

Translation

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To whom it may concern:

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**Notice Concerning Opinion in Favor of Tender Offer for the Company's Stock by API G.K., a
Subsidiary of ITOCHU Corporation, the Parent Company of the Company and Recommendation
to Tender**

C.I. TAKIRON Corporation (the "Company") hereby announces that its board of directors, at its meeting held today, resolved to express its opinion in favor of a tender offer (the "Tender Offer") for the common stock of the Company (the "Company's Stock") by API G.K. (the "Offeror") wholly owned by ITOCHU Corporation ("ITOCHU"), the controlling shareholder (parent company) of the Company, and to recommend that the shareholders of the Company tender their shares in the Tender Offer, as detailed below.

Please note that this resolution of the board of directors was adopted on the premise that the Offeror intends to privatize the Company and that the Company's Stock will be delisted following the Tender Offer and a series of subsequent procedures.

1. Overview of the Offeror

(1) Name	API G.K.
(2) Location	5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo
(3) Job title and name of representative	Masaya Tanaka, Executive Manager
(4) Description of business	The Offeror is organized for the purpose of engaging in the following business activities: 1. The business of holding shares or interests in other

	companies; and 2. Any and all businesses incidental or related to the foregoing.
(5) Share capital	1,000,000 yen (as of August 5, 2024)
(6) Date of establishment	July 5, 2024
(7) Major shareholders and ownership ratios (as of August 5, 2024)	ITOCHU Corporation 100%
(8) Relationship between the Company and the Offeror	
Capital relationship	Not applicable; provided, however, that ITOCHU, the parent company of the Offeror, holds 54,142,418 shares of the Company's Stock (Shareholding Ratio (Note 1): 55.49%) as of today and has made the Company its subsidiary. Also, ITOCHU PLASTICS INC. ("ITOCHU Plastics"), a wholly-owned subsidiary of ITOCHU, holds 199,000 shares of the Company's Stock (Shareholding Ratio: 0.20%) as of today.
Personnel relationship	Not applicable; provided, however, that three out of seven directors of the Company are from or related to ITOCHU, the parent company of the Offeror. Also, one out of four Audit & Supervisory Board Members of the Company is an employee of ITOCHU. In addition to the above, as of today, one employee of the Company is seconded to ITOCHU and five employees of ITOCHU are seconded to the Company.
Business relationship	Not applicable; provided, however, that the C.I. Takiron Group (Note 2) has transactions with ITOCHU related to the purchase of raw materials.
Related party relationship	As the Company is a subsidiary of ITOCHU, the parent company of the Offeror, the Offeror falls under a related party of the Company, and ITOCHU and the Company mutually fall under related parties.

(Note 1) "Shareholding Ratio" refers to the ratio (rounded to the second decimal place) of the number of shares held to the number of shares (97,573,961 shares) obtained by deducting the number of treasury shares held by the Company as of June 30, 2024 (23,569 shares; the number of treasury shares does not include 212,900 shares of the Company's Stock held by Sumitomo Mitsui Trust Bank, Limited (sub-trustee: Custody Bank of Japan, Ltd.)

entrusted by the Company under the "Share Delivery Trust," a stock-based remuneration system using a trust for the Company's directors (excluding non-executive directors) and executive officers who have entered into an engagement agreement with the Company; hereinafter the same for the number of treasury shares held by the Company) from the total number of issued shares of the Company's Stock as of the same date (97,597,530 shares), both as stated in the "Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 [Japanese GAAP]" released by the Company today (the "Company's Earnings Briefing"); hereinafter the same for the Shareholding Ratio unless otherwise stated.

(Note 2) The "C.I. Takiron Group" refers to a corporate group consisting of the Company and its 23 subsidiaries (as of August 5, 2024); hereinafter the same.

2. Price of Purchase

870 yen per common share.

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

(1) Details of the opinion

The Company, at its board of directors meeting held today, resolved to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer based on the grounds and reasons described in "(2) Grounds and reasons for the opinion" below.

The above-mentioned resolution of the board of directors was adopted in the manner described in "(VIII) Unanimous approval of all disinterested directors of the Company and the opinion of all disinterested auditors of the Company that they have no objection" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below.

(2) Grounds and reasons for the opinion

Descriptions of the Offeror among the grounds and reasons for the opinion on the Tender Offer are based on the explanation provided by the Offeror.

(I) Outline of the Tender Offer

The Offeror is a godo kaisha wholly owned by ITOCHU, which was established on July 5, 2024 for the principal purpose of acquiring and holding the shares of the Company through the Tender Offer. As of today, the Offeror does not hold any shares of the Company's Stock listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the "TSE"), while ITOCHU, the parent company of the Offeror, holds 54,142,418 shares of the Company's Stock (Shareholding Ratio: 55.49%) and ITOCHU Plastics, a wholly-owned subsidiary of ITOCHU (collectively with ITOCHU, the

"ITOCHU Parties"), holds 199,000 shares of the Company's Stock (Shareholding Ratio: 0.20%) as of today, respectively, which means that the ITOCHU Parties hold a total of 54,341,418 shares of Company's Stock (Shareholding Ratio: 55.69%), and ITOCHU has made the Company its consolidated subsidiary.

On August 5, 2024, the Offeror decided to implement the Tender Offer in order to acquire all of the shares of the Company's Stock (excluding the shares of the Company's Stock held by the ITOCHU Parties and the treasury shares held by the Company) as part of a series of transactions (the "Transaction") to privatize the Company with the ITOCHU Parties and the Offeror (collectively, the "Offeror Parties") being the sole shareholders of the Company with the tender offer price per share of the Company's Stock in the Tender Offer (the "Tender Offer Price") of 870 yen.

Since the Offeror intends to make the Offeror Parties the sole shareholders of the Company in the Tender Offer, the Offeror has set the minimum number of shares to be purchased in the Tender Offer at 10,707,900 shares (Shareholding Ratio: 10.97%), and if the total number of shares tendered in the Tender Offer (the "Tendered Shares") is less than the minimum number of shares to be purchased, the Offeror will not purchase any of the Tendered Shares. Meanwhile, the Offeror has not set a maximum number of shares to be purchased in the Tender Offer and if the total number of Tendered Shares is not less than the minimum number of shares to be purchased (10,707,900 shares), the Offeror will purchase all of the Tendered Shares.

The minimum number of shares to be purchased (10,707,900 shares) is the number obtained by multiplying 100, the number of shares constituting one unit of the Company's Stock, by the number of voting rights (107,079 units) obtained by deducting the number of voting rights (543,414 units) represented by the number of the shares of the Company's Stock held by the ITOCHU Parties (54,341,418 shares) from the number (650,493 units; rounded up to the nearest whole number) obtained by multiplying two-thirds ($\frac{2}{3}$) by the number of the voting rights (975,739 units) represented by the number of shares (97,573,961 shares) obtained by deducting the number of treasury shares held by the Company as of June 30, 2024 (23,569 shares) from the total number of issued shares of the Company's Stock as of June 30, 2024 (97,597,530 shares), both as stated in the Company's Earnings Briefing, so that the total number of voting rights in the Company to be held by the Offeror Parties after the successful completion of the Tender Offer will be two-thirds ($\frac{2}{3}$) or more of the total number of voting rights in the Company. The Offeror has set the minimum number of shares to be purchased for the following reason: while the Tender Offer is originally intended to make the Offeror Parties the sole shareholders of the Company, if the Offeror, despite the successful completion of the Tender Offer, is unable to acquire all of the shares of the Company's Stock (excluding the shares of the Company's Stock held by the ITOCHU Parties and the treasury shares held by the Company) through the Tender Offer, a special resolution of the shareholders meeting as provided in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same) will be required to implement the Share Consolidation as described in "(5)

Policies on reorganization, etc. after the Tender Offer (matters concerning 'two-step acquisition')" below, and the Offeror Parties will be required to acquire two-thirds (2/3) or more of the voting rights which are equivalent to the percentage of voting rights required for a special resolution. The Offeror does not hold any shares of the Company's Stock as of today. However, since the ITOCHU Parties hold 54,341,418 shares of the Company's Stock (Shareholding Ratio: 55.69%), the ITOCHU Parties believe that if a minimum number of shares to be purchased for the so-called "Majority of Minority" shareholders is set in the Tender Offer, it may reduce the likelihood of the successful completion of the Tender Offer and, as a result, may not be in the interest of the Company's minority shareholders who wish to tender their shares in the Tender Offer. Therefore, the minimum number of shares to be purchased for the so-called "Majority of Minority" shareholders is not set in the Tender Offer. However, since the Offeror Parties and the Company have taken the following measures as the measures to ensure the fairness of the Tender Offer, the Offeror Parties and the Company believe that the interest of the Company's minority shareholders are fully considered. Also, the Special Committee (as defined in "(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer" below; hereinafter the same) in its report written report (the "Report") determines that in view of the fact that other measures to ensure fairness are deemed to be taken in a sufficient manner, it should not be assumed that adequate measures to ensure fairness are not in place merely because conditions for Majority of Minority are not set, and the Company is of the same opinion.

- (I) Procurement by ITOCHU of a share valuation report from an independent third-party valuator;
- (II) Procurement by the Company of a share valuation report from an independent third-party valuator;
- (III) Establishment by the Company of an independent special committee and procurement of a written report from the committee;
- (IV) Procurement by the special committee of a share valuation report from an independent third-party valuator;
- (V) Advice procured by the special committee from an independent law firm;
- (VI) Advice procured by the Company from an independent law firm;
- (VII) Establishment of an independent review system in the Company;
- (VIII) Unanimous approval of all disinterested directors of the Company and the opinion of all disinterested auditors of the Company that they have no objection;
- (IX) No deal protection clause; and
- (X) Measures to ensure that the Company's shareholders have the opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer.

For details of the above, please see "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below.

In implementing the Tender Offer, the Offeror and ITOCHU have received oral confirmation from ITOCHU Plastics that it does not intend to tender all of the shares of the Company's Stock it holds (199,000 shares; Shareholding Ratio: 0.20%; "Non-tendered Shares") in the Tender Offer as of August 2, 2024 (the "Intent Not To Tender"). For the details of the Intent Not To Tender, please see "4. Matters concerning material agreements between the Offeror and the shareholders of the Company regarding the tender of shares" below.

If, despite the successful completion of the Tender Offer, the Offeror Parties are unable to acquire all of the shares of the Company's Stock (excluding the shares of the Company's Stock held by the ITOCHU Parties and the treasury shares held by the Company) through the Tender Offer, the Offeror Parties intend to implement a series of procedures to make the Offeror Parties the sole shareholders of the Company (the "Squeeze-out Process") after the successful completion of the Tender Offer (please see "(5) Policies on reorganization, etc. after the Tender Offer (matters concerning 'two-step acquisition')" below).

