Valuation Report (Nomura Securities) from Nomura Securities, a third-party calculation agent independent of the Target Company Group, the Tender Offeror Group, the Agreed Tendering Shareholders, and the success or failure of the Transactions, as materials concerning the share value of the Target Company Shares.
- The tender offer period is scheduled to be 30 business days, whereas the minimum period stipulated by law is 20 business days. By setting the tender offer period to a longer period than the minimum period stipulated by law, it is recognized that the Target Company will ensure that its shareholders have an appropriate opportunity to decide whether to tender their shares in the Tender Offer, while also ensuring that the opportunity for a takeover bid by a counterbidder. In addition, there is no agreement between the Target Company and the Tender Offeror that would unduly restrict the Target Company's contact with potential counterbidders. As such, in this case, it is recognized that an indirect market check was carried out by implementing the M&A after creating an environment in which other potential acquirers could make counterproposals after the announcement.
- Although the Majority of Minority is not applied for the minimum planned purchase quantity for the Tender Offer, it is recognized that a considerable degree of consideration is being given to the minority shareholders of the Target Company, taking into account that other measures to ensure fairness are being taken.
- In the Tender Offer Registration Statement and the Target Company Press Release, there is to be substantial disclosure of information regarding the content of the authority granted to the Special Committee, the background to the deliberations of the Special Committee and its involvement in the negotiation process regarding the terms of the Transactions with the Tender Offeror, the content of the Report, the remuneration system for the members of the Special Committee, etc., summary of the Share Valuation Report (Nomura Securities) and the process and negotiation history leading up to the implementation of the Transactions, etc., and it is recognized that important information will be provided to the Target Company's shareholders to assist them in making judgments regarding the appropriateness of the terms of the Transactions, etc.
- If the Tender Offeror does not acquire all of the Target Company Shares in the Tender Offer, it plans to make a demand for sale of shares of all of the Target Company Shares or request that the Target Company hold a special shareholders' meeting that includes a proposal for a share consolidation promptly after the completion of the settlement of the Tender Offer. It has also been announced that the money to be delivered to the Target Company's

shareholders as compensation when making a demand for sale of shares or a share consolidation will be calculated so that it is the same as the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by each shareholder. Furthermore, given that the right to petition the court for a price determination is secured for the Target Company's shareholders in the case of a demand for sale of shares, and the right to demand that the Target Company purchase shares and the right to petition the court for a price determination in connection with this are secured for the Target Company's shareholders in the case of a share consolidation, it is recognized that consideration has been given to avoid any coerciveness.

(d) Whether the decision to implement the Transactions is disadvantageous to the minority shareholders of the Target Company based on (a) to (c) above

Considering that there is no problem with any of (a) to (c) above, regarding this Consultation Matter (d), it is found that the decision to implement the Transactions is not disadvantageous to the minority shareholders of the Target Company.

(e) Whether it is appropriate for the Target Company's board of directors to express its opinion in favor of the Tender Offer and recommend that the Target Company's shareholders tender their shares in the Tender Offer

Considering that there is no problem with any of (a) to (d) above, it is appropriate for the Target Company's board of directors express its opinion in favor of the Tender Offer and recommend that the Target Company's shareholders tender their shares in the Tender Offer.

(IV) Obtainment of Advice from the Target Company's Independent Law Firm

According to the Target Company Press Release, as stated in "(i) Background of Establishment of Consideration System" in "(II) Decision-making Process Leading to the Target Company's Decision to Support Tender Offer and Reason Therefor" in "(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy" above, to ensure transparency and reasonableness in the decision-making process of the Target Company's board of directors regarding the Transactions, the Target Company has appointed AMT as a legal advisor independent of the Tender Offeror Group, the Target Company Group, and the Agreed Tendering Shareholders and has received necessary legal advice on the decision-making process and decision-making method regarding the Transactions including the Tender Offer and other points to be noted upon making decisions regarding the Transactions.

AMT does not fall under the category of related party of the Tender Offeror Group, the Target Company Group, or the Agreed Tendering Shareholders and does not have any material interests in the Tender Offer. In addition, at its first meeting, the Special Committee approved AMT as the Target Company's legal advisor, after having confirmed that there is no problem with its independence. The remuneration of AMT does not include a contingency fee to be paid on the condition such as that the Transactions are consummated.

(V) Approval of All Directors of the Target Company (Including Audit and Supervisory Committee

Members) without Conflicts of Interest

According to the Target Company Press Release, the Target Company carefully discussed and considered the Tender Offer based on the Report submitted by the Special Committee stated in “(III) Establishment of Independent Special Committee at the Target Company and Obtainment of Reports from the Special Committee” above, the legal advice stated in “(IV) Obtainment of Advice from the Target Company’s Independent Law Firm” above and the Share Valuation Report (Nomura Securities) stated in “(II) Obtainment of Share Valuation Report from the Target Company’s Independent Third-party Calculation Agent” above and other matters.

As a result, as stated in “(II) Decision-making Process Leading to the Target Company’s Decision to Support Tender Offer and Reason Therefor” in “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above, at the meeting of the Target Company’s board of directors held on November 12, 2024, it was resolved that the Target Company expresses support for the Tender Offer and to recommend the Target Company’s shareholders to tender their shares in the Tender Offer by a unanimous vote of the eight directors without conflicts of interest who participated in the resolution (including directors who are audit and supervisory committee members) among all nine directors of the Target Company.

Among the directors of the Target Company, the Tender Offeror had the intention of entering into a tender agreement with Mr. Kushibiki and with Kanesho Sangyo. Thus, from the perspective of avoiding the doubt of conflict of interest, based on the legal advice from AMT, the Target Company’s legal advisor, Mr. Kushibiki has not, since September 11 2024, participated in the discussions or negotiations with the Tender Offeror on the part of the Target Company nor has he participated in the deliberations or resolutions at the meeting of the board of directors stated above.

(VI) Establishment of Independent Consideration System at the Target Company

According to the Target Company Press Release, as stated in “(II) Decision-making Process Leading to the Target Company’s Decision to Support Tender Offer and Reason Therefor” in “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above, since the Target Company commenced discussions toward the implementation of the Transactions, the Target Company has established a project team consisting of six officers and employees who are independent of the Tender Offeror Group and the Agreed Tendering Shareholders to consider, negotiate for, and make judgement on the Tender Offer (including the scope and duties of its officers and employees involved in the consideration, negotiation, and judgment regarding the Tender Offer) from a standpoint independent of the Tender Offeror Group and the Agreed Tendering Shareholders. Among the project team members, directors who are involved are Mr. Tomohiro Inoue (Senior Managing Director), Mr. Yoshio Kinoshita (Director, Executive Managing Officer), and Mr. Osamu Yamamoto (Director, Senior Managing Officer). Specifically, on September 11, 2024, from the perspective of eliminating an issue of structural conflict of interest, the Target Company determined that it will not cause Mr. Kushibiki to be involved in the negotiation process, consideration, and judgment concerning the terms and conditions of the Transactions between the Target Company and the Tender Offeror including the Tender Offer Price or to be involved in the preparation process of the Business Plan which is the basis of evaluation of the Target Company Shares and is continuing such treatment. Furthermore, at its first meeting held on

September 11, 2024, the Special Committee approved that there is no problem with such consideration system from the perspective of independence and fairness.

(VII) Measures to Ensure Opportunities for Purchases from Other Purchasers

The Tender Offeror has not made an agreement with the Target Company that restricts the counterbidders from making contact with the Target Company such as an agreement including transaction protection clauses that prohibit the Target Company from making contact with the counterbidders. Furthermore, the Tender Offeror sets the tender offer period of 30 business days, which is longer than 20 business days, the minimum period required by law. By setting the tender offer period to be longer than the minimum period required by law, the Tender Offeror intends to ensure the appropriateness of the Tender Offer Price by ensuring the opportunities for any person other than the Tender Offeror to make a competitive purchase, etc. of the Target Company Shares, while ensuring opportunities for the shareholders of the Target Company to appropriately judge whether or not to tender their shares in the Tender Offer.

(4) Post-Tender Offer Reorganization Policy (Matters Regarding a “Two-Step Acquisition”)

As is stated in “(1) Overview of the Tender Offer” above, the Tender Offeror’s policy is to make the Target Company its wholly-owned subsidiary. Thus, if the Tender Offeror fails to acquire all of the Target Company Shares through the Tender Offer, once the Tender Offer is complete, the Tender Offeror will implement procedures for acquiring all of the Target Company Shares by using the following methods:

(I) Demand for Sale of Shares

If, upon completion of the Tender Offer, the Tender Offeror holds 90% or more of the total shareholder voting rights of the Target Company and the Tender Offeror becomes a Special Controlling Shareholder as prescribed in Article 179(1) of the Companies Act, the Tender Offeror will, in accordance with Part II, Chapter 2, Section 4-2 of the Companies Act, request all Target Company shareholders (excluding the Tender Offeror and the Target Company) to sell all of their Target Company Shares to the Tender Offeror promptly after completion of the settlement of the Tender Offer (the “Demand for Sale of Shares”). With respect to the Demand for Sale of Shares, a monetary amount equivalent to the Tender Offer Price will be provided to Target Company shareholders (excluding the Tender Offeror and the Target Company) as consideration per Target Company Share. In such event, the Tender Offeror will notify the Target Company of, and seek approval from the Target Company for, the Demand for Sale of Shares. If the Target Company approves the Demand for Sale of Shares by a resolution of its board of directors, the Tender Offeror will acquire all of the Target Company Shares from all Target Company shareholders (excluding the Tender Offeror and the Target Company) as of the acquisition date designated in the Demand for Sale of Shares without the need for each shareholder’s individual approval, in accordance with the procedures set forth in the relevant laws and regulations. The Tender Offeror will provide each Target Company shareholder a monetary amount equivalent to the Tender Offer Price as consideration per Target Company Share owned by such Target Company shareholder. According to the Target Company Press Release, if the Target Company receives notice from the Tender Offeror that it intends to make a Demand for Sale of Shares and notice concerning each item in Article 179-2(1) of the Companies Act, the Target Company will approve the Demand for Sale of Shares at the Target Company’s board of directors meeting. For the purpose of protecting the rights of minority shareholders in

relation to a Demand for Sale of Shares, it is stipulated that the Target Company shareholders may, in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations, petition a court for a decision on the sale price of their Target Company Shares.