(II) Background, purposes, and decision-making process leading to the implementation of the Tender Offer by the Offeror

(i) Background of the Tender Offer

ITOCHU, the parent company of the Offeror, has been listed on the Osaka Securities Exchange Co., Ltd. (currently known as Osaka Exchange, Inc.) (the "OSE") and the TSE since July 1950, respectively. ITOCHU forms the ITOCHU Group (a corporate group consisting of ITOCHU and its 189 subsidiaries including the Company and 75 affiliated companies (as of June 30, 2024); hereinafter the same), and has developed diversified businesses with the business areas ranging from "upstream" businesses such as raw materials to "downstream" consumer businesses, with the Textile Company, Machinery Company, Metals & Minerals Company, Energy & Chemicals Company, Food Company, General Products & Realty Company, ICT & Financial Business Company, and the 8th Company (Note 3) (Note 4) providing various products and services that support people's daily lives through domestic and overseas networks.

The Energy & Chemicals Company trades and operates in the sectors related to energy, chemicals and electricity (including renewable energy). The "Chemicals Division" trades in and develops projects for organic chemicals, inorganic chemicals, synthetic resins, packaging materials, lifestyle-related goods, fine chemicals, electronic materials, pharmaceuticals and functional foods, as well as promoting environment-related businesses for the future, including the use of eco-friendly materials and recycling.

The trade name of the Offeror is API G.K., and is a godo kaisha wholly owned by ITOCHU, which was incorporated on July 5, 2024, for the principal purpose of acquiring and holding the shares of the

Company through the Tender Offer.

(Note 3) A "Company" in the applicable sentence refers to a business division within ITOCHU that is deemed to be one highly independent entity. Delegation of management resources and authority to each Company allows it to manage responsibly, promptly and flexibly, and develop businesses that meet the needs of each field.

(Note 4) The 8th Company refers to an organization that works with the other seven Companies to fully utilize various business platforms of ITOCHU, which is particularly strong in the consumer related sector, to accelerate initiatives that combine various industries and extend beyond the boundaries of the Companies and to create new businesses and develop new customers from a "market-oriented perspective" that meets the needs of markets and consumers.

On the other hand, the Company was established by Sataro Takigawa, founder, as Takigawa Celluloid Plant in Higashinari-gun, Osaka, in October 1919. After the establishment of Takigawa Celluloid Co., Ltd. in December 1935, ITOCHU acquired a stake in Takigawa Celluloid Co., Ltd. in 1957, and the corporate name was changed to Takiron Chemical Co., Ltd. in August 1959. Then, after being listed on the Second Section of the OSE in October 1961 and reclassified to the First Section of the OSE in October 1972, Takiron Chemical Co., Ltd. was listed on the First Section of the TSE in May 1973, and changed its corporate name to Takiron Co., Ltd. ("Takiron") in November 1973. In April 2017, Takiron and C.I. Kasei Co., Ltd. ("C.I. Kasei"), a wholly-owned subsidiary of ITOCHU established in 1963 merged and the corporate name was changed to C.I. Takiron Corporation, as it is known today. Following the merger, the Company became a wholly-owned subsidiary of ITOCHU. The Company is currently listed on the Prime Market of the TSE following the reorganization of the market classification of the TSE on April 4, 2022.

As of today, the C.I. Takiron Group consists of the Company and its 23 subsidiaries, and is principally engaged in the production, processing and sale of various resin products such as vinyl chloride and PC, and the contracting, design and management of construction works related to these products. The C.I. Takiron Group consists of three segments: Construction Materials and Civil Engineering Business, High Functional Materials Business and Specialty Films Business.

The C.I. Takiron Group has set long-term targets for FY2030 of consolidated sales of 200 billion yen, consolidated operating income of 20 billion yen and a consolidated operating margin of 10%. The "Commit to Transformation 2023 (CX2023)," a medium-term management plan (for the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024) released on March 5, 2021, set out quantitative three-year targets along with six priority actions: "1. solve social issues, 2. acquire new businesses, products and technologies, 3. accelerate borderlessness, 4. adopt digital technology, 5. restructure group management, and 6. further improve the management base" and the C.I. Takiron

Group operated under this plan for two years.

However, rapid changes in the business environment, including the impact of the COVID-19 pandemic and the global economic situation at that time, which led to an increase in raw material and electricity prices and a reduction or suspension of civil engineering work, caused a significant deviation from the assumptions made when the management plan was formulated. As a result, the Company's business results for the fiscal year ended March 31, 2023 showed a significant decrease in profit. As stated in the "Notice Concerning the Formulation of a Single Fiscal Year Management Plan for FY2023" released on May 9, 2023, the C.I. Takiron Group, based on its overall judgment in consideration of these circumstances, decided to shorten the term of the "Commit to Transformation 2023 (CX2023)," the medium-term management plan (for the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024) to two years, and then terminated the plan. In the fiscal year ended March 31, 2024, which was the original final fiscal year of the plan, the C.I. Takiron Group implemented structural reforms throughout the group with a primary focus on improving profitability in order to achieve the newly formulated single fiscal year management plan.

In its medium-term management plan "Go Beyond' Innovation 2026" (for the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027) announced on May 8, 2024, the Company, under the action slogan "Go Beyond Innovation," set the basic policies of (1) earning stable consolidated net income of 6 billion yen or more, (2) implementing structural reforms to earn 10 billion yen in the future, and the key measures of "optimizing group management," "creating new products and businesses," "thoroughly strengthening on-site capabilities," "expanding overseas business," and "accelerating M&A." In addition to thorough cost reduction, the Company will create new products and businesses, including through M&A, and enhance its R&D capabilities, and improve its business portfolio using ROIC as an indicator of capital profitability in order to promote growth strategies and increase corporate value.

The capital relationship between ITOCHU and the Company began in 1957 when ITOCHU subscribed to a third-party allocation of shares of Takiron., and ITOCHU's ownership ratio (Note 5) became 46.24% after the third-party allocation of shares. When Takiron was listed on the First Section of the TSE in May 1973, ITOCHU's ownership ratio was 46.55%, and as of August 1982, it was 30.28%. Subsequently, as Takiron repeatedly issued convertible bonds and new shares, the ITOCHU Parties continuously acquired and partially sold the shares of the Company's Stock in the market transactions and off-market OTC transactions. The number of shares of Takiron held by the ITOCHU Parties immediately prior to the merger with C.I. Kasei Co., Ltd. in April 2017 was 23,877,836 shares (ratio to the total number of issued shares excluding treasury shares at that time: 33.62%). In the merger with C.I. Kasei, 0.975 shares of Takiron's common stock were issued and allotted per share of C.I. Kasei's common stock. However, immediately prior to the effective date of the merger, ITOCHU also held 26,692,767 shares of C.I. Kasei's stock (ratio to the total number of issued shares excluding treasury shares at that time: 98.33%), and received the shares of the

Company's Stock as consideration for the merger. Therefore, the ITOCHU Parties came to hold 49,903,283 shares of the Company's Stock (ratio to the total number of issued shares excluding treasury shares at that time: 51.19%) and became the parent company of the Company. Since then, the ITOCHU Parties have continuously acquired 4,438,135 shares of the Company's Stock from the market, and as of today, the ITOCHU Parties hold 54,341,418 shares (Shareholding Ratio: 55.69%).

(Note 5) The ownership ratio refers to the ratio to the total number of issued shares of the Company at each point in time (rounded to the second decimal place). As it is difficult to confirm the number of treasury shares at each point in time, the number of treasury shares has not been deducted from the total number of issued shares.

Since its capital investment in Takiron in 1957, ITOCHU has strengthened its relationship with the Company in the process of establishing its current business foundation, including dispatching management personnel, listing on the stock exchange, and supplying raw materials. In April 2017, Takiron merged with C.I. Kasei, a consolidated subsidiary of ITOCHU with diverse resin processing technologies, and the Company sales and profits of as a comprehensive synthetic resin processing manufacturer increased significantly through the expansion of corporate scale and business areas, the reorganization of its business portfolio, and the synergy effects of streamlining of management and asset holdings. It is expected that the ITOCHU Group and the Company will work together to expand the Company's global business development and increase its profitability with the goal of further growth of the Company.

The business relationship between ITOCHU and the Company is also expanding based on their historical background as described above. As an important partner of ITOCHU in the chemical field, the Company has a long-standing business relationship with ITOCHU in terms of both raw materials and products such as sales of raw materials, such as synthetic resins, plasticizers and fertilizers from ITOCHU to the Company in Japan and overseas, and sales of the Company's products by the ITOCHU Group including ITOCHU. In addition, the Company engages in personnel exchanges, including the dispatch (secondment) of personnel to ITOCHU to provide experience in overseas trading operations of synthetic resins. In this way, the Company has always been an important partner of ITOCHU and is one of its most strategically important subsidiaries.

(ii) Background and purposes leading to the implementation of the Tender Offer by the Offeror

As stated above, ITOCHU has maintained the listing of the Company's Stock after making the Company its consolidated subsidiary in order to enable the Company to continue to enjoy the benefits of being a listed company, such as maintaining the name recognition of the Company in

the industry and attracting excellent personnel. Meanwhile, ITOCHU has been providing human resources support, utilizing its corporate networks, and proactively providing supply chain functions owned by the ITOCHU Group, and strengthening cooperation between the ITOCHU Group and the Company so that the Company can achieve sustainable growth in the synthetic resin processing industry, where competition is intensifying.

However, the current business environment in the domestic market for building materials, Agri-Business and packaging materials, the Company's core businesses, is rapidly changing due to a decline in the number of domestic housing construction starts and the number of farmers, as well as the trend away from plastics, and the competitive environment is expected to become even more severe in the future. In addition, with the expected restructuring and capacity reduction in the petrochemical industry in Japan, the Company's major raw material supplier, the restructuring of the Company's procurement strategy, including procurement from overseas, is an urgent issue.

In specifically considering measures for the Company's sustainable growth over the medium to long term, ITOCHU has mainly promoted the settlement of management issues and growth strategies with the Company, assuming the Company's organic growth. Meanwhile, in the midst of an increasingly competitive environment due to rapid changes in the market environment and structure, in order for the Company to maintain its competitive superiority and achieve sustainable growth, ITOCHU recognizes that the existing organic growth strategy alone is not sufficient and that the expansion of business areas and the acceleration of growth strategies and further overseas expansion are essential, including the expansion of market share following industry reorganization through inorganic (Note 6) growth measures, by way of mutually utilizing the management resources (such as various human resources, financial base, information and know-how) of the ITOCHU Group including the Company in a timely and flexible manner.

(Note 6) Inorganic growth refers to growth through capital and business alliances with other companies, acquisitions of other companies (M&A), etc.

However, under the current circumstances in which the Company and ITOCHU operate independently as listed companies, there are certain limitations from the perspective of prompt and flexible decision making: for example, if the management resources of the ITOCHU Group including the Company are mutually utilized, it is necessary to carefully consider the effectiveness of such utilization and the objective fairness of the transaction, taking into account the interests of the stakeholders including the minority shareholders of the Company. In addition, the provider and recipient of the management resources are not always the same, and when ITOCHU provides the Company with its management resources that contribute to the enhancement of the Company's corporate value, it may be pointed out that part of the profits will flow out of the ITOCHU Group. Therefore, ITOCHU believes that there is a certain limitation to maximizing the corporate value of

the ITOCHU Group including the Company by implementing flexible and effective measures. As such, in order to maintain the Company's competitive superiority and to achieve sustainable growth, ITOCHU believes that prompt and flexible decision-making and effective utilization of the management resources of the ITOCHU Group including the Company are essential, and that the best option is to resolve the structural conflicts of interest between ITOCHU and the Company by privatizing the Company and to establish a system under which the management resources of the ITOCHU Group including the Company can be mutually utilized in a prompt and flexible manner.

In addition, ITOCHU believes that the dis-synergies from the Transaction are limited for the following reason: while the disadvantages and adverse effects that may arise for the Company as a result of the Transaction include the possibility that the delisting may make it more difficult for the C.I. Takiron Group to continue to attract excellent human resources and the possibility of employee turnover due to reduced motivation, ITOCHU intends to proceed as soon as possible after the completion of the Transaction to enhance its profitability by realizing the synergies of the Transaction and other measures to improve the treatment of the C.I. Takiron Group's employees, and as stated in III below, by becoming a member of the ITOCHU Group, the C.I. Takiron Group will be able to enhance its educational system by utilizing the ITOCHU Group's human resources development program and strengthen its recruitment of human resources by utilizing the ITOCHU Group's group new graduate recruitment system, thereby improving the skills of its employees and securing excellent human resources.

ITOCHU believes that by privatizing the Company through the Transaction, the following efforts and synergy effects are expected.

I. Expanding the Company's business areas and accelerating growth strategies by leveraging the ITOCHU Group's management resources

ITOCHU believes that in order to respond to the rapid changes in the market environment and structure described above, it is important to strengthen sales and marketing capabilities through collaboration between the ITOCHU Group and the Company, and to achieve non-organic growth through industry restructuring, including M&A. ITOCHU believes that it will be able to further gain market share and improve profitability through cost reduction by utilizing the ITOCHU Group's capabilities in raw material procurement, including overseas, and through distribution and sales reforms through industry restructuring, including roll-ups of competitors and downstream distribution networks through M&A. ITOCHU also believes that the synthetic resin processing industry, to which the Company belongs, encompasses certain areas that are expected to grow significantly in the future, such as products for the semiconductor and automotive industries. ITOCHU believes that in these areas, it is essential to secure technological and supply capabilities to meet expanding market needs, and that in order for the Company to achieve sustainable growth, it is necessary to promote active and flexible

investment of its management resources, such as capital expenditures and R&D investments. ITOCHU, as a general trading company with strength in the non-resource sector, has a wide range of operations in the chemicals business and its core plastics-related business, from raw material trading to processing operations worldwide. In particular, in the raw materials trading business, ITOCHU has established five bases of synthetic resins distribution companies (Note 7) in major overseas locations in Asia, Europe, and the United States through M&A and other means, and boasts the world's second largest annual sales volume of synthetic resins at 3.2 million tons, according to the ITOCHU Group's market research. In addition to such an overwhelming customer base and strong presence in the industry, as evidenced by the world's second largest sales volume of synthetic resins, ITOCHU has extensive knowledge and know-how on M&A that it has cultivated through its business activities. ITOCHU believes that by utilizing such knowledge and know-how, it can contribute to the expansion of the Company's business areas and the acquisition of technologies in related areas and flexibly support the growth strategies of the Company's existing businesses.

(Note 7) "Synthetic resins distribution company" refers to a company with purchasing and distribution functions for synthetic resins, which are the raw materials for the C.I. Takiron Group's products.

II. Accelerating the Company's overseas expansion by leveraging the ITOCHU Group's management resources and the challenge of entering new areas for the next generation

ITOCHU believes that the Company needs to accelerate its expansion not only in the mature domestic market, but also in overseas markets that show high growth potential along with population growth, such as the United States, China, and Southeast Asia. To achieve this, ITOCHU will conduct marketing activities to develop and expand overseas sales channels for the Company's products by making maximum use of ITOCHU's global network of approximately 90 bases in 61 countries. ITOCHU also intends to establish or expand overseas production bases for local production for local consumption and to acquire other companies in the same industry overseas in the future.

ITOCHU is also considering the development of new business areas leading to the next generation. ITOCHU believes that it is effective to actively promote investment and technological development in growing areas without being limited to the conventional framework of the synthetic resin processing business because demand for various products and technologies, not limited to synthetic resin molded products, is expected to expand in growing industries such as the semiconductor industry and electric vehicles in the automotive industry. As a general trading company with a global network of approximately 90 bases in 61 countries, ITOCHU not only has a worldwide procurement and sales function, but has also established

an information network for new business areas and advanced technologies. ITOCHU believes that the combination of the Company, which has extensive R&D capabilities as a manufacturer, and ITOCHU, which has an antenna network as a general trading company, will effectively promote the identification of needs and the search for seeds in the new areas, and will lead to the development of valuable products and their early commercialization.

III. Optimizing human resource allocation and improving human resource development for the Company by leveraging the ITOCHU Group's management resources

ITOCHU recognizes the need to secure a wide variety of human resources, including "corporate planning personnel," "purchasing and sales personnel," "M&A operations personnel," "overseas business personnel," "business management personnel (finance, accounting, legal, etc.)," and "IT personnel," in addition to "production, technology, quality assurance, and R&D personnel," which are the foundation of the manufacturing industry, in order to implement the growth strategies described above. ITOCHU plans to secure the necessary human resources in the entire ITOCHU Group and fully allocate them to the Company's major divisions by taking the Company private. To be specific, the Company and ITOCHU have had a certain business relationship in the past with respect to the procurement of raw materials and supplies purchased by the Company, establishment of relationships and negotiation of terms and conditions with suppliers, and other practical matters. However, their current relationship has limited ITOCHU's ability to implement an aggressive and flexible purchasing strategy because of the need to respect the Company's independence and to ensure that there are no conflicts of interest between ITOCHU and the Company's minority shareholders. ITOCHU believes that by taking the Company private, ITOCHU's human resources can be more effectively utilized for the Company's purchasing practices, and it will be able to establish a strategic purchasing structure that takes advantage of the procurement capabilities of the ITOCHU Group, the world's second largest plastics distributor with a global network of approximately 90 bases in 61 countries.

In addition, ITOCHU believes that it has not been able to provide sufficient human resources due to constraints such as information control between independent listed companies although ITOCHU, as the Company's parent company, has provided some assistance in market research and practical procedures in the target industry for the Company's M&A activities for industry restructuring or new business development. ITOCHU believes that by taking the Company private through the Transaction, the Company will be able to fully utilize ITOCHU's M&A professionals when considering and executing M&A transactions.

Furthermore, ITOCHU believes that it will be able to contribute to the development of the Company's human resources by utilizing the ITOCHU Group's broad business scope and global network. Specifically, ITOCHU aims to implement various human resources development

measures, such as developing "overseas business personnel" through training and sending employees to the ITOCHU Group's overseas offices, developing "M&A operations personnel" through personnel exchanges and collaboration with organizations in charge of M&A projects in the ITOCHU Group, and seconding employees to group companies within the ITOCHU Group to have them gain experience in development of new business fields.

In mid-February 2024, ITOCHU concluded, with the above background, objectives, and expected synergy effects in mind, that in order to realize further enhancement of corporate values of the ITOCHU Group, including the Company, it would be best to align the interests of the Company and ITOCHU more than ever before and to establish a structure that enables the prompt and flexible mutual utilization of their respective management resources by taking the Company private, and it commenced initial deliberations on taking the Company private.

In early March, 2024, ITOCHU appointed Nomura Securities Co., Ltd. ("Nomura Securities") as its financial advisor and third-party valuator, and Nishimura & Asahi (Gaikokuho Kyodo Jigyō) as its legal advisor, both of which are independent of the ITOCHU Group, including ITOCHU and the Company, and established a framework for discussion and negotiation regarding taking the Company private. Thereafter, on March 11, 2024, ITOCHU notified the Company that it had commenced consideration of implementing the Transaction, and on March 18, 2024, ITOCHU submitted an initial written proposal to the Company, which included, among other matters, the background to ITOCHU's proposal for the Transaction and its growth strategy after the Transaction.

After receiving the above initial proposal for the Transaction dated March 18, 2024 from ITOCHU, considering that the Company is a subsidiary of ITOCHU and that the Transaction is a type of transaction involving issues of structural conflict of interest and information asymmetry, the Company began to establish a system to review and negotiate the Transaction from a standpoint independent of ITOCHU and from the perspective of increasing the Company's corporate value and securing the interests of the Company's minority shareholders, in order to address these issues and ensure the fairness of the Transaction. Specifically, as described in "(i) Background to the establishment of an evaluation framework" under "(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer" below, the Company prepared for the establishment of a special committee and, for the purpose of ensuring the fairness of the Tender Offer Price and other aspects of the Transaction, appointed Daiwa Securities Co., Ltd. ("Daiwa Securities") as its financial advisor and third-party valuator, and Anderson Mori & Tomotsune as its legal advisor, both of which are independent of the ITOCHU Group (excluding the Offeror and the C.I. Takiron Group) and the Offeror (hereinafter, the Offeror and the ITOCH Group are collectively referred to as the "Offeror Related Parties") as well as of the C.I. Takiron Group. Please note that the Special Committee has appointed Bengoshi Hojin Kitahama Houritsu Jimusho ("Kitahama Partners") as its own legal advisor, and PLUTUS CONSULTING Co., Ltd. ("Plutus

Consulting") as its own financial advisor and third-party valuator.

Following the above procedures, ITOCHU and the Company commenced specific consultations and deliberations for the Transaction.