(II) Share Consolidation

On the other hand, if, following the completion of the Tender Offer, the total number of the Target Company's voting rights owned by the Tender Offeror is less than 90% of all of the voting rights for the Target Company, the Tender Offeror will, promptly after completion of the settlement of the Tender Offer, request the Target Company to hold a special shareholders' meeting (the "Special Shareholders' Meeting") and for proposals to be submitted which will include (i) implementation of consolidation of Target Company Shares in accordance with Article 180 of the Companies Act (the "Share Consolidation"), and (ii) subject to the Share Consolidation being effective, changes to the Target Company's articles of incorporation that will eliminate provisions on a share unit number. The Tender Offeror considers that it is desirable for the Target Company to hold the Special Shareholders' Meeting as soon as possible from the perspective of improving the Target Company's corporate value. Therefore, the Tender Offeror plans to ask the Target Company to make a public notice during the tender offer period setting the record date for the Special Shareholders' Meeting so that such record date will be a date shortly after the commencement date of the settlement of the Tender Offer (the "Settlement Commencement Date") (as of today, such date is planned to be December 31, 2024) and to target to hold the Special Shareholders' Meeting in mid-February 2025. The Tender Offeror will approve each of the proposals above at the Special Shareholders' Meeting.

If proposals concerning the Share Consolidation are approved at the Special Shareholders' Meeting, the Target Company shareholders will each, as of the effective date of the Share Consolidation, retain a number of the Target Company Shares corresponding to the share consolidation ratio approved at the Special Shareholders' Meeting. If the Share Consolidation results in fractional shares that are less than one share, in accordance with the procedures set forth in Article 235 of the Companies Act and other relevant laws and regulations, the Target Company shareholders retaining such fractional shares will be provided with money to be obtained through the sale of Target Company Shares equivalent to the sum of such fractional shares (if the sum of such fractional shares is less than one share, such fractional shares will be discarded; the same applies hereinafter) to the Target Company or the Tender Offeror. With respect to the sale price of the Target Company Shares equivalent to the sum of such fractional shares, the Tender Offeror will request the Target Company to petition a court for permission for voluntary sale, after ensuring that as a result of such sale of fractional shares, the monetary amount provided to Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company) will be the same as the value obtained when the number of the Target Company Shares owned by each shareholder is multiplied by the Tender Offer Price. Furthermore, although the consolidation ratio of the Target Company Shares has not yet been decided as of today, the consolidation ratio will be determined such that as a result of the Share Consolidation, the shareholders of the Target Company who did not tender their Target Company Shares into the Tender Offer (excluding the Tender Offeror and the Target Company) will each hold fractional shares less than one share and that after the settlement of the sale of the sum of such fractional shares, the Tender Offeror will own all of the Target Company Shares.

For the purpose of protecting the rights of minority shareholders in relation to the Share Consolidation,

if the Share Consolidation is implemented, and this results in fractional shares that are less than one share, the Companies Act allows Target Company shareholders to demand that the Target Company purchase all fractional shares less than one share owned by them at a fair price, as well as to petition a court for a decision regarding the sale price of their Target Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As described above, in connection with the Share Consolidation, the Target Company Shares to be owned by Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company) will be fractional shares less than one share. Therefore, the Target Company shareholders who oppose the Share Consolidation will be able to petition a court for a decision regarding the sale price of their Target Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If any such petition is filed, the purchase price will be ultimately determined by the court.

In addition, the Tender Offer is not intended to solicit the Target Company shareholders to approve the relevant proposals at the Special Shareholders' Meeting.

Implementing each procedure described in (I) and (II) above may take extra time, or implementation methods may change, depending on the status of amendments to, execution of, and interpretation by relevant authorities of, the relevant laws and regulations. However, even in such event, if the Tender Offer is completed, measures will be taken by which monetary consideration will be ultimately provided to Target Company shareholders who did not apply for the Tender Offer (excluding the Tender Offeror and the Target Company), and the value of such consideration will be calculated to be the price obtained when the number of Target Company Shares owned by the relevant Target Company shareholders is multiplied by the Tender Offer Price. However, in the event Target Company shareholders petition a court for a decision on the sale price of their Target Company Shares in response to a Demand for Sale of Shares, or for a decision on the price of shares in response to a share purchase demand made in relation to a Share Consolidation, the sale price or the price for a share purchase demand of their Target Company Shares will be ultimately determined by a court.

The Target Company will promptly announce the specific procedures for, and implementation timing of, each situation described above, once they are determined after consultation between the Tender Offeror and the Target Company. The Target Company shareholders are each personally responsible for consulting with tax experts regarding the handling of taxes relating to applications for the Tender Offer, and each of the procedures described above.

(5) Likelihood of and Reasons for Delisting

As of today, the Target Company Shares are listed on the Standard Market of the TSE. However, since the Tender Offeror has not set a maximum limit on the planned purchase quantity in the Tender Offer, depending on the result of the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the delisting standards set out by the TSE. In addition, even if the Target Company Shares do not fall under the delisting standards at the time of consummation of the Tender Offer, as described in “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a “Two-Step Acquisition”)” above, the Tender Offeror plans to implement procedures with the aim of acquiring all of the Target Company Shares, in which case, the Target Company Shares will be delisted through prescribed procedures in accordance with the delisting standards of the TSE. It will not be possible to trade the Target Company Shares

on the Standard Market of the TSE after the delisting. For the reasons for the purpose of delisting, please see “(II) Decision-making Process Leading to the Target Company’s Decision to Support Tender Offer and Reason Therefor” in “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” above.

(6) Matters Regarding Critical Agreements Related to the Tender Offer

On November 12, 2024, the Tender Offeror executed the Tender Agreements with the Agreed Tendering Shareholders, respectively, the outlines of which are as stated below. With regard to the Transactions, the Tender Offeror has not agreed to offer or provide any benefits to the Agreed Tendering Shareholders other than the consideration for tendering their shares in the Tender Offer.

(I) The Tender Agreement (Aso):

In conjunction with the Tender Offer, on November 12, 2024, the Tender Offeror has executed the Tender Agreement (Aso) with Aso to the effect that the Shares Agreed to be Tendered (Aso) owned by Aso shall be tendered in the Tender Offer within at least 10 business days from the commencement date of the Tender Offer. The Tender Agreement (Aso) provides that if prior written consent is obtained from the Tender Offeror or all or part of the conditions precedent for Aso’s obligations fail(s) to be met during the tender offer period, Aso may tender no shares, withdraw its tender, or terminate an agreement related to the purchase of the Shares Agreed to be Tendered (Aso) completed as a result of its tender, at its own discretion. Furthermore, it is provided that until the Settlement Commencement Date, except for a tender based on the Tender Agreement (Aso), directly or indirectly, (i) Aso shall not transfer, hand over, provide as a collateral, or otherwise dispose of the Shares Agreed to be Tendered (Aso) or shall not obtain, provide, or transfer any shares in the Target Company or any right pertaining to shares in the Target Company (including making a short sale and tendering its shares in a third party’s tender offer targeting shares issued by the Target Company) (except where Aso may tender no shares, may withdraw its tender, or may terminate an agreement related to the purchase of the Shares Agreed to be Tendered (Aso) completed as a result of its tender in accordance with the above), and that (ii) Aso shall not actively make any proposal or solicitation to a third party regarding a transaction that conflicts with or impedes, or may conflict with or impede, the Tender Offer (including the Target Company’s organizational restructuring with a third party, such as a merger, share exchange, or company split, transfer of all or part of the Target Company’s businesses, and a third party’s tender offer or other purchase and sale targeting shares issued by the Target Company); if Aso receives any information provision, proposal, or solicitation regarding such transaction from a third party, Aso shall give notice to the Tender Offeror as soon as practically possible to a reasonable extent. Furthermore, it is provided that if the Tender Offer is successfully completed and the settlement for its tender based on the Tender Agreement (Aso) is completed, and if a shareholders’ meeting of the Target Company is held with the record date for exercise of rights which is a day falling on or before the day preceding the Settlement Commencement Date, Aso shall exercise its voting rights pertaining to the Target Company Shares owned by Aso and other rights at the shareholders’ meeting in accordance with the Tender Offeror’s instructions.

The Tender Agreement (Aso) provides that the conditions precedent for Aso’s tender shall be as follows: (i) the Tender Offer has been commenced lawfully and effectively and has not been withdrawn; (ii) there is no material error in the Tender Offeror’s representations and warranties (Note 1); (iii) there is no material breach by the Tender Offeror of its obligations set forth in the Tender Agreement (Aso); (iv) the

Target Company's board of directors has adopted a resolution to express its opinion in support of the Tender Offer and such expressed opinion has not been changed or withdrawn; and (v) there is no law or regulation or no order, disposition, or judgment by a judicial or administrative agency that restricts or prohibits the Tender Offer or Aso's tender based on the Tender Agreement (Aso). Under the Tender Agreement (Aso), Aso is not prohibited or restricted from tendering its shares in the Tender Offer by waiving those conditions precedent at its own discretion.