According to ITOCHU, from mid-April to late May 2024, it conducted due diligence on the Company to examine the feasibility of the Tender Offer, and in parallel, held several discussions with the Company and the Special Committee on the significance and purpose of the Transaction, the synergy effect expected to be generated by the Transaction, the management structure and business policy after the Transaction, and the outlook for the industry. Specifically, on May 16, 2024, ITOCHU received written questions from the Company and the Special Committee regarding the significance and purpose of the Transaction as described in the initial proposal submitted on March 18, 2024. On May 27, 2024, ITOCHU provided a written response to these questions. On June 5 and June 7, 2024, ITOCHU received additional written questions from the Company and the Special Committee based on that response. At the Special Committee meeting held on June 11, 2024, ITOCHU provided answers to such questions, explained the significance and purpose of the Transaction, and held a Q&A session regarding the issues, and exchanged opinions on the significance and purpose of the Transaction, the synergy effect expected to be generated by the Transaction, the management structure and business policy after the Transaction, and the outlook for the industry.

Since June 17, 2024, ITOCHU has conducted several rounds of negotiations with the Company regarding the Tender Offer Price. Specifically, ITOCHU comprehensively considered the information obtained through the due diligence on the Company conducted by ITOCHU, the initial valuation analysis of the Company's Stock conducted by Nomura Securities, its financial advisor, based on such information, and the valuation analysis of the Company's Stock conducted by ITOCHU based on such information. Thereafter, on June 17, 2024, ITOCHU made a proposal in relation to the Transaction, which included setting the Tender Offer Price at 705 yen (representing a premium of 2.32% (rounded to the second decimal place; hereinafter the same with respect to the premium and discount ratios (%)) over the closing price of the Company's Stock of 689 yen on the Prime Market of the TSE as of the immediately preceding business day; a discount of 1.95% on the simple average closing price of 719 yen for the most recent one month up to the same date (rounded to the nearest whole number; hereinafter the same with respect to the calculation of simple average closing prices); a premium of 2.47% over the simple average closing price of 688 yen for the most recent three months up to the same date; and a premium of 5.54% over the simple average closing price of 668 yen for the most recent six months up to the same date). However, on June 19, 2024, ITOCHU was requested by the Company and the Special Committee to reconsider the Tender Offer Price because the Tender Offer Price was not considered to be at a level that adequately took into account the interests of the Company's minority shareholders. In response, on June 21, 2024, ITOCHU made another proposal to set the Tender Offer Price at 750 yen (representing a premium

of 4.17% over the closing price of the Company's Stock of 720 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 5.04% over the simple average closing price of 714 yen for the most recent one month up to the same date; a premium of 8.70% over the simple average closing price of 690 yen for the most recent three months up to the same date; and a premium of 11.94% over the simple average closing price of 670 yen for the most recent six months up to the same date). Nevertheless, on June 24, 2024, ITOCHU was again requested by the Company and the Special Committee to reconsider the Tender Offer Price on the grounds that the Tender Offer Price was not considered to be at a level that fully took into account the interests of the Company's minority shareholders in light of the most recent trend of the market prices of the Company's Stock, the level of premiums in similar transactions in the past (taking private transactions to make the target companies wholly-owned subsidiaries), the substance of the valuation analysis of the Company's Stock conducted by Daiwa Securities, the Company's financial advisor, and Plutus Consulting, the Special Committee's financial advisor, among other factors. Thereafter, on June 27, 2024, in compliance with the request of the Company and the Special Committee, ITOCHU made another proposal to set the Tender Offer Price at 785 yen (representing a premium of 3.56% over the closing price of the Company's Stock of 758 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 10.10% over the simple average closing price of 713 yen for the most recent one month up to the same date; a premium of 13.11% over the simple average closing price of 694 yen for the most recent three months up to the same date; and a premium of 16.64% over the simple average closing price of 673 yen for the most recent six months up to the same date). However, on July 1, 2024, ITOCHU was requested by the Company and the Special Committee to reconsider the Tender Offer Price on the grounds that although it was believed that a portion of the synergies generated by the Transaction should be fairly distributed to the Company's minority shareholders, it was difficult to say that the Tender Offer Price was at a level that would allow an adequate distribution of a portion of the synergies to such minority shareholders. Subsequently, on July 4, 2024, at the request of the Company and the Special Committee, ITOCHU made a re-proposal to set the Tender Offer Price at 795 yen (representing a premium of 7.87% over the closing price of the Company's Stock of 737 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 11.19% over the simple average closing price of 715 yen for the most recent one month up to the same date; a premium of 13.57% over the simple average closing price of 700 yen for the most recent three months up to the same date; and a premium of 17.60% over the simple average closing price of 676 yen for the most recent six months up to the same date). However, on July 8, 2024, ITOCHU was again requested by the Company and the Special Committee to reconsider the Tender Offer Price on the grounds that the Tender Offer Price was not at a level that would allow them to support the Tender Offer and recommend that the Company's minority shareholders tender their shares. Subsequently, on July 10, 2024, in response to a request from the Company and the Special Committee, ITOCHU made a re-

proposal to set the Tender Offer Price at 800 yen (representing a premium of 7.82% over the closing price of the Company's Stock of 742 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 10.96% over the simple average closing price of 721 yen for the most recent one month up to the same date; a premium of 13.64% over the simple average closing price of 704 yen for the most recent three months up to the same date; and a premium of 17.82% over the simple average closing price of 679 yen for the most recent six months up to the same date). Nonetheless, on July 11, 2024, ITOCHU was again requested by the Company and the Special Committee to reconsider the Tender Offer Price on the grounds that the Tender Offer Price was still not at a level that would allow them to support the Tender Offer and recommend that the Company's minority shareholders tender their shares. Subsequent to that, on July 12, 2024, ITOCHU made a re-proposal to set the Tender Offer Price at 810 yen (representing a premium of 5.88% over the closing price of the Company's Stock of 765 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 11.42% over the simple average closing price of 727 yen for the most recent one month up to the same date; a premium of 14.57% over the simple average closing price of 707 yen for the most recent three months up to the same date; and a premium of 19.12% over the simple average closing price of 680 yen for the most recent six months up to the same date). Nevertheless, on July 18, 2024, ITOCHU was requested by the Company and the Special Committee to reconsider the Tender Offer Price on the grounds that the Tender Offer Price was not yet at a level that would allow them to support the Tender Offer and recommend that the minority shareholders of the Company tender their shares. Afterwards, on July 22, 2024, ITOCHU made a re-proposal to set the Tender Offer Price at 855 yen (representing a premium of 0.59% over the closing price of the Company's Stock of 850 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 12.50% over the simple average closing price of 760 yen for the most recent one month up to the same date; a premium of 18.59% over the simple average closing price of 721 yen for the most recent three months up to the same date; and a premium of 24.45% over the simple average closing price of 687 yen for the most recent six months up to the same date). However, on the same day, ITOCHU was requested by the Company and the Special Committee to reconsider the Tender Offer Price on the grounds that the Tender Offer Price remained at a level that would not allow them to support the Tender Offer and to recommend that the Company's minority shareholders tender their shares. After that, on July 23, 2024, ITOCHU made a re-proposal to set the Tender Offer Price at 870 yen (representing a premium of 1.28% over the closing price of the Company's Stock of 859 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 13.28% over the simple average closing price of 768 yen for the most recent one month up to the same date; a premium of 20.17% over the simple average closing price of 724 yen for the most recent three months up to the same date; and a premium of 26.27% over the simple average closing price of 689 yen for the most recent six months up to the same date). As a result, on August 2, 2024, ITOCHU received a written response

from the Company and the Special Committee to the effect that they would arrange to express an opinion in favor of the Tender Offer with the Tender Offer Price set at 870 yen, as proposed by ITOCHU, and recommending the tender of shares.

(III) Management policy after the Tender Offer

In order to steadily realize the synergies described in "(II) Background, purposes, and decision-making process leading to the implementation of the Tender Offer by the Offeror" above, the Offeror Parties and the Company intend to accelerate the collaboration between the ITOCHU Group and the Company and to consider, through sufficient discussions between the Offeror Parties and the Company's management, such matters as the acceleration of domestic and overseas growth strategies and the enhancement of the collective strength of the ITOCHU Group, including the Company, through active exchange of human resources. In addition, with respect to the employees of the C.I. Takiron Group after the successful completion of the Tender Offer, it is planned that, in principle, they will continue to be employed and that, in principle, the current employment conditions will not be changed to the disadvantage of those employees.

(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer

(i) Background to the establishment of an evaluation framework

After receiving on March 11, 2024 a notice from ITOCHU, the Offeror's parent company, that it had commenced consideration for the implementation of the Transaction, the Company received an initial written proposal for the Transaction from ITOCHU on March 18, 2024. Accordingly, considering that ITOCHU is the Company's controlling shareholder (parent company) whose Shareholding Ratio of the Company's Stock reaches 55.49%, that the Transaction, including the Tender Offer, constitutes a material transaction with a controlling shareholder, and that the Transaction is a type of transaction involving issues of structural conflict of interest and information asymmetry, the Company, in deliberating the Transaction and consulting and negotiating with ITOCHU regarding the Transaction, appointed Anderson Mori & Tomotsune in mid-March 2024 as its legal advisor independent of the Offeror Related Parties and the C.I. Takiron Group, and Daiwa Securities in early April as its financial advisor and third-party valuator independent of the Offeror Related Parties and the C.I. Takiron Group to address these issues and ensure the fairness of the Transaction. In order to ensure the fairness of the Transaction, based on the advice of such advisors, the Company immediately started to establish a system to review, negotiate, and make a decision on the Transaction from a standpoint independent of ITOCHU, and from the perspective of enhancing the corporate value of the Company and securing the interests of the Company's minority shareholders. Specifically, as stated in "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price

and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below, after making preparations for the establishment of a special committee, the Company established a special committee consisting of Ms. Yoshiko Kosaka (outside Director, independent officer), Mr. Takeshi Kaide (outside Director, independent officer), and Mr. Hiroaki Ishizuka (outside Director, independent officer) (the "Special Committee") by resolution of the extraordinary board of directors meeting held on April 5, 2024 (For details of the process of consideration and decision by the Special Committee, please see "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below.). Among the members of the Special Committee, Mr. Hiroaki Ishizuka, who was not an outside Director of the Company at the time of the establishment of the Special Committee, has been a member of the Special Committee since its establishment because it was internally decided by a resolution of the board of directors of the Company that he would become an outside Director upon approval at the ordinary general shareholders' meeting to be held in June 2024. On April 5, 2024, the Company's board of directors consulted with the Special Committee on (i) whether the purpose of the Transaction is considered reasonable (including whether the Transaction contributes to the enhancement of the Company's corporate value); (ii) whether the fairness and appropriateness of the terms and conditions of the Transaction (including the price of purchase, etc. in the Tender Offer) are ensured; (iii) whether the fairness of the procedures regarding the Transaction is ensured; (iv) based on (i) through (iii) above, whether the Transaction is considered not disadvantageous to the minority shareholders of the Company; and (v) whether the Company's board of directors should express an opinion in favor of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer (collectively, "Consultation Matters"). Furthermore, in establishing the Special Committee, the Company's board of directors has resolved that (i) the decisions of the Company's board of directors will be made with the utmost respect for the judgments made by the Special Committee, and (ii) in particular, if the Special Committee determines that the terms and conditions of the Transaction are not appropriate, the Company's board of directors will not support the Transaction. In addition, the Company's board of directors has resolved that the Company will authorize the Special Committee to: (i) be substantially involved in the process of negotiating the terms and conditions of the Transaction by, for example, confirming in advance the policies for negotiating the Tender Offer Price and other terms and conditions of the Transaction, receiving timely reports on the situation of the negotiations, expressing opinions in important aspects, and issuing instructions and making requests; (ii) approve (including ex-post facto approval) the financial advisor or legal advisor appointed by the Company; (iii) appoint its own advisors, as necessary, in providing its report on the Consultation Matters (if the Special Committee determines that the Special Committee can rely on the Company's advisors to provide professional advice or explanations, including that such advisors are highly professional and independent, then the Special Committee may request

professional advice or explanations from the Company's advisors, and the reasonable costs associated with the professional advice of the advisors of the Special Committee will be borne by the Company); and (iv) receive from the Company's officers and employees and such other persons as the Special Committee deems necessary all information necessary to consider and make judgments concerning the Transaction (For the method of resolving at the board of directors meeting, please see "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer").