In addition, in the Tender Agreement (Aso), in addition to the above, the parties have agreed to the termination events (Note 2), confidentiality, publication, no-transfer of their contractual status, expenses, entire agreement, governing law and jurisdiction, and good-faith discussion provisions.

(Note 1) Under the Tender Agreement (Aso), as the Tender Offeror's representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (Aso); (iii) the validity and enforceability of the Tender Agreement (Aso); (iv) non-existence of conflict with laws or regulations; (v) non-existence of insolvency proceedings; and (vi) non-existence of transactions with or involvement of anti-social forces.

Under the Tender Agreement (Aso), as Aso's representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (Aso); (iii) the validity and enforceability of the Tender Agreement (Aso); (iv) non-existence of conflict with laws or regulations; (v) non-existence of insolvency proceedings; (vi) its ownership of the Target Company Shares; and (vii) non-existence of transactions with or involvement of anti-social forces.

(Note 2) The Tender Agreement (Aso) provides the following termination events: (i) termination due to a party's breach of any of its material obligations; (ii) termination due to a material breach of any of a party's representations and warranties; and (iii) the Tender Offeror's withdrawal of the Tender Offer in accordance with laws and regulations or failure of the Tender Offer.

(II) The Tender Agreement (VARECS):

In conjunction with the Tender Offer, on November 12, 2024, the Tender Offeror has executed the Tender Agreement (VARECS) with VARECS to the effect that the Shares Agreed to be Tendered (VARECS) owned by VARECS shall be tendered in the Tender Offer within at least 10 business days from the commencement date of the Tender Offer. The Tender Agreement (VARECS) provides that if prior written consent is obtained from the Tender Offeror, VARECS may terminate an agreement related to the purchase of the Shares Agreed to be Tendered (VARECS) completed as a result of its tender. Furthermore, it is provided that if a tender offer for the Target Company Shares is commenced by a person other than the Tender Offeror with a purchase price that exceeds the Tender Offer Price by 5% or more (if the Tender Offer Price is increased due to a change in the terms and conditions for purchase, this shall be the changed purchase price) (the tender offer is required to be one in which no maximum planned purchase quantity is set and the minimum planned purchase quantity is set at the number of shares that will result in the voting rights held by the tender offeror of the tender offer after the tender offer corresponding to two-thirds or more of all voting rights of the Target Company) (a "Competing Tender Offer"), and an attorney's written opinion to the effect that VARECS' tender or failure to withdraw its tender is reasonably found to be in breach of its fiduciary duty owed to its investors

is submitted and a copy of the written opinion is delivered to the Tender Offeror by the end of the Tender Offer Price despite no breach of VARECS' obligations set forth in (i) and (ii) below, VARECS may propose to hold discussions with the Tender Offeror on a change in the Tender Offer Price; and if the Tender Offeror does not increase the Tender Offer Price up to a price higher than the purchase price in the Competing Tender Offer by the day on which 10 business days have elapsed from the day of such proposal or the end of the tender offer period, whichever comes earlier, VARECS may tender no shares or withdraw its tender without paying any money under any name whether it be damages or penalty and without being subject to any other obligations, burdens, or conditions. It is also provided that until the Settlement Commencement Date, except for a tender based on the Tender Agreement (VARECS), directly or indirectly, (i) VARECS shall not transfer, hand over, provide as a collateral, or otherwise dispose of the Shares Agreed to be Tendered (VARECS) or shall not obtain, provide, or transfer any shares in the Target Company or any right pertaining to shares in the Target Company (including making a short sale and tendering its shares in a third party's tender offer targeting shares issued by the Target Company), and that (ii) VARECS shall not make any proposal or solicitation to a third party regarding a transaction that conflicts with or impedes, or may conflict with or impede, the Tender Offer (including the Target Company's organizational restructuring with a third party, such as a merger, share exchange, or company split, transfer of all or part of the Target Company's businesses, and a third party's tender offer or other purchase and sale targeting shares issued by the Target Company); if VARECS receives any information provision, proposal, solicitation, etc. regarding such transaction from a third party, VARECS shall promptly give notice to the Tender Offeror. Furthermore, it is provided that if VARECS tenders its shares and the Tender Offer is successfully completed, and if a shareholders' meeting of the Target Company is held with the record date for exercise of rights which is a day falling on or before the day preceding the Settlement Commencement Date, VARECS shall exercise its voting rights pertaining to the Target Company Shares owned by VARECS and other rights at the shareholders' meeting in accordance with the Tender Offeror's instructions.

The Tender Agreement (VARECS) provides that the conditions precedent for VARECS' tender shall be as follows: (i) the Tender Offer has been commenced lawfully and effectively and has not been withdrawn; (ii) there is no material error in the Tender Offeror's representations and warranties (Note 1); (iii) there is no material breach by the Tender Offeror of its obligations set forth in the Tender Agreement (VARECS); (iv) the Target Company's board of directors has adopted a resolution to express its opinion in support of the Tender Offer and such expressed opinion has not been changed or withdrawn; and (v) there is no unpublished material fact regarding the Target Company's business (as set forth in Article 166, paragraph (2) of the Act) or no unpublished fact regarding implementation or suspension of a tender offer, etc. for shares in the Target Company (as set forth in Article 167, paragraph (2) of the Act; excluding the fact regarding the Tender Offer). Under the Tender Agreement (VARECS), VARECS is not prohibited or restricted from tendering its shares in the Tender Offer by waiving those conditions precedent at its own discretion.

In addition, in the Tender Agreement (VARECS), in addition to the above, the parties have agreed to the termination events (Note 2), confidentiality, publication, no-transfer of their contractual status, expenses, entire agreement, governing law and jurisdiction, and good-faith discussion provisions.

(Note 1) Under the Tender Agreement (VARECS), as the Tender Offeror's representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (VARECS); (iii)

the validity and enforceability of the Tender Agreement (VARECS); (iv) non-existence of conflict with laws or regulations; (v) non-existence of insolvency proceedings; (vi) non-existence of transactions with or involvement of anti-social forces; and (vii) no knowledge of unpublished material facts.

Under the Tender Agreement (VARECS), as VARECS' representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (VARECS); (iii) the validity and enforceability of the Tender Agreement (VARECS); (iv) non-existence of conflict with laws or regulations; (v) non-existence of insolvency proceedings; (vi) its ownership of the Target Company Shares; (vii) non-existence of transactions with or involvement of anti-social forces; and (viii) no knowledge of unpublished material facts.

(Note 2) The Tender Agreement (VARECS) provides the following termination events: (i) termination due to a party's breach of any of its material obligations; (ii) termination due to a material breach of any of a party's representations and warranties; and (iii) the Tender Offeror's failure to commence the Tender Offer on November 13, 2024 or withdrawal of the Tender Offer in accordance with laws and regulations, failure of the Tender Offer, or VARECS' failure to tender its shares or withdrawal of its tender in accordance with the above.

(III) The Tender Agreement (Kanesho Sangyo):

In conjunction with the Tender Offer, on November 12, 2024, the Tender Offeror has executed the Tender Agreement (Kanesho Sangyo) with Kanesho Sangyo to the effect that the Shares Agreed to be Tendered (Kanesho Sangyo) owned by Kanesho Sangyo shall be tendered in the Tender Offer within at least 15 business days from the commencement date of the Tender Offer. The Tender Agreement (Kanesho Sangyo) provides that except where prior written consent is obtained from the Tender Offeror, in any event, Kanesho Sangyo shall not withdraw its tender in the Tender Offer or terminate an agreement related to the purchase of these shares completed as a result of its tender. Furthermore, it is provided that if a shareholders' meeting of the Target Company is held with the record date for exercise of rights which is a day falling on or before the day preceding the Settlement Commencement Date, Kanesho Sangyo shall exercise its voting rights pertaining to the Target Company Shares owned by Kanesho Sangyo and other rights at the shareholders' meeting in accordance with the Tender Offeror's instructions.

The Tender Agreement (Kanesho Sangyo) provides no conditions precedent for Kanesho Sangyo's tender.

In the Tender Agreement (Kanesho Sangyo), in addition to the above, the parties have agreed to the termination events (Note 1), confidentiality, publication, governing law and jurisdiction, and good-faith discussion provisions.

(Note 1) The Tender Agreement (Kanesho Sangyo) provides the following termination events: (i) termination due to a material breach of any of a party's representations and warranties; and (ii) the Tender Offeror's withdrawal of the Tender Offer in accordance with laws and regulations or failure of the Tender Offer.

(Note 2) Under the Tender Agreement (Kanesho Sangyo), as the Tender Offeror's representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (Kanesho Sangyo); (iii) the validity and enforceability of the Tender Agreement (Kanesho Sangyo); (iv) non-existence

of conflict with laws or regulations; (v) non-existence of insolvency proceedings; and (vi) non-existence of transactions with or involvement of anti-social forces.

Under the Tender Agreement (Kanesho Sangyo), as Kanesho Sangyo's representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (Kanesho Sangyo); (iii) the validity and enforceability of the Tender Agreement (Kanesho Sangyo); (iv) non-existence of conflict with laws or regulations; (v) non-existence of insolvency proceedings; (vi) its holding of the Target Company Shares; and (vii) non-existence of transactions with or involvement of anti-social forces.