As stated in "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below, on April 19, 2024, based on the authority described above, the Special Committee decided to appoint Kitahama Partners as its own legal advisor and Plutus Consulting as its own financial advisor and third-party valuator.

In addition, as stated in "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below, at the Special Committee meeting, the Company has received approval for the appointment of Daiwa Securities, the Company's financial advisor and third-party valuator, and Anderson Mori & Tomotsune, the Company's legal advisor, after confirming that there are no problems with their independence from the Offeror Related Parties and the C.I. Takiron Group as well as their expertise and track record.

Furthermore, as stated in "(VII) Establishment of an independent review system in the Company" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below, the Company has established a system within the Company to deliberate, negotiate, and make decisions on the Transaction (including the scope of officers and employees of the Company who will be involved in deliberations, negotiations, and decisions on the Transaction, and their duties) from a standpoint independent of the Offeror Related Parties, and has obtained the approval of the Special Committee that there are no problems with such review system from the viewpoint of independence and fairness.

(ii) Background to the review and negotiations

The Company then received from Daiwa Securities a report regarding the valuation of the Company's Stock, advice regarding the policy for negotiation with ITOCHU, and other advice from a financial viewpoint, and received from Anderson Mori & Tomotsune advice on how to ensure the fairness of the procedures in the Transaction and other legal advice. Based on such report and advice, the Company has carefully discussed and considered the merits or demerits of the Transaction and the

appropriateness of the terms and conditions of the Transaction with the utmost respect for the substance of the Special Committee's opinion.

Since the receipt of the initial written proposal for the Transaction from ITOCHU on March 18, 2024, the Company has continuously discussed and reviewed the terms of the Transaction, including the Tender Offer Price with ITOCHU.

Specifically, following the receipt of the initial written proposal for the Transaction on March 18, 2024, the Company and the Special Committee proceeded with the review and discussion at the Special Committee meetings, and on May 16, 2024, they asked ITOCHU questions in writing regarding the significance and purpose of the Transaction. On May 27, 2024, they received a written response to these questions from ITOCHU. On June 5 and June 7, 2024, the Company and the Special Committee asked additional written questions based on such response. At the Special Committee meeting held on June 11, 2024, they received from ITOCHU answers to such questions and an explanation of the significance and purpose of the Transaction and had Q&A sessions in this respect, and exchanged view on the significance and purpose of the Transaction, the synergy effects expected to be generated by the Transaction, the management structure and business policy after the Transaction, and the outlook for the industry.

Since June 17, 2024, the Company has conducted several rounds of negotiations with ITOCHU regarding the Tender Offer Price. Specifically, on June 17, 2024, the Company and the Special Committee received a proposal for the Transaction from ITOCHU, which included setting the Tender Offer Price at 705 yen (representing a premium of 2.32% over the closing price of the Company's Stock of 689 yen on the Prime Market of the TSE as of the immediately preceding business day; a discount of 1.95% on the simple average closing price of 719 yen for the most recent one month up to the same date; a premium of 2.47% over the simple average closing price of 688 yen for the most recent three months up to the same date; and a premium of 5.54% over the simple average closing price of 668 yen for the most recent six months up to the same date), which resulted from comprehensive consideration of the information obtained through the due diligence conducted by ITOCHU on the Company, the initial valuation analysis of the Company's Stock conducted by Nomura Securities, ITOCHU's financial advisor, on the basis of such information, and the initial valuation analysis of the Company's Stock conducted by ITOCHU on the basis of such information. However, on June 19, 2024, the Company and the Special Committee requested reconsideration of the Tender Offer Price, claiming that the Tender Offer Price was not at a level that gave sufficient consideration to the interests of the Company's minority shareholders. In response, on June 21, 2024, the Company received a re-proposal from ITOCHU setting the Tender Offer Price at 750 yen (representing a premium of 4.17% over the closing price of the Company's Stock of 720 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 5.04% over the simple average closing price of 714 yen for the most recent one month up to the same date; a premium of 8.70% over

the simple average closing price of 690 yen for the most recent three months up to the same date; and a premium of 11.94% over the simple average closing price of 670 yen for the most recent six months up to the same date). Nevertheless, on June 24, 2024, the Company and the Special Committee again requested reconsideration of the Tender Offer Price on the grounds that the Tender Offer Price was not considered to be at a level that fully took into account the interests of the Company's minority shareholders in light of the most recent trend of market share prices of the Company's Stock, the level of premiums in similar transactions in the past (taking private transactions to make the target companies wholly-owned subsidiaries), the substance of the valuation analysis of the Company's Stock conducted by Daiwa Securities, the Company's financial advisor, and Plutus Consulting, the Special Committee's financial advisor, among other factors. Thereafter, on June 27, 2024, the Company and the Special Committee received from ITOCHU another proposal, made in compliance with their request, to set the Tender Offer Price at 785 yen (representing a premium of 3.56% over the closing price of the Company's Stock of 758 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 10.10% over the simple average closing price of 713 yen for the most recent one month up to the same date; a premium of 13.11% over the simple average closing price of 694 yen for the most recent three months up to the same date; and a premium of 16.64% over the simple average closing price of 673 yen for the most recent six months up to the same date). However, on July 1, 2024, the Company and the Special Committee requested reconsideration of the Tender Offer Price, on the grounds that although it was believed that a portion of the synergies generated by the Transaction should be fairly distributed to the Company's minority shareholders, it was difficult to say that the Tender Offer Price was at a level that would allow an adequate distribution of a portion of the synergies to such minority shareholders. Subsequently, on July 4, 2024, the Company and the Special Committee received from ITOCHU a re-proposal, made in response to their request, to set the Tender Offer Price at 795 yen (representing a premium of 7.87% over the closing price of the Company's Stock of 737 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 11.19% over the simple average closing price of 715 yen for the most recent one month up to the same date; a premium of 13.57% over the simple average closing price of 700 yen for the most recent three months up to the same date; and a premium of 17.60% over the simple average closing price of 676 yen for the most recent six months up to the same date). However, on July 8, 2024, the Company and the Special Committee requested reconsideration of the Tender Offer Price on the grounds that the Tender Offer Price continued to be inadequate to protect the interests of the Company's minority shareholders as well as to support the Transaction and recommend that such minority shareholders tender their shares. Subsequently, on July 10, 2024, the Company and the Special Committee received from ITOCHU a re-proposal, made at the request of the Company and the Special Committee, to set the Tender Offer Price at 800 yen (representing a premium of 7.82% over the closing price of the Company's Stock of 742 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 10.96% over the simple average

closing price of 721 yen for the most recent one month up to the same date; a premium of 13.64% over the simple average closing price of 704 yen for the most recent three months up to the same date; and a premium of 17.82% over the simple average closing price of 679 yen for the most recent six months up to the same date). Nonetheless, on July 11, 2024, the Company and the Special Committee requested reconsideration of the Tender Offer Price on the grounds that the Tender Offer Price was still not at a level that would allow them to recommend that the Company's minority shareholders tender their shares. Subsequent to that, on July 12, 2024, the Company and the Special Committee received from ITOCHU a re-proposal, made in response to their request, to set the Tender Offer Price at 810 yen (representing a premium of 5.88% over the closing price of the Company's Stock of 765 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 11.42% over the simple average closing price of 727 yen for the most recent one month up to the same date; a premium of 14.57% over the simple average closing price of 707 yen for the most recent three months up to the same date; and a premium of 19.12% over the simple average closing price of 680 yen for the most recent six months up to the same date). Nevertheless, on July 18, 2024, the Company and the Special Committee requested reconsideration of the Tender Offer Price on the grounds that the Tender Offer Price was not yet at a level that would allow them to recommend that the Company's minority shareholders tender their shares. Afterwards, on July 22, 2024, the Company and the Special Committee received from ITOCHU a re-proposal, made in response to their request, to set the Tender Offer Price at 855 yen (representing a premium of 0.59% over the closing price of the Company's Stock of 850 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 12.50% over the simple average closing price of 760 yen for the most recent one month up to the same date; a premium of 18.59% over the simple average closing price of 721 yen for the most recent three months up to the same date; and a premium of 24.45% over the simple average closing price of 687 yen for the most recent six months up to the same date). However, on the same day, the Company and the Special Committee requested reconsideration of the Tender Offer Price on the grounds that the Tender Offer Price remained at a level that would not allow them to support the Tender Offer and to recommend that the Company's minority shareholders tender their shares. After that, on July 23, 2024, the Company and the Special Committee received from ITOCHU a re-proposal, made in compliance with their request, to set the Tender Offer Price at 870 yen (representing a premium of 1.28% over the closing price of the Company's Stock of 859 yen on the Prime Market of the TSE on the immediately preceding business day; a premium of 13.28% over the simple average closing price of 768 yen for the most recent one month up to the same date; a premium of 20.17% over the simple average closing price of 724 yen for the most recent three months up to the same date; and a premium of 26.27% over the simple average closing price of 689 yen for the most recent six months up to the same date). As a result, on August 2, 2024, the Company and the Special Committee responded that they would arrange to express an opinion in favor of the Tender Offer with the Tender Offer Price set at 870 yen, as proposed by ITOCHU, and recommending the tender of shares.