(IV) The Tender Agreement (Mr. Kushibiki):

In conjunction with the Tender Offer, on November 12, 2024, the Tender Offeror has executed the Tender Agreement (Mr. Kushibiki) with Mr. Kushibiki to the effect that the Shares Agreed to be Tendered (Mr. Kushibiki) owned by Mr. Kushibiki shall be tendered in the Tender Offer within at least 15 business days from the commencement date of the Tender Offer after (i) having the security right holders release all of the security interests created on 47,000 shares out of the Shares Agreed to be Tendered (Mr. Kushibiki) and (ii) having the stock lending agreements related to stock lending transactions for 250,000 shares out of the Shares Agreed to be Tendered (Mr. Kushibiki) that are subject to those stock lending transactions terminated or receiving a return thereof based on the stock lending agreements. The Tender Agreement (Mr. Kushibiki) provides that except where prior written consent is obtained from the Tender Offeror, in any event, Mr. Kushibiki shall not withdraw his tender in the Tender Offer or terminate an agreement related to the purchase of these shares completed as a result of his tender. Furthermore, it is provided that if a shareholders' meeting of the Target Company is held with the record date for exercise of rights which is a day falling on or before the day preceding the Settlement Commencement Date, Mr. Kushibiki shall exercise his voting rights pertaining to the Target Company Shares owned by Mr. Kushibiki and other rights at the shareholders' meeting in accordance with the Tender Offeror's instructions.

The Tender Agreement (Mr. Kushibiki) provides no condition precedent for Mr. Kushibiki's tender.

In the Tender Agreement (Mr. Kushibiki), in addition to the above, the parties have agreed to the termination events (Note 1), confidentiality, publication, governing law and jurisdiction, and good-faith discussion provisions.

(Note 1) The Tender Agreement (Mr. Kushibiki) provides the following termination events: (i) termination due to a material breach of any of a party's representations and warranties (Note 2); and (ii) the Tender Offeror's withdrawal of the Tender Offer in accordance with laws and regulations or failure of the Tender Offer.

(Note 2) Under the Tender Agreement (Mr. Kushibiki), as the Tender Offeror's representations and warranties, the following matters are provided: (i) the validity of its incorporation and existence; (ii) its retention of the power and authority necessary to execute and perform the Tender Agreement (Mr. Kushibiki); (iii) the validity and enforceability of the Tender Agreement (Mr. Kushibiki); (iv) non-existence of conflict with laws or regulations; (v) non-existence of insolvency proceedings; and (vi) non-existence of transactions with or involvement of anti-social forces.

Under the Tender Agreement (Mr. Kushibiki), as Mr. Kushibiki's representations and warranties, the following matters are provided: (i) his retention of the capacity to hold rights and capacity to act necessary to

execute and perform the Tender Agreement (Mr. Kushibiki); (ii) the validity and enforceability of the Tender Agreement (Mr. Kushibiki); (iii) non-existence of conflict with laws or regulations; (iv) non-existence of insolvency proceedings; (v) his holding of the Target Company Shares; and (vi) non-existence of transactions with or involvement of anti-social forces.

2. Overview of the Purchase

(1) Overview of the Target Company

(I)	Name	AGRO-KANESHO CO., LTD.	
(II)	Address	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	
(III)	Title and name of representative	Hironori Kushibiki, Representative Director and Presidential Executive Officer	
(IV)	Business outline	Production and sale of agrochemicals, such as soil treatment chemicals, insecticides, and fungicides	
(V)	Capital stock	JPY 1,809,177,000	
(VI)	Date of establishment	April 28, 1959	
(VII)	Major shareholders and shareholding ratios (as of June 30, 2024)	Aso Corporation	18.15%
		GOLDMAN, SACHS & CO. REG (Goldman Sachs Japan Co., Ltd. as Standing Proxy)	10.39%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	8.08%
		Kanesho Sangyo Kabushiki Kaisha	6.60%
		GOLDMAN SACHS INTERNATIONAL (Goldman Sachs Japan Co., Ltd. as Standing Proxy)	4.82%
		MITSUI & CO., LTD. (Custody Bank of Japan, Ltd. as Standing Proxy)	3.97%
		NORTHERN TRUST CO. (AVFC) RE IEDP AIF CLIENTS NON TREATY ACCOUNT (The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Department as Standing Proxy)	3.69%
		Hironori Kushibiki	3.33%
		AGRO-KANESHO Business Partners' Shareholding Association	2.97%
		Custody Bank of Japan, Ltd. (Trust Account)	2.82%
(VIII)	Relationship between the Tender Offeror and the Target Company		
)	Capital relationship	Not applicable.	
	Personnel relationship	Not applicable.	

Business relationship	There are transactions between SDS Biotech, a consolidated subsidiary of the Tender Offeror, and the Target Company related to their collaboration with respect to disseminating and selling IPM Products.
Status as related party	Not applicable.

(Note) Information in “(VII) Major shareholders and shareholding ratios (as of June 30, 2024)” is cited from “Major Shareholders” in the Target Company’s Semiannual Report.

(2) Schedule, Etc.

(I) Schedule

Date of resolution by board of directors	November 12, 2024 (Tuesday)
Date of public notice of commencement of tender offer	November 13, 2024 (Wednesday)
Name of newspaper in which public notice is to be published	Public notice will be made electronically via the Internet, and a notice to that effect will be published in the Nihon Keizai Shimbun. (URL of the electronic notice: https://disclosure2.edinet-fsa.go.jp/)
Filing date of tender offer registration statement	November 13, 2024 (Wednesday)

(II) Purchase Period Originally Specified in the Registration Statement

From November 13, 2024 (Wednesday) until December 24, 2024 (Tuesday) (30 business days)

(III) Possibility of Extension Upon Request of the Target Company

Not applicable.

(3) Purchase Price

JPY 1,900 per share of common stock

(4) Basis for Valuation of the Purchase Price

(I) Basis for the Valuation

In determining the Tender Offer Price, the Tender Offeror requested that EY, its third-party calculation agent, calculate the value of the Target Company Shares, and subsequently received the share valuation report relating thereto dated November 11, 2024 (the “Share Valuation Report (EY)”) prepared by EY (Note). EY is not a related party of the Tender Offeror Group or the Target Company Group and does not have any material interest in the Tender Offer. Further, the Tender Offeror and the Target Company have taken certain measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price, as well as measures to avoid conflicts of interest (specifically, those measures set forth in “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure

Fairness of Tender Offer” of “1. Purpose of the Purchase” above), and the Tender Offeror believes that the interests of minority shareholders of the Target Company have fully been considered. Therefore, the Tender Offeror has not obtained any written opinions concerning the fairness of the Tender Offer Price or the Tender Offer (a fairness opinion) from EY, and EY has not expressed such opinion.

EY considered the valuation methods to be applied to the calculation of the value of the Target Company Shares from among multiple share valuation methods, and EY calculated the value of the Target Company Shares using (i) the average market price method since the Target Company is listed on the Standard Market of the TSE with a market share price and (ii) the DCF Method (Note) to reflect the status of future business activities in the calculation.

According to the Share Valuation Report (EY), the applied valuation methods and the range of the per share value of the Target Company Shares calculated using those valuation methods are as described below.

Average market share price method:	JPY 1,249 – JPY 1,347
DCF Method:	JPY 1,786 – JPY 2,228

Under the average market share price method, November 11, 2024 was set as the base date, and the range of the per share value of the Target Company Shares was calculated to be JPY 1,249 to JPY 1,347 based on the closing price of JPY 1,347 of the Target Company Shares on the Standard Market of the TSE, JPY 1,328 of the simple average closing price for the past one month up to the same date, JPY 1,325 of the simple average closing price for the past three months up to the same date, and JPY 1,249 of the simple average closing price for the past six months up to the same date.

Under the DCF Method, the Business Plan presented by the Target Company was used as the basis for the calculation. By taking into account various factors, including the results of due diligence procedures conducted on the Target Company, the synergy effects expected from implementing the Transactions, its recent business performance, and publicly available information, etc., and based on the Target Company’s business plan amended by the Tender Offeror, the range of the per share value of the Target Company Shares was calculated to be JPY 1,786 to JPY 2,228 by discounting to present value at a certain discount rate the free cash flow expected to be generated by the Target Company in and after the fourth quarter of the fiscal year ending in December 2024. The financial forecast used for the DCF Method included fiscal years in which a substantial increase/decrease in free cash flow and a substantial increase/decrease in profit are expected. Specifically, in the fiscal year ending in December 2025, a significant decrease in both operating profit and free cash flow are expected due to the lower rate of return caused by a decrease in net sales of overseas subsidiaries, and in the fiscal year ending in December 2026, a significant increase in operating profit is expected due to the turnaround of business environment including overseas, and a significant increase in free cash flow is expected due to the turnaround of business environment including overseas and the decrease in capital expenditures compared to the previous fiscal year. The Target Company’s future financial forecasts relied on under the DCF Method assume that the Transaction would be implemented and factor in the synergy effects expected from the Transaction.

The Tender Offer Price of JPY 1,900 per share is an amount that includes the following premiums: a premium of 41.05% over the closing price of the Target Company Shares on the Standard Market of the TSE

of JPY 1,347 as of November 11, 2024, the business day immediately preceding the announcement date of the Tender Offer by the Tender Offeror; a premium of 43.07% over the simple average closing price of JPY 1,328 for the latest one-month period until that date; a premium of 43.40% over the simple average closing price of JPY 1,325 for the latest three-month period until that date; and a premium of 52.12% over the simple average closing price of JPY 1,249 for the latest six-month period until that date.

(Note) When calculating the value of the Target Company Shares, EY used information provided by the Target Company or the Tender Offeror and publicly available information, etc. on an as-is basis in principle, on the assumption that all of the information, etc. used by it is accurate and complete, and EY has not independently verified its accuracy or completeness. The assets or liabilities (including contingent liabilities) of the Target Company and its affiliates have not been independently evaluated, appraised, or assessed, including via analysis or evaluation of individual assets and liabilities. In addition, it is assumed that the Target Company's financial projections have been rationally prepared based on the best estimates and judgment by the Tender Offeror's management that are currently possible. The calculations made by EY are based on the aforementioned information, etc. available to EY and economic conditions up to November 11, 2024.

(II) Details of the Valuation

As set forth in “(I) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy” of “1. Purpose of the Purchase” above, the Tender Offeror has set Bio-Life Solutions as a key focus area for achieving a circular society and aims to expand its agrichemical business. Since June 2011 when SDS Biotech became a subsidiary of the Tender Offeror, the Tender Offeror's Agri-Bio Business Department (which was succeeded by SDS Biotech through an absorption-type company split in 2022) and SDS Biotech have been working together to expand Bio-Life Solutions. However, the Tender Offeror realized that it would not be easy for the Tender Offeror Group to work alone to drive and implement measures required for business expansion, such as the development of new drugs and expansion of its overseas businesses. Hence, the Tender Offeror has been seeking a suitable partner. In this context, SDS Biotech, which was looking for a company to which it could entrust the sale of biological materials, proposed holding discussions with the Target Company, which dealt with the same types of products. On October 11, 2022, SDS Biotech executed a business alliance agreement with the Target Company with regard to disseminating and selling IPM products (mainly SDS Biotech's biological pesticides and materials) and agreed to pursue business development through a closer relationship; thus, they deepened their collaboration. Amid such increased interactions between the Tender Offeror Group and the Target Company Group, the Tender Offeror reached the following conclusion and notified the Target Company in early February 2024 that it was considering implementing a transaction to make the Target Company a wholly-owned subsidiary through a tender offer: (i) there was only minimal overlap between the Target Company's and SDS Biotech's product portfolios; (ii) their advantages and disadvantages in technologies and value chains complemented each other; and therefore (iii) instead of SDS Biotech and the Target Company engaging in individual collaborations, combining the technological and sales capabilities of both companies as members of the Tender Offeror Group would create synergies and lead to an expansion of business. In light of the foregoing, in and after early February 2024, the Tender Offeror and the Target

Company held further preliminary discussions on the purposes of the transaction, as well as its anticipated structure and schedule, among other matters. However, both parties decided to suspend examining temporarily, as the Target Company was also sharing its opinions and having discussions with two other candidates which were funds concurrently, on matters such as the Target Company Group's management strategies and measures with a medium- to long-term business environment outlook, as well as the Target Company's optimal capital structure. Thereafter, in mid July 2024, the Target Company approached the Tender Offeror, proposing to resume its consideration of the Tender Offeror's proposal to make the Target Company a wholly-owned subsidiary. Pursuant to the Target Company's proposal, the Tender Offeror had discussions with the Target Company from mid July 2024 on the Target Company's management structure after it becomes a wholly-owned subsidiary of the Tender Offeror. Further, in late July 2024, in order to further examine the Transactions, the Tender Offeror appointed Nishimura & Asahi as its legal advisor independent of the Tender Offeror Group and the Target Company Group, and Goldman Sachs as its financial advisor independent of the Tender Offeror Group and the Target Company Group. In early August 2024, the Tender Offeror also additionally appointed EY as its outside advisor independent of the Tender Offeror Group and the Target Company Group. Thereafter, the Tender Offeror and SDS Biotech had their preliminary discussions with the Target Company from late August 2024 on the potential synergies expected from the Tender Offeror making the Target Company a wholly-owned subsidiary. As a result of such discussions, the Tender Offeror concluded that the Target Company would be an optimal partner for the Tender Offeror to strengthen and expand its agricultural business for the following reasons: (i) in the field of chemical pesticides, the proposed transaction would not only contribute to the parties mutually complementing their product portfolios, but also accelerate the development of new drugs by compounding the technologies of the Tender Offeror, SDS Biotech and the Target Company; (ii) in the field of biological pesticides, (a) the Tender Offeror acknowledged that disseminating biological pesticides would be more difficult than in the case of chemical pesticides and doing so would inevitably require greater effort, such as providing detailed guidance to farmers, despite a potential growth in the global demand for biological pesticides amid the recent shift to reducing the application of the volume of chemical pesticides as seen, for example, under the Green Food System Strategy in Japan and the Farm to Fork Strategy in Europe, (b) therefore, working together with the Target Company, which values ties with farmers on the frontline, would (aa) enable the Tender Offeror to further boost its supply chain from development to sales, (bb) enable both the Tender Offeror Group and the Target Company Group to pursue an expansion of their biological pesticide businesses, and (cc) potentially promote the development of new biological pesticides by leveraging both parties' libraries and evaluation technologies; (iii) the best combination of chemical and biological pesticides would enable the parties to make proposals from a comprehensive perspective; and (iv) there is the prospect of creating an optimal manufacturing/logistics system by sharing manufacturing/logistics facilities and mutually utilizing resources. Accordingly, on September 10, 2024, the Tender Offeror presented to the Target Company the Initial Proposal Document to acquire all of the Target Company Shares and to take the Target Company private as a wholly-owned subsidiary of the Tender Offeror.

Thereafter, the Tender Offeror conducted due diligence procedures on the Target Company from mid September 2024 to late October 2024.

Thereafter, in late October 2024, the Tender Offeror additionally appointed EY as a third-party calculation agent independent of the Tender Offeror Group and the Target Company Group, and Mizuho

Securities Co., Ltd. as a financial advisor independent of the Tender Offeror Group and the Target Company Group.

Following such procedures, the Tender Offeror further examined the terms and conditions, as well as other matters pertaining to the Transactions, including the Tender Offer Price. As a result, the Tender Offeror made a first proposal with the Tender Offer Price at JPY 1,600 on October 22, 2024, taking into account all factors as a whole, including the following: (i) the following premiums have been added to the Target Company Shares: (a) 17.73% over JPY 1,359, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 21, 2024; (b) 19.49% over the simple average of the closing price of JPY 1,339 for the past one-month period; (c) 24.90% over the simple average of the closing price of JPY 1,281 for the past three-month period; and (d) 29.98% over the simple average of the closing price of JPY 1,231 for the past six-month period; (ii) an analysis based on the Business Plan submitted by the Target Company; (iii) the results of due diligence procedures obtained at the time; and (iv) the analysis results of the market price transition of the Target Company Shares. Thereafter, on October 24, 2024, the Tender Offeror received a request for review of the Tender Offer Price from the Special Committee since the proposed Tender Offer Price was extremely inadequate compared to premium levels in past similar cases and the intrinsic value of the Target Company, and the price did not reach a level at which due consideration could have been given to the Target Company's minority shareholders. In reply to the Target Company, the Tender Offeror made a second proposal with the Tender Offer Price at JPY 1,650 on October 28, 2024, taking into account all factors as a whole, including the following: (i) the following premiums have been added to the Target Company Shares: (a) 26.73% over JPY 1,302, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 25, 2024; (b) 23.13% over the simple average of the closing price of JPY 1,340 for the past one-month period; (c) 28.11% over the simple average of the closing price of JPY 1,288 for the past three-month period; and (d) 33.28% over the simple average of the closing price of JPY 1,238 for the past six-month period; (ii) an analysis based on the Business Plan submitted by the Target Company; (iii) the results of due diligence procedures obtained at the time; and (iv) the analysis results of the market price transition of the Target Company Shares. Thereafter, on October 29, 2024, the Tender Offeror received a request for review of the Tender Offer Price from the Special Committee since the proposed Tender Offer Price was extremely inadequate compared to premium levels in past similar cases and the intrinsic value of the Target Company, and the price did not reach a level at which due consideration could have been given to the Target Company's minority shareholders. In reply to the Target Company, the Tender Offeror made a third proposal with the Tender Offer Price at JPY 1,850 on November 1, 2024, taking into account all factors as a whole, including the following: (i) the following premiums have been added to the Target Company Shares: (a) 40.58% over JPY 1,316, which is the closing price of the Target Company Shares on the Standard Market of the TSE on October 31, 2024; (b) 38.16% over the simple average of the closing price of JPY 1,339 for the past one-month period; (c) 42.64% over the simple average of the closing price of JPY 1,297 for the past three-month period; and (d) 49.07% over the simple average of the closing price of JPY 1,241 for the past six-month period; (ii) an analysis based on the Business Plan submitted by the Target Company; (iii) the results of due diligence procedures obtained at the time; and (iv) the analysis results of the market price transition of the Target Company Shares. Thereafter, on November 5, 2024, the Tender Offeror received a request from the Special Committee that the Tender Offer Price be set at JPY 2,000 since (i) the proposed Tender Offer Price was still not necessarily at the level at which due consideration had been given to the Target Company's