In the course of the above review and negotiations, the Company considered the opinions heard from the Special Committee as well as advice from Daiwa Securities and Anderson Mori & Tomotsune in its discussions and negotiations with ITOCHU regarding the Tender Offer Price. At that time, the Special Committee received advice from Plutus Consulting and Kitahama Partners, advisors to the Special Committee, as needed, and exchanged opinions with the Company and its advisors, and has given confirmations and approvals, as appropriate. Specifically, to start with, the Special Committee confirmed and approved in advance the reasonableness of the substance, material assumptions, and the process of preparation of the Company's business plans, which were to be presented to ITOCHU and which would constitute the basis for the valuation of the Company's Stock by Daiwa Securities and Plutus Consulting. In addition, Daiwa Securities, the Company's financial advisor, has negotiated with ITOCHU in accordance with the negotiation policy determined upon deliberation by the Special Committee in advance. Upon receipt of each proposal from ITOCHU regarding the Tender Offer Price, Daiwa Securities immediately reported to the Special Committee, and received opinions, instructions, requests, etc. from the Special Committee regarding the policy of negotiation with ITOCHU and other matters, and acted in accordance with such opinions, instructions, requests, etc.

On August 2, 2024, the Company received a written report from the Special Committee to the effect that (1) the Transaction will contribute to the enhancement of the Company's corporate value and the purpose of the Transaction is considered reasonable; (2) the fairness and reasonableness of the terms of the Transaction (including the Tender Offer Price) are considered ensured; (3) the fairness of the procedures for the Transaction is considered ensured; (4) based on (1) through (3) above, the Transaction is considered to be not disadvantageous to the minority shareholders of the Company; and (5) it is considered appropriate and not disadvantageous to the Company's minority shareholders for the Company's board of directors to express its opinion in favor of the Tender Offer and to express its opinion recommending that the shareholders of the Company tender their shares in the Tender Offer (For the outline of the Report, please see "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below.).

(iii) Determinations

In light of this background, the Company carefully discussed and evaluated at its board of directors meeting held today whether the Transaction, including the Tender Offer, would contribute to enhancing the Company's corporate value and whether the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate, based on legal advice from Anderson Mori & Tomotsune, advice from a financial point of view from Daiwa Securities, the contents of the share

valuation report pertaining to the Company's Stock received from Daiwa Securities on August 2, 2024 (the "Share Valuation Report (Daiwa Securities)") and the contents of the share valuation report pertaining to the Company's Stock received from Plutus Consulting on August 2, 2024 through the Special Committee (the "Share Valuation Report (Plutus Consulting)") while respecting to the maximum extent the Special Committee's determinations presented in the Report.

As a result, as described below, the Company reached the conclusion that taking the Company's Stock private through the Transaction, including the Tender Offer by the Offeror, will contribute to the enhancement of the Company's corporate value.

(A) Accelerating bold business transformation through large-scale M&As

In its medium-term management plan "Go Beyond' Innovation 2026," the Company has positioned "accelerating M&A" as one of the key measures, and has set out to strengthen its structure for promoting M&As by clarifying its acquisition targets using the five categories that have been established based on the characteristics of candidates for acquisition: "M&A for petrochemical industry restructuring," "M&A to acquire the benefit of the remaining players," "M&A to acquire novel technology," "M&A for overseas business expansion," and "M&A for domestic sales expansion," and establishing a special investment quota of 40 billion yen.

In this regard, the Company understands that ITOCHU has been expanding its business by having an investment team within each division, continuously considering and executing investments, and implementing a number of M&As. The Company believes that the know-how that ITOCHU has accumulated through these activities may be utilized for "accelerating M&A" as set forth in the Company's mid-term management plan "Go Beyond' Innovation 2026."

Although the Company has received partial support from ITOCHU in M&A in the past in the form of introduction to acquisition targets, as both ITOCHU and the Company are independent listed companies, there have been certain restrictions in terms of more in-depth collaboration. The Company believes that, after the Transaction, it will be possible to pursue more in-depth collaboration, from M&A planning to negotiations with the counterparty and execution of the acquisition.

(B) Improving the quality of human resources through personnel exchange

The Company believes that the privatization of the Company through the Transaction, with the Offeror Parties as the only shareholders of the Company, will enhance the exchange of human resources between the ITOCHU Group and the C.I. Takiron Group, enabling them to share their knowledge and know-how even more actively. In addition, the Company believes that the strengthening of the capital relationship between the C.I. Takiron Group and the ITOCHU Group through the Transaction will promote improvement and expansion of the C.I. Takiron Group's educational system through the utilization of the ITOCHU Group's human resources development program, thereby contributing to the improvement of the skills of the C.I. Takiron Group's employees.

In addition, as described in (A) above, the Company has set out to strengthen its structure for

promoting M&As, and as it accelerates its consideration of M&As in the future, it will be essential to reinforce its M&A and PMI human resources. In this regard, the Company expects to be able to enhance its human resources through secondment from ITOCHU, which has abundant M&A human resources, to the Company. At the same time, the Company believes that it will be possible to strengthen the C.I. Takiron Group's human resources development as a group by acquiring knowledge through the dispatch of personnel from the Company to ITOCHU.

(C) Expanding overseas business

Since the C.I. Takiron Group's business is mainly domestic, and demand in the domestic market is on a declining trend, based on the idea that promoting overseas business expansion is essential for the further growth of the C.I. Takiron Group, the Company has positioned "expanding overseas business_area strategies" as one of the key measures in the mid-term management plan "'Go Beyond' Innovation 2026."

The Company believes that it will be able to take full advantage of ITOCHU's global network of approximately 90 bases in 61 countries around the world to accelerate the development and expansion of overseas sales channels for its existing products, and in the future, to accelerate the promotion of its strategies with a view to establishing or expanding overseas production bases for local production and local consumption. In particular, the Company believes that ITOCHU's global network can be utilized to efficiently and effectively promote the expansion of overseas sales and the strengthening of overseas production bases for semiconductor manufacturing equipment plates, flooring and decorative materials, shrink wrap labels, and zipper tapes, which the Company is currently focusing on.

(D) Optimizing the value chain

In its mid-term management plan, "'Go Beyond' Innovation 2026," the Company has positioned "strengthening on-site capabilities" as one of the key measures, and as part of this measure, has set out to "establish a strategic raw material purchasing framework."

ITOCHU is the world's second largest synthetic resin distributor, the largest among Japanese trading companies, and the Company believes that by becoming a wholly-owned subsidiary of ITOCHU through the Transaction, it will be able to examine and implement with ITOCHU the most efficient purchasing policies, including the procurement of raw materials from overseas.

In addition, the Company believes that it will be able to optimize the value chain not only in terms of raw material procurement, but also in terms of distribution and sales, through collaboration with the ITOCHU Group. Specifically, the Company believes that it will be possible to strengthen and expand its packaging materials business by utilizing ITOCHU's network in the retail field, such as convenience stores, and to strengthen the sales of the Company's plates through deep collaboration with the plate sales network of the ITOCHU Group companies.

The Company has also considered the possibility that the privatization of the Company and the

delisting of its stock through the Transaction would have an impact on its business partners and other stakeholders due to a decline in the Company's brand power, and cause a decline in the motivation of its employees, as such possibility was of concern in the abstract. As stated in "(III) Management policy after the Tender Offer" above, in order to steadily realize the synergies described in "(II) Background, purposes, and decision-making process leading to the implementation of the Tender Offer by the Offeror" above, ITOCHU intends to accelerate the collaboration between the ITOCHU Group and the Company and to consider, through sufficient discussions between the Offeror Parties and the Company's management, such matters as the acceleration of domestic and overseas growth strategies and the enhancement of the collective strength of the ITOCHU Group, including the Company, through active exchange of human resources. In addition, with respect to the employees of the C.I. Takiron Group after the successful completion of the Tender Offer, it is planned that, in principle, they will continue to be employed and that, in principle, the current employment conditions will not be changed to the disadvantage of those employees. The Company also believes that, if it becomes possible to manage the Company in unison with the ITOCHU Group through the Transaction, then, in addition to the synergies expected to be created as described in (A) through (D) above, the Company will be able to reduce the costs and labor required to maintain the listing of the Company's Stock, which are increasing every year, and concentrate its manpower on its core business, thereby enhancing the Company's corporate value, which in turn will contribute to the interests of the Company's stakeholders and employees. Furthermore, with regard to the decline in brand power, the Company recognizes that its brand power and name recognition have already been established through its business activities to date, since it was listed on the First Section of the TSE in 1973 as Takiron Chemical Co., Ltd., and ITOCHU is also considered to have high social credibility and name recognition. Therefore, the Company's becoming a wholly-owned subsidiary of ITOCHU would not undermine the Company's social credibility compared to its current status as a listed company. In light of this, the Company believes that the privatization of the Company through the Transaction will be acceptable to the C.I. Takiron Group's business partners, employees, and other stakeholders without any problem.

The Company has also determined that the Tender Offer Price and other terms and conditions of the Tender Offer are appropriate, and that the Tender Offer provides the shareholders of the Company with an opportunity to sell their shares of the Company's Stock at a price with a reasonable premium under reasonable terms and conditions, due to the following reasons:

(A) Based on the results of the valuation of the Company's Stock by Daiwa Securities described in "(3) Matters concerning valuation" below, the Tender Offer Price exceeds the upper limits of the ranges calculated under the average market share price method and the comparable company method, respectively, and is within and exceeds the median (837 yen) of the range calculated under

- the discounted cash flow method (the "DCF method");
- (B) Based on the results of the valuation of the Company's Stock by Plutus Consulting in the Share Valuation Report (Plutus Consulting) as described in "(III) Procurement by the Special Committee of a share valuation report from an independent third-party valuator" under "(3) Matters concerning valuation" below, exceeds the upper limit of the range calculated under the average market share price method, and is within the ranges calculated under the comparable company method and the DCF method, respectively;
- (C) In light of the long-term share price trends of the Company, the Tender Offer Price is higher than the highest closing price of the Company's Stock over the past 10 years (852 yen) (the closing price as of November 14, 2017), excluding the most recent one month, which is difficult to explain rationally, as described below;
- (D) Measures to ensure the fairness of the Tender Offer have been taken as described in "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below and the interests of minority shareholders have been secured;
- (E) After taking the above measures, the Tender Offer Price has been raised from 705 yen, which was the price initially proposed by ITOCHU, through negotiations in good faith with ITOCHU with substantial involvement of the Special Committee, which is independent of the Company and the Offeror Related Parties; and
- (F) As described in "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below, the appropriateness of the terms and conditions of the Transaction, including the Tender Offer Price, has been determined to be ensured in the Report obtained by the Company from the independent Special Committee.