minority shareholders, in light of the premium levels in past similar cases and the intrinsic value of the Target Company, and (ii) it was difficult to conclude that part of the synergy effects created from the Transactions would be sufficiently distributed to the Target Company's minority shareholders. In reply to the Target Company, on November 6, 2024, the Tender Offeror made a fourth proposal by maintaining the proposed Tender Offer Price at JPY 1,850, as the price sufficiently reflected not only the intrinsic value of the Target Company but also the creation of synergy effects expected from the Transactions, taking into account all factors as a whole, including the following: (i) the following premiums have been added to the Target Company Shares: (a) 42.20% over JPY 1,301, which is the closing price of the Target Company Shares on the Standard Market of the TSE on November 5, 2024; (b) 37.96% over the simple average of the closing price of JPY 1,341 for the past one-month period; (c) 41.33% over the simple average of the closing price of JPY 1,309 for the past three-month period; and (d) 48.71% over the simple average of the closing price of JPY 1,244 for the past six-month period; (ii) an analysis based on the Business Plan submitted by the Target Company; (iii) the results of due diligence procedures obtained at the time; and (iv) the analysis results of the market price transition of the Target Company Shares. Thereafter, on November 7, 2024, the Tender Offeror presented the Tender Offer Price of JPY 1,900 to Aso and VARECS and received a response from Aso and VARECS that they had the intention to accept the price; therefore, the Tender Offeror made the final proposal to the Target Company with the Tender Offer Price at JPY 1,900, since (i) the following premiums have been added to the Target Company Shares: (a) 43.94% over JPY 1,320, which is the closing price of the Target Company Shares on the Standard Market of the TSE on November 6, 2024; (b) 41.79% over the simple average of the closing price of JPY 1,340 for the past one-month period; (c) 44.71% over the simple average of the closing price of JPY 1,313 for the past three-month period; and (d) 52.73% over the simple average of the closing price of JPY 1,244 for the past six-month period; and (ii) the Target Company's shareholders would be provided with an opportunity to sell Target Company Shares at a price that sufficiently reflects the creation of expected synergies. The Tender Offeror subsequently received a response from the Special Committee on November 7, 2024 that after repeated and sincere discussions and consideration of the proposed Tender Offer Price, the Target Company's board of directors agreed to the Transactions at the proposed Tender Offer Price and planned to recommend that the Target Company shareholders tender their shares in the Tender Offer.

Furthermore, the Tender Offeror held discussions regarding tender agreements with the Agreed Tendering Shareholders who executed the tender agreements. Specifically, the Tender Offeror executed confidentiality agreements with Aso, VARECS, Kanesho Sangyo, and Mr. Kushibiki, respectively, in late October 2024 and commenced negotiations aiming to execute tender agreements. In late October 2024, the Tender Offeror provided Aso and VARECS with the overview of the Transactions and informed them that the anticipated Tender Offer Price was JPY 1,700. When the Tender Offeror inquired whether Aso and VARECS would be able to tender their shares if the Transactions were implemented, they were informed that further discussions on the Tender Offer Price were necessary, though they would continue to consider it. Thereafter, on November 1, 2024, the Tender Offeror proposed the Tender Offer Price at JPY 1,850 to Aso and received a response on the same day that Aso had the intention to accept the proposal. The Tender Offeror also proposed the Tender Offer Price at JPY 1,850 to VARECS on November 1, 2024, and in return received a request from VARECS on November 5, 2024 that it consider the Tender Offer Price at the level of JPY 1,950. On November 5, 2024, the Tender Offeror proposed to VARECS again that the Tender Offer Price would still be JPY 1,850

and received a response on November 6, 2024 that VARECS considered that the minimum acceptable Tender Offer Price was at the level of JPY 1,925. On November 6, 2024, the Tender Offeror made a proposal at JPY 1,880 to VARECS and received a response on the same day that VARECS still considered that the Tender Offer Price at the level of JPY 1,925. On November 6, 2024, the Tender Offeror made a final proposal to VARECS with the Tender Offer Price at JPY 1,900, and received a response from VARECS on November 7, 2024 that it had the intention to accept the proposal. Thereafter, on November 7, 2024, the Tender Offeror proposed to Aso the price of JPY 1,900, which VARECS intended to accept, and the Tender Offeror received a response on the same day that Aso had the intention to accept the proposal. Further, the Tender Offeror proposed the Tender Offer Price at JPY 1,900 to Kanesho Sangyo and Mr. Kushibiki, which Aso and VARECS intended to accept, and the Tender Offeror received a response on the same day that Kanesho Sangyo and Mr. Kushibiki had the intention to accept the proposal. Through the aforementioned process, the Tender Offeror executed tendering agreements with Aso, VARECS, Kanesho Sangyo, and Mr. Kushibiki, respectively, as of November 12, 2024.

Through the aforementioned process, the Tender Offeror reached the conclusion that making the Target Company its wholly-owned subsidiary would contribute to enhancement of the corporate value of the Tender Offeror Group as a whole, and on the premise that the Target Company's year-end dividends for the fiscal year ending in December 2024 would not be paid, the Tender Offeror decided to set the Tender Offer Price at JPY 1,900 and to implement the Tender Offer at the board of directors' meeting held on November 12, 2024.

(i) Name of the Third Party from which the Tender Offeror Obtained an Opinion for Valuation

In determining the Tender Offer Price, the Tender Offeror requested that EY, its third-party calculation agent, calculate the value of the Target Company Shares. EY is not a related party of the Tender Offeror Group or the Target Company Group and does not have any material interest in the Tender Offer. Further, the Tender Offeror and the Target Company have taken certain measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price, as well as measures to avoid conflicts of interest (specifically, those measures set forth in “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” of “1. Purpose of the Purchase” above), and the Tender Offeror believes that the interests of minority shareholders of the Target Company have fully been considered. Therefore, the Tender Offeror has not obtained any written opinions concerning the fairness of the Tender Offer Price or the Tender Offer (a fairness opinion) from EY, and EY has not expressed such opinion.

(ii) Overview of the Aforementioned Opinion

According to the Share Valuation Report (EY), the methods adopted, and the range of the per-share value of the Target Company Shares calculated by the respective methods are as follows:

Average market share price method: JPY 1,249 – JPY 1,347

DCF Method: JPY 1,786 – JPY 2,228

(iii) Reasons for Determining the Tender Offer Price Based on the Aforementioned Opinion

By taking into account the Share Valuation Report (EY), the results of discussions and negotiations

with the Target Company and the Agreed Tendering Shareholders, as well as other factors as a whole, including the following, the Tender Offeror ultimately decided at the board of directors' meeting on November 12, 2024 to implement the Tender Offer with the Tender Offer Price at JPY 1,900: (i) the results of due diligence procedures conducted on the Target Company from early September 2024 to late October 2024; (ii) the trends in market prices of the Target Company Shares; (iii) whether the Target Company's board of directors was in support of the Tender Offer; and (iv) the prospect of shareholders tendering in the Tender Offer.

(III) Relationship with the Calculation Agent

EY, the third-party calculation agent for the Tender Offeror, is not a related party of the Tender Offeror Group or the Target Company Group, and has no material interest in the Tender Offer.

(5) Number of Shares Planned for Purchase

Share Type	Planned Purchase Quantity	Minimum Planned Purchase Quantity	Maximum Planned Purchase Quantity
Common stock	12,115,973 (shares)	8,077,300 (shares)	- (shares)
Total	12,115,973 (shares)	8,077,300 (shares)	- (shares)

(Note 1) If the total number of Tendered Shares does not reach the minimum planned purchase quantity (8,077,300 shares), none of the Tendered Shares will be purchased. If the total number of Tendered Shares equals or exceeds the minimum planned purchase quantity (8,077,300 shares), all Tendered Shares will be purchased.

(Note 2) No maximum planned purchase quantity has been set with respect to the Tender Offer. Therefore, the planned purchase quantity indicates the maximum number of Target Company Shares that the Tender Offeror can purchase through the Tender Offer (12,115,973 shares). The planned purchase quantity is the remainder after subtracting the number of treasury shares owned by the Target Company as of September 30, 2024 (1,288,889 shares) from the total number of issued shares as of the same date, as described in the Target Company's Third-Quarter Financial Results (13,404,862 shares).

(Note 3) Shares which constitute less than one unit are also targets of the Tender Offer. In the event that the Target Company shareholders exercise their right to demand a purchase of shares less than one unit in accordance with the Companies Act, the Target Company may purchase its own shares during the tender offer period in accordance with the relevant laws and regulations.

(Note 4) There are no plans for the Tender Offeror to acquire the treasury shares owned by the Target Company through the Tender Offer.

(6) Changes in the Ownership Ratio as a Result of the Purchase

Number of voting rights associated with shares owned by the Tender Offeror prior to the Tender Offer	0	(Percentage of shares owned prior to the Tender Offer 0.00%)
Number of voting rights associated with shares owned by specially	0	(Percentage of shares owned prior to the Tender Offer 0.00%)

related parties prior to the Tender Offer		
Number of voting rights associated with shares owned by the Tender Offeror following the Tender Offer	121,159	(Percentage of shares owned following the Tender Offer 100.00%)
Number of voting rights associated with shares owned by specially related parties following the Tender Offer	0	(Percentage of shares owned following the Tender Offer 0.00%)
Number of voting rights held by all shareholders of the Target Company	121,078	

(Note 1) “Number of voting rights associated with shares owned by the Tender Offeror prior to the Tender Offer” indicates the number of voting rights associated with shares owned by the Tender Offeror (0 shares) as of today (0 voting right).

(Note 2) “Number of voting rights associated with shares owned by specially related parties prior to the Tender Offer” indicates the total number of voting rights associated with shares owned by specially related parties (excluding, however, specially related parties who are excluded from being a specially related party under Article 3(2)(i) of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers, as amended; the “Cabinet Office Order”) for the purpose of calculating the percentage of ownership of shares under each item of Article 27-2(1) of the Act). Furthermore, the Tender Offeror will check shares of the Target Company owned by specially related parties, and if it is necessary to make any corrections, the Tender Offeror will promptly publish such corrections.