In addition, the Tender Offer Price is at a premium of 9.71% over the closing price of the Company's Stock of 793 yen on the Prime Market of the TSE on August 2, 2024, which is the business day immediately preceding the announcement date of the commencement of the Tender Offer; at a premium of 7.94% over the simple average closing price of 806 yen for the most recent one month ending on the said date (from July 3, 2024 to August 2, 2024); at a premium of 15.85% over the simple average closing price of 751 yen for the most recent three months ending on the said date (from May 7, 2024 to August 2, 2024); and at a premium of 23.76% over the simple average closing price of 703 yen for the most recent six months ending on the said date (from February 5, 2024 to August 2, 2024). The Tender Offer Price is at a premium of more than 10% over the simple average closing price for the most recent three month, and the Company believes that the level of premium over the simple average closing price over the most recent six months is also at a reasonable level compared to the

level of premiums in similar transactions in the past. On the other hand, the premiums over the closing price on August 2, 2024, the business day immediately preceding the date of announcement of the Tender Offer, and over the simple average of closing prices for the most recent one month is not necessarily high compared to the level of premiums in similar transactions in the past. However, in light of the points described below, there is a possibility that the trend of the market share price of the Company's Stock during the most recent one month was temporarily shaped by stock market influences that are difficult to explain rationally. Therefore, we should not focus excessively on the market share price at the relevant time and during the relevant period.

- I. Until around early July, the market share price of the Company's Stock had been around the middle of the 700-800 yen range. However, although the Company has not announced any corporate information since then that would affect the market share price, the recent level of market share price of the Company's Stock is significantly higher than such level.
- II. The highest market closing price of the Company's Stock during the most recent one month (875 yen) (the closing price as of July 23, 2024) is higher than the highest market closing price of the Company's Stock over the past 10 years (852 yen), excluding the most recent one month.
- III. Although the Company has not announced any corporate information that would affect the market share price, the market price of the Company's Stock has sometimes increased significantly in a single day, with a maximum of 7.3% compared to the previous day's closing price (by 59 yen; specifically, the difference between the closing price of 806 yen on July 17, 2024 and the closing price of 865 yen on July 18, 2024), and in late July 2024, an inquiry was made to the Company regarding the possibility of a tender offer, making it difficult to provide a reasonable explanation in light of the past trend of the market prices of the Company's Stock, and we cannot rule out the possibility of speculative buying in anticipation of the delisting, although the cause is not clear.

As the Tender Offer Price is 12.41% below the net asset value per share (993.32 yen) of the Company as of March 31, 2024, the PBR is less than 1x. However, a PBR of 1x is a theoretical liquidation value, and the Company believes that it is not reasonable to place importance on such ratio in the calculation of the corporate value of the Company as a going concern. In addition, the percentage of illiquid assets (inventories, such as commodities and finished goods, raw materials, work in process, and supplies, and fixed assets such as buildings, land, machinery and equipment) to total assets in the Company's consolidated balance sheet as of the same date is substantial (39.2%; rounded to the second decimal place), and if the Company were to be liquidated, given the difficulties in selling such assets and the various additional costs that would be incurred, including personnel reduction costs associated with liquidation, asset retirement costs associated with plant closures, and soil contamination remediation costs, a significant decrease in the book value is expected (however, as the Company does not plan to liquidate, it has not obtained any estimates or made any specific

calculations based on the premise of liquidation). Therefore, the Company believes that a PBR of less than 1x does not negate the reasonableness of the Tender Offer Price.

For the foregoing reasons, the Company, at its board of directors meeting held today, resolved to express an opinion in favor of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer.

For the method of resolution at the above board of directors meeting, please see "(VIII) Unanimous approval of all disinterested directors of the Company and the opinion of all disinterested auditors of the Company that they have no objection" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below.

(3) Matters concerning valuation

(I) Procurement by ITOCHU of a share valuation report from an independent third-party valuator

According to ITOCHU, in order to ensure fairness of the Tender Offer Price, in determining the Tender Offer Price, ITOCHU requested Nomura Securities, a financial advisor of ITOCHU, to calculate the value of the Company's Stock as a third-party valuator independent of the ITOCHU Group, including ITOCHU and the Company.

According to Nomura Securities, after examining the valuation method applicable to the Tender Offer, Nomura Securities used the following methods to calculate the value of the Company's Stock: the average market share price method, as the shares of the Company's Stock are listed on the Prime Market of the TSE; the comparable company method, as there are several listed companies comparable to the Company and it is possible to analogize the share value of the Company's Stock by comparing to that of similar listed companies; and the DCF method to reflect the future business activities in the valuation, and ITOCHU obtained a share valuation report (the "Offeror's Share Valuation Report") from Nomura Securities on August 2, 2024. Nomura Securities is not an affiliated party of the Offeror Parties or the Company and has no material interest in the Tender Offer. In addition, according to ITOCHU, since ITOCHU has comprehensively considered the various factors described in "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below and believes that the interests of the Company's minority shareholders have been fully taken into account, ITOCHU has not procured a written opinion regarding fairness of the Tender Offer Price (fairness opinion) from Nomura Securities.

For details of the results of the valuation of the Company's Stock by Nomura Securities, please see "(I) Procurement by the Offeror of a share valuation report from an independent third-party valuator" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below.

(II) Procurement by the Company of a share valuation report from an independent third-party valuator

(i) Name of the valuator and its relationship with the Company and the Offeror

In expressing its opinion on the Tender Offer, the Company requested Daiwa Securities, a financial advisor and third-party valuator independent of the Offeror Related Parties and the C.I. Takiron Group, to calculate the value of the Company's Stock and received the Share Valuation Report (Daiwa Securities) on August 2, 2024. Daiwa Securities is not a member of the Offeror Related Parties or the C.I. Takiron Group and has no material interest in the Transaction, including the Tender Offer, that should be disclosed. In addition, as the Offeror and the Company have taken the measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest as described in "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below, the Company has not procured a written opinion regarding the fairness of the Tender Offer Price (fairness opinion) from Daiwa Securities. Although the fees payable to Daiwa Securities include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions, the Company has appointed Daiwa Securities as its financial advisor and third-party valuator under such fee structure, taking into account the general practice in similar transactions.

(ii) Overview of valuation regarding the Company's Stock

After examining the valuation method to be adopted in the valuation of the Company's Stock from among several valuation methods, based on the premise that the Company is a going concern and the belief that the value of the Company's Stock should be evaluated from multiple perspectives, Daiwa Securities used the following methods to analyze the value per share of the Company's Stock: the average market share price method, in order to take the trends of the Company's share price in the market into account; the comparable company method, as there are comparable listed companies similar to the Company and it is possible to analogize the share value by comparing to that of similar listed companies; and the DCF method to reflect the details and forecast of the Company's business performance in the valuation, and the Company received the Share Valuation Report (Daiwa Securities) from Daiwa Securities on August 2, 2024.

The range of the value per share of the Company's Stock calculated under each of the above methods is as follows:

Average market share price method:	From 701 yen to 821 yen
Comparable company method:	From 497 yen to 829 yen
DCF method:	From 674 yen to 1,000 yen

Under the average market share price method, with August 1, 2024 being set as the reference date,

the value per share of the Company's Stock is calculated to range from 701 yen to 821 yen based on the closing price of the Company's Stock on the Prime Market of the TSE as of the reference date of 821 yen; the simple average closing price for the most recent one month (from July 2, 2024 to August 1, 2024) of 804 yen; the simple average closing price for the most recent three months (from May 2, 2024 to August 1, 2024) of 748 yen; and the simple average closing price for the most recent six months (from February 2, 2024 to August 1, 2024) of 701 yen.

Under the comparable company method, the value per share of the Company's Stock is calculated to range from 497 yen to 829 yen, with Asahi Yukizai Corporation, Fujimori Kogyo Co., Ltd., Okura Industrial Co., Ltd., Maezawa Kasei Industries Co., Ltd., Achilles Corporation, Sekisui Kasei Co., Ltd., and Fukuvi Chemical Industry Co., Ltd. being selected as the listed companies that are deemed similar to the Company, and the value of the Company's Stock being calculated using the ratio of EBITDA to the corporate value.

Under the DCF method, based on the business plan developed by the Company and under various assumptions including the revenue forecast and investment plans in the business plan for the five fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029, as well as publicly disclosed information, the corporate value and share value of the Company were analyzed by discounting the free cash flow expected to be generated by the Company from and including the fiscal year ending March 31, 2025 back to the present value using a certain discount rate, and the value per share of the Company's Stock is calculated to range from 674 yen to 1,000 yen. The financial forecast used by Daiwa Securities in its valuation under the DCF method does not include any fiscal year in which a significant increase or decrease in profits is expected. Daiwa Securities used the discount rate of 6.5% to 8.5%, and in calculating the going concern value, it adopted the perpetual growth rate method and used the perpetual growth rate of 0.0% to 1.0%.

Since the synergies expected to be realized through the implementation of the Transaction were difficult to specifically estimate at this stage in the business plan prepared by the Company which Daiwa Securities used in its analysis under the DCF method, such synergies are not take into account in the above valuation.

The specific figures in the Company's financial forecast, which Daiwa Securities used as the basis of its valuation under the DCF method, are as follows.

(million yen)

	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026	Fiscal year ending March 31, 2027	Fiscal year ending March 31, 2028	Fiscal year ending March 31, 2029
Net sales	145,000	148,000	152,000	154,217	156,775
Operating profit	7,600	8,300	8,700	9,000	9,300
EBITDA	13,600	14,800	15,700	16,500	17,050

Free cash flow	2,406	5,068	(2,029)	3,045	6,157
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(III) Procurement by the special committee of a share valuation report from an independent third-party valuator

(i) Name of the valuator and its relationship with the Company and the Offeror

In considering the Consultation Matters, in order to ensure the appropriateness of the terms and conditions of the Transaction, including the Tender Offer Price, the Special Committee requested Plutus Consulting, a financial advisor and third-party valuator independent of the Offeror Related Parties and the C.I. Takiron Group, to calculate the value of the Company's Stock and received the Share Valuation Report (Plutus Consulting) on August 2, 2024.

Plutus Consulting is not a member of the Offeror Related Parties or the C.I. Takiron Group and has no material interest in the Transaction, including the Tender Offer, that should be disclosed. In addition, the fees payable to Plutus Consulting consists solely of a fixed fee to be paid regardless of the success or failure of the Transaction, and does not include a performance fee, which is payable subject to the successful completion of the Transaction and other conditions.

(ii) Overview of valuation regarding the Company's Stock

After examining the valuation method to be adopted in the valuation of the Company's Stock from among several valuation methods, based on the premise that the Company is a going concern and the belief that the value of the Company's Stock should be evaluated from multiple perspectives, Plutus Consulting used the following methods to analyze and calculate the value per share of the Company's Stock: the average market share price method, in order to take the trends of the Company's share price in the market into account; the comparable company method, as there are comparable listed companies similar to the Company and it is possible to analogize the share value by comparing to that of similar listed companies; and the DCF method to reflect the details and forecast of the Company's business performance in the valuation, and the Special Committee received the Share Valuation Report (Plutus Consulting) from Plutus Consulting on August 2, 2024.