(Note 3) “Number of voting rights held by all shareholders of the Target Company” indicates the number of voting rights held by all shareholders (the number of one unit: 100 shares) as of June 30, 2024, as described in the Target Company’s Semiannual Report. However, given that shares less than one unit are also targets of the Tender Offer, for the purpose of calculating the “Percentage of shares owned prior to the Tender Offer” and the “Percentage of shares owned following the Tender Offer,” the “Number of voting rights held by all shareholders of the Target Company” was calculated to be 121,159, which is the number of voting rights associated with the number of shares (12,115,973 shares) obtained by subtracting the number of treasury shares owned by the Target Company as of September 30, 2024 (1,288,889 shares) from the total number of issued shares of the Target Company as of the same date, as described in the Target Company’s Third-Quarter Financial Results (13,404,862 shares).

(Note 4) “Percentage of shares owned prior to the Tender Offer” and “Percentage of shares owned following the Tender Offer” are both rounded to the nearest hundredth.

(7) Amount of Consideration for the Tender Offer JPY 23,020,348,700

(Note) The amount of consideration for the Tender Offer is calculated by multiplying the planned purchase quantity (12,115,973 shares) by the Tender Offer Price (JPY 1,900).

- (8) Settlement Method
- (I) Name and Head Office Location of Financial Instruments Business Operators, Banks, and Other Institutions Conducting Settlement of Purchases
Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo

- (II) Commencement Date of Settlement
December 30, 2024 (Monday)

- (III) Settlement Method

Following the expiration of the tender offer period, without delay, notifications of the purchases through the Tender Offer will be mailed to the addresses of the shareholders who tendered their shares in the Tender Offer (“Tendering Shareholders”) (or standing proxies for foreign shareholders). Purchases will be made in cash. At the Tendering Shareholders’ instruction (or the instruction of standing proxies for foreign shareholders) and on or after the commencement date of settlement, without delay, proceeds from sales of shares subject to the purchases will be (i) remitted from the tender offer agent to a place designated by the Tendering Shareholders (or standing proxies for foreign shareholders), or (ii) paid into accounts of the Tendering Shareholders opened with the tender offer agent at which those shareholders’ applications to tender their shares in the Tender Offer were accepted.

- (IV) Method of Return of Shares

If no Tendered Shares are purchased in accordance with the conditions described in “(I) Existence of Conditions Described in Each Item of Article 27-13(4) of the Act and Details Thereof” or “(II) Existence of Conditions for Withdrawal of the Tender Offer, the Details Thereof, and Method for Disclosing Withdrawal” of “(9) Other Conditions and Methods for Purchase” below, the tender offer agent will promptly restore the shares that need to be returned to the state of those shares at the time of the tender, on or after the second business day following the last day of the tender offer period (or, if the Tender Offer is withdrawn, the date of such withdrawal).

- (9) Other Conditions and Methods for Purchase

- (I) Existence of Conditions Described in Each Item of Article 27-13(4) of the Act and Details Thereof

If the total number of Tendered Shares does not reach the minimum planned purchase quantity (8,077,300 shares), none of the Tendered Shares will be purchased. If the total number of Tendered Shares equals or exceeds the minimum planned purchase quantity (8,077,300 shares), all Tendered Shares will be purchased.

- (II) Existence of Conditions for Withdrawal of the Tender Offer, the Details Thereof, and Method for Disclosing Withdrawal

If any of the matters set forth in Article 14(1)(i)(a) to (j) and (m) to (t), 14(1)(iii)(a) to (h) and (j), 14(1)(iv), and Article 14(2)(iii) to (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the “Order”) should occur, the Tender Offer may be withdrawn. “Facts equivalent to those set forth in sub-items (a) through (i)” as set forth in Article

14(1)(iii)(j) of the Order means (i) cases where it is found that past statutory disclosure documents submitted by the Target Company contain false statements regarding material matters or omit statements regarding material matters to be stated, and the Tender Offeror did not know, and could not have known even with the exercise of reasonable care, that such statements were false or omitted, and (ii) cases where any of the facts set forth in (a) through (g) of the same item occurs in any of the Target Company's material subsidiaries.

With regard to an advance notification given by the Tender Offeror to the Fair Trade Commission pursuant to Article 10(2) of the Antimonopoly Act, if any of the following events occurs on or before the day preceding the expiration date of the tender offer period (including the extended period), the "permission, etc." under Article 14(1)(iv) of the Order will be deemed to have failed to be obtained, and the Tender Offer may be withdrawn: (i) if the Tender Offeror receives from the Fair Trade Commission an advance notification of a cease and desist order which orders a disposition of all or part of the Target Company Shares, transfer of part of its business, or any other disposition equivalent thereto; (ii) if the measures period during which an advance notification of a cease and desist order under the same Act may be given has not expired; or (iii) if a petition for a court order for emergency suspension is filed with regard to the Tender Offeror by alleging that the Tender Offeror has committed an act that is suspected to be in violation of Article 10(1) of the same Act.

If the Tender Offer is withdrawn, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the tender offer period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter.

(III) Existence of Conditions for Reduction in the Purchase Price, the Details Thereof, and Method for Disclosing Reduction

In accordance with Article 27-6(1)(i) of the Act, in the event that the Target Company engages in any of the actions described in Article 13(1) of the Order during the tender offer period, the purchase price may be reduced in accordance with the standards provided in Article 19(1) of the Cabinet Office Order. If the purchase price is reduced, an electronic public notice will be made, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the tender offer period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter. If the purchase price is reduced, purchases will be made at the reduced price even with respect to the Tendered Shares that were tendered on or before the date on which such public notice was made.

(IV) Matters Regarding Rights Held by Tendering Shareholders to Terminate their Agreements

The Tendering Shareholders may terminate their agreements related to the Tender Offer at any time during the tender offer period. When terminating an agreement to tender shares, please deliver or send a document indicating the intention to terminate the agreement related to the Tender Offer (a "Termination Document") to the head office or the domestic branch of the tender offer agent where you submitted your original application, no later than 3:00 pm on the last day of the tender offer period. Termination of such an agreement will become effective when the Termination Document is delivered to or reaches the tender offer agent. Therefore, if you send the Termination Document, please note that the relevant agreement cannot be terminated unless the Termination Document reaches the tender offer agent no later than 3:00 pm on the last

day of the tender offer period.

Party authorized to receive the termination documents

Mizuho Securities Co., Ltd.

1-5-1, Otemachi, Chiyoda-ku, Tokyo

(Or other domestic branches of Mizuho Securities Co., Ltd.)

Even if the Tendering Shareholders terminate their agreements related to the Tender Offer, the Tender Offeror will not seek payment of damages or penalties from such Tendering Shareholders. Furthermore, any expenses associated with returning Tendered Shares will be borne by the Tender Offeror. In the case of any termination of any such agreements, Tendered Shares will be returned promptly after completing procedures for such termination by means described in “(IV) Method of Return of Shares” of “(8) Settlement Method” above.

(V) Disclosure Method Where Terms and Conditions of Purchase are Changed

Except when prohibited under Article 27-6(1) of the Act and Article 13 of the Order, the Tender Offeror may change the purchase conditions during the tender offer period.

If the Tender Offeror changes any purchase conditions, an electronic public notice will be made regarding such changes, and notice of such electronic public notice will be published in the Nihon Keizai Shimbun. However, if issuing the public notice by the last day of the tender offer period proves difficult, announcement will be made via the methods prescribed in Article 20 of the Cabinet Office Order, and a public notice will be issued immediately thereafter. If the Tender Offeror changes any purchase conditions, purchases of Tendered Shares will be made in accordance with the changed purchase conditions even with respect to Tendered Shares that were tendered on or before the date on which such public notice was made.

(VI) Disclosure Method Where an Amended Statement is Submitted

If an amended statement is submitted to the Director-General of the Kanto Finance Bureau (excluding, however, the cases set forth in the proviso to Article 27-8(11) of the Act), details indicated in the amended statement relating to the content described in the public notice for commencing a tender offer will be immediately announced via the methods prescribed in Article 20 of the Cabinet Office Order. Furthermore, the Tender Offeror will immediately amend the tender offer explanation statement, and any Tendering Shareholders who have already received an original tender offer explanation statement will be provided with an amended version thereof. However, if the scope of the amendment is narrow, a document containing reasons for the amendment, the amended items, and the content following the amendment will be prepared and such document will be sent to the Tendering Shareholders for the purpose of amending the previously provided tender offer explanation statement.

(VII) Disclosure Method for Results of the Tender Offer

The results of the Tender Offer will be publicly announced on the day following the last day of the tender offer period in accordance with the methods prescribed in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Order.

- (10) Date of Public Notice for Commencement of the Tender Offer
November 13, 2024 (Wednesday)
- (11) Tender Offer Agent
Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo
3. Post-Tender Offer Policies and the Future Outlook
- (1) Post-Tender Offer Policies
Please refer to “(2) Background, Purpose and Decision-Making Process Leading to the Decision to Implement the Tender Offer, and Post-Tender Offer Management Policy,” “(4) Post-Tender Offer Reorganization Policy (Matters Regarding a “Two-Step Acquisition”),” and “(5) Likelihood of and Reasons for Delisting” of “1. Purpose of the Purchase” above.
- (2) Future Outlook
Any facts concerning the impact of the Tender Offer on the Tender Offeror’s performance that should be disclosed will be promptly published if they arise.
4. Other Information
- (1) Existence and Details of Agreements Between the Tender Offeror and the Target Company or the Target Company Officers
- (I) Existence and Details of Agreements Between the Tender Offeror and the Target Company
According to the Target Company Press Release, at the board of directors’ meeting held on November 12, 2024, the Target Company resolved to (i) express its opinion to support the Tender Offer, and (ii) recommend that its shareholders tender their shares in the Tender Offer.
For details, please refer to the Target Company Press Release as well as “(V) Approval of All Directors of the Target Company (Including Audit and Supervisory Committee Members) without Conflicts of Interest” of “(3) Measures to Ensure Fairness of Tender Offer Price, Measures to Avoid Conflicts of Interest and Other Measures to Ensure Fairness of Tender Offer” of “1. Purpose of the Purchase” above.
- (II) Existence and Details of Agreements Between the Tender Offeror and the Target Company Officers
On November 12, 2024, the Tender Offeror executed the Tender Agreement (Mr. Kushibiki) with Mr. Kushibiki, who is the Representative Director and President of the Target Company (number of shares owned: 404,194 shares; ownership ratio: 3.34%). For an outline of the Tender Agreement (Mr. Kushibiki), please refer to “(6) Matters Regarding Critical Agreements Related to the Tender Offer” of “1. Purpose of the Purchase” above.
- (2) Other Information Deemed Necessary for the Investors in Deciding Whether to Apply for the Tender Offer
- (I) Publication of “Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)”
The Target Company published the Target Company’s Third-Quarter Financial Results on

November 12, 2024. An outline of the Target Company’s Third-Quarter Financial Results based on this publication is as indicated below. According to the Target Company, the details thereof have not been subject to a quarterly review by an audit corporation. For further details, please see the contents of the publication.

Outline of Consolidated Financial Results for the Nine Months Ended September 30, 2024
(Under Japanese GAAP)

(i) Profit and Loss (Consolidated)

(In millions of yen)

Fiscal Year	Fiscal Year Ending in December 2024 (third cumulative quarterly consolidated accounting period)
Net sales	11,757
Operating profit	1,169
Ordinary profit	1,151
Profit attributable to owners of parent	723

(ii) Per Share (Consolidated)

(In yen)

Fiscal Year	Fiscal Year Ending in December 2024 (third cumulative quarterly consolidated accounting period)
Quarterly earnings per share	60
Dividends per share	16

(II) Publication of “Notice of Revision of the Year-end Dividend Forecast for the Fiscal Year Ending in December 2024 (No Dividend Payment)”

The Target Company resolved at its board of directors’ meeting held on November 12, 2024, to amend the dividend forecast for the fiscal year ending in December 2024 announced on August 13, 2024 and not to pay year-end dividends for the fiscal year ending in December 2024, if the Tender Offer is successfully completed. For further details, please refer to “Notice of Revision of the Year-end Dividend Forecast for the Fiscal Year Ending in December 2024 (No Dividend Payment)” published by the Target Company on November 12, 2024.

(Reference) Idemitsu Kosan Co., Ltd.’s Consolidated Financial Forecast for the Fiscal Year Ending in March 2025 (from April 1, 2024 to March 31, 2025) (published on November 12, 2024) and the Consolidated Financial Results for the Previous Fiscal Year

(In millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (In yen)
Consolidated Financial Forecast for the Current Fiscal year (Fiscal Year Ending in March 2025)	8,700,000	169,000	188,000	125,000	90.64
Consolidated Financial Results for the Previous Fiscal Year (Fiscal Year Ending in March 2024)	8,719,201	346,316	385,246	228,518	161.32

Soliciting Regulations

This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should read the tender offer explanation statement concerning the Tender Offer first and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

Forward-Looking Statements

This press release contains forward-looking statements concerning future plans and strategies of the Tender Offeror and the Tender Offeror Group in the case of acquisition by the Tender Offeror of Target Company Shares. These statements are the Tender Offeror's expectations based on its assumptions and beliefs in light of information currently available to the Tender Offeror. The Tender Offeror, therefore, wishes to caution readers that actual results might differ materially from the Tender Offeror's expectations due to various risks and uncertainty. The Tender Offeror is under no obligation to update the information in the forward-looking statements to reflect matters such as actual performance or other circumstances, or changes in terms.

U.S. Regulations

The shares of common stock of the Target Company, a company incorporated in Japan, are subject to the Tender Offer. The Tender Offer will be implemented in compliance with the procedures and information disclosure standards set forth in Japanese law, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the "1934 Securities Exchange Act") or the rules promulgated under such Article do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. The financial information contained in this press release and the documents referenced herein is based on Japanese GAAP, which may differ significantly from GAAP in the U.S. and other countries. In addition, because the Tender Offeror is a corporation incorporated outside the United States and all or part of its officers are non U.S. residents, it may be difficult for shareholders to exercise rights or demands against them that can be asserted based on U.S. securities laws. It may also not be possible to initiate an action against a corporation that is based outside of the U.S. or its officers in a court outside of the U.S. on the grounds of a violation of U.S. securities-related laws. Furthermore, there is no guarantee that a corporation that is based outside of the U.S. or its affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

Unless otherwise stated, all procedures in connection with the Tender Offer shall be conducted in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese-language documents shall prevail in case of any discrepancies between the Japanese-language documents and the corresponding English-language documents.

There is a possibility that, the Tender Offeror and its affiliates, as well as the financial advisors of the Tender Offeror and the Target Company, and the tender offer agent (including their affiliates), may, including in the scope of their ordinary business, to the extent permitted by laws and regulations relating to financial instruments transactions and other applicable laws and regulations of Japan and in accordance with the requirements of Rule 14e-5(b) of the 1934 Securities Exchange Act, on their own account or on their customers' account, purchase or take any action aimed at purchasing shares of common stock of the Target Company outside the Tender Offer prior to commencement of or during the tender offer period of the Tender Offer. There is a possibility that such a purchase may be made at the market price through a market transaction or at a price determined through off-market negotiations. If information regarding such a purchase is disclosed in Japan, it will also be disclosed on the English website of the relevant purchaser or its affiliate (or via any other public disclosure method).

If a shareholder exercises its right to demand the purchase of shares of less than one unit in accordance with

the Companies Act, the Target Company may buy back its own shares during the tender offer period of the Tender Offer in accordance with the procedures required by laws and regulations.

This press release and the documents referenced herein contain “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the 1934 Securities Exchange Act. The actual results may differ materially from the projections implied or expressly stated as “forward-looking statements” due to known or unknown risks, uncertainties, or other factors. The Tender Offeror and its affiliates do not guarantee that the projections implied or expressly stated as “forward-looking statements” will be achieved. “Forward-looking statements” contained herein and the documents referenced herein were prepared based on information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither the Tender Offeror nor its affiliates shall not be obliged to amend or revise the statements in order to reflect future events or circumstances.

Other Countries

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In such cases, shareholders should be aware of, and comply with, such restrictions. The announcement, issuance, or distribution of this press release shall not be interpreted as an offer to purchase or a solicitation of an offer to sell shares in connection with the Tender Offer, but simply as the dissemination of information.

Commencement of Tender Offer for Shares of AGRO-KANESHO CO., LTD. (Securities Code: 4955)

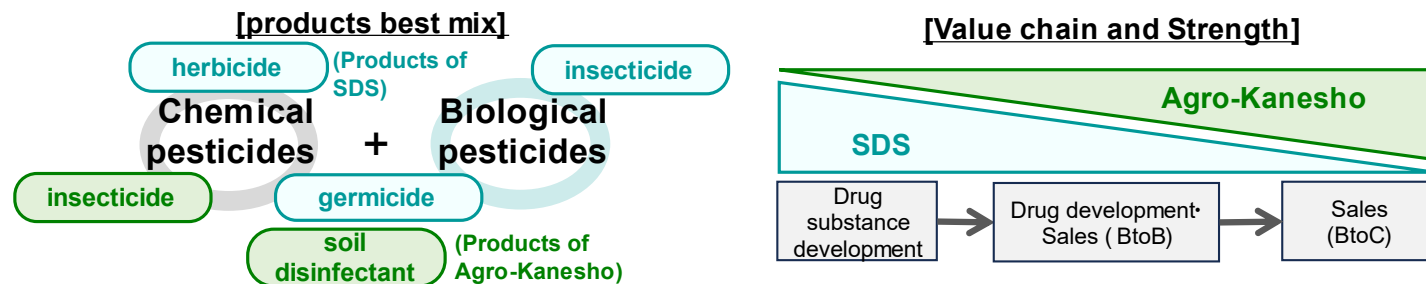
■ Summary

- ✓ Decided to commence Tender Offer for Agro-Kanesho listed on the Standard market of the Tokyo Stock Exchange Standard to make it a wholly owned subsidiary
- ✓ Planned purchasing period : From November 13 to December 24

■ Background and purpose

- ✓ Agrichemical business set as one of key focus areas for BioLife Solution and we've sought a partner for business expansion
- ✓ Recognized that Agro-Kanesho is the best partner for SDS Biotech that is our wholly owned subsidiary due to minimal overlap in product portfolio and complementarity in their advantages and disadvantages
- ✓ Aim for the agrochemicals business to become a core of the functional materials segment by creating synergies and leading to business expansion.

■ Strength and Synergy



- ✓ Synergy : Product portfolio and Sales expansion, efficient manufacturing and delivery structure