The range of the value per share of the Company's Stock calculated under each of the above methods is as follows:

Average market share price method:	From 703 yen to 806 yen
Comparable company method:	From 817 yen to 963 yen
DCF method:	From 770 yen to 1,140 yen

Under the average market share price method, with August 2, 2024 being set as the reference date, the value per share of the Company's Stock is calculated to range from 703 yen to 806 yen based on the closing price of the Company's Stock on the Prime Market of the TSE as of the reference date of

793 yen; the simple average closing price for the most recent one month (from July 3, 2024 to August 2, 2024) of 806 yen; the simple average closing price for the most recent three months (from May 7, 2024 to August 2, 2024) of 751 yen; and the simple average closing price for the most recent six months (from February 5, 2024 to August 2, 2024) of 703 yen.

Under the comparable company method, the value per share of the Company's Stock is calculated to range from 817 yen to 963 yen, with Gunze Limited, Showa Paxxs Corporation, Lonseal Corporation, Okamoto Industries, Inc., Achilles Corporation, Mitsuboshi Belting Ltd., Toli Corporation, and Sangetsu Corporation being selected as a listed company that is deemed similar to the Company, and the value of the Company's Stock being calculated using the ratios of EBIT and EBITDA to the corporate value.

Under the DCF method, based on the business plan developed by the Company and under various assumptions including the revenue forecast and investment plans in the business plan for the five fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029, as well as publicly disclosed information, the corporate value and share value of the Company were analyzed by discounting the free cash flow expected to be generated by the Company from and including the fiscal year ending March 31, 2025 back to the present value using a certain discount rate, and the value per share of the Company's Stock is calculated to range from 770 yen to 1,140 yen. Plutus Consulting used the discount rate of 5.7% to 6.2%, and in calculating the going concern value, it adopted the perpetual growth rate method and the multiple method. Plutus Consulting set the perpetual growth rate at 0% and used the EBIT and EBITDA multiples of 8.3 times and 5.7 times, respectively, for the valuation.

The consolidated financial forecast based on the business plan prepared by the Company, which was used by Plutus Consulting as the basis of its valuation under the DCF method, is as follows. The business plan prepared by the Company does not include any fiscal year in which a significant increase or decrease in profits is expected. Since the synergies expected to be realized through the implementation of the Transaction were difficult to specifically estimate at this stage, except for the effect of reducing the listing maintenance cost, such synergies are not taken into account in the above valuation.

(million yen)

	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026	Fiscal year ending March 31, 2027	Fiscal year ending March 31, 2028	Fiscal year ending March 31, 2029
Net sales	145,000	148,000	152,000	154,217	156,775
Operating profit	7,600	8,300	8,700	9,000	9,300
EBITDA	13,600	14,800	15,700	16,500	17,050
Free cash flow	(207)	5,311	(1,926)	3,410	5,788

In calculating the share value of the Company's Stock, Plutus Consulting, in principle, used the information provided by the Company and public information as is, and assumed that all such materials and information were accurate and complete, and did not independently verify their accuracy and completeness. Plutus Consulting also did not conduct any independent valuation or assessment of the Company's assets and liabilities (including off-balance sheet assets and liabilities and other contingent liabilities) nor did it request a third party to conduct an appraisal or assessment. In addition, Plutus Consulting assumed that information concerning the financial forecast of the Company had been prepared in a reasonable manner by the management of Company based on the best forecast and judgment available at the time of the valuation. However, Plutus Consulting conducted multiple interviews in analyzing and reviewing the content of the Company's business plan, which was used as the basis for the valuation. In addition, as described in under "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" below, the Special Committee has confirmed the reasonableness of the substance, material assumptions, and the process of preparation of the Company's business plan.

(4) Possibility of delisting and reason therefor

As of today, the shares of the Company's Stock are listed on the Prime Market of the TSE. However, since the Offeror has not set the maximum number of shares to be purchased in the Tender Offer, depending on the outcome of the Tender Offer, the shares of the Company's Stock may be delisted through specified procedures in accordance with the delisting standards of the TSE. Even if such standards are not met at the time of the successful completion of the Tender Offer, the Offeror intends to carry out the Squeeze-out Process as described in "(5) Policies on reorganization, etc. after the Tender Offer (matters concerning "two-step acquisition")" below after the successful completion of the Tender Offer. Therefore, if such process is implemented, the shares of the Company's Stock will be delisted through specified procedures in accordance with the delisting standards. After the delisting, the shares of the Company's Stock may not be traded on the Prime Market of the TSE.

(5) Policies on reorganization, etc. after the Tender Offer (matters concerning "two-step acquisition")

According to the Offeror, as described in "(I) Outline of the Tender Offer" under "(2) Grounds and reasons for the opinion" above, if the Offeror does not acquire all of the shares of the Company's Stock (excluding the shares of the Company's Stock held by the ITOCHU Parties and the treasury shares held by the Company) through the Tender Offer, the Offeror intends to carry out the Squeeze-out Process after the successful completion of the Tender Offer.

(I) Demand for share cash-out

According to ITOCHU, if, after the successful completion of the Tender Offer, the total number of voting rights in the Company held by the Offeror Parties reaches 90% or more of the total number of the voting rights held by all shareholders of the Company and ITOCHU becomes a special controlling shareholder as defined in Article 179, Paragraph 1 of the Companies Act, ITOCHU intends to demand, promptly after the completion of settlement of the Tender Offer, that all shareholders of the Company (excluding the Offeror Parties and the Company) (each a "Shareholder Subject to Demand for Share Cash-out") cash out all of their shares of the Company's Stock (the "Demand for Share Cash-out") pursuant to the provisions of Part II, Chapter II, Section 4-2 of the Companies Act. In the Demand for Share Cash-out, ITOCHU intends to provide for the delivery of an amount of cash equal to the Tender Offer Price to the Shareholders Subject to Demand for Share Cash-out as a consideration per share of the Company's Stock. In such case, ITOCHU will notify the Company accordingly and request the Company to approve the Demand for Share Cash-out. If the Company approves the Demand for Share Cash-out by resolution of the board of directors, ITOCHU will acquire all shares of the Company's Stock held by the Shareholders Subject to Demand for Share Cash-out on the acquisition date specified in the Demand for Share Cash-out in accordance with the procedures required by relevant laws and regulations, without requiring the consent of the Shareholders Subject to Demand for Share Cash-out individually. ITOCHU will then deliver an amount of cash equal to the Tender Offer Price to the Shareholders Subject to Demand for Share Cash-out as a consideration per share of the Company's Stock held by them prior to the share cash-out.

If the Company receives notification from ITOCHU of its intention to make a Demand for Share Cash-out and the matters set forth in each item of Article 179-2, Paragraph 1 of the Companies Act, the Company intends to approve such Demand for Share Cash-out by ITOCHU at the Company's board of directors meeting.

As the procedures under the Companies Act to protect the rights of minority shareholders in connection with the above procedures, if the Demand for Share Cash-out is made, a Shareholder Subject to Demand for Share Cash-out may file a petition for a court to determine the sale price of the shares of the Company's Stock held by the shareholder in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations. If such a petition is filed, the sale price of the shares of the Company's Stock will be finally determined by the court.

(II) Share Consolidation

If, after the successful completion of the Tender Offer, the Offeror Parties do not hold 90% or more of the total number of the voting rights held by all shareholders of the Company, the Offeror Parties intend to request the Company, promptly after the completion of settlement of the Tender Offer, to hold an extraordinary shareholders' meeting of the Company (the "Extraordinary Shareholders' Meeting") around late October to mid-November 2024, at which it will be proposed to carry out a

consolidation of the Company's Stock pursuant to Article 180 of the Companies Act (the "Share Consolidation") and to partially amend the articles of incorporation of the Company in order to abolish the provisions regarding a share unit number subject to the Share Consolidation becoming effective. If the Company receives any of such requests from the Offeror Parties, the Company intends to comply with them. The Offeror Parties intend to vote in favor of these proposals at the Extraordinary Shareholders' Meeting.

If the Share Consolidation proposal is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Company will, from the date on which the Share Consolidation becomes effective, hold a number of shares of the Company's Stock corresponding to the ratio of the Share Consolidation approved at the Extraordinary Shareholders' Meeting. If the Share Consolidation results in a fraction of less than one share, an amount of cash obtained by selling to the Company or the Offeror Parties the number of shares of the Company's Stock equivalent to the total sum of the fractional shares (if the total sum includes a fractional share, it is to be rounded off; hereinafter the same) or by other means will be delivered to the shareholders of the Company holding fractional shares in accordance with Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the number of shares of the Company's Stock equivalent to the total sum of the fractional shares, the Offeror Parties intend to request the Company to make a valuation so that, as a result of the sale, the amount of cash delivered to the shareholders of the Company (excluding the Offeror Parties and the Company) who do not tender their shares in the Tender Offer will be equal to the price obtained by multiplying the Tender Offer Price by the number of shares of the Company's Stock held by each such shareholder, and then to file a petition with a court for permission of sale by private contract.

As for the ratio of the Share Consolidation, which has not been determined as of today, the Offeror Parties intend to request to the Company that it be determined so that the number of shares of the Company's Stock held by the shareholders of the Company (excluding the Offeror Parties and the Company) who do not tender their shares in the Tender Offer will be a fractional number of less than one share so that the Offeror Parties will be the sole holder of all shares of the Company's Stock (excluding the treasury shares owned by the Company). If, as a result of the Tender Offer, there are shareholders who hold the same number of shares of the Company's Stock as those, or more than the number of shares of the Company's Stock, held by ITOCHU Plastics, or if such shareholders are expected to exist at the time the Share Consolidation becomes effective, the Offeror Parties will request a ratio of the Share Consolidation such that both the number of shares of the Company's Stock held by such shareholders and the number of shares of the Company's Stock held by ITOCHU Plastics are fractions of less than one share, so that no such shareholders will remain as shareholders of the Company after the Share Consolidation becomes effective.

In addition, as provisions aimed at protecting the rights of minority shareholders in relation to the Share Consolidation, the Companies Act provides that in the event that the Share Consolidation is

implemented, if the Share Consolidation results in a fractional share, any shareholder of the Company (excluding the Offeror Parties and the Company) who do not tender their shares in the Tender Offer may require the Company to purchase all fractional shares held by the shareholder at a fair price and may file a petition for a court to determine the price of the shares of the Company's Stock in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If such a petition is filed, the purchase price will ultimately be determined by a court.

Depending on any amendments to or enforcement of relevant laws and regulations and their interpretation by authorities, there is a possibility that each of the procedures described in (I) and (II) above may take time to implement or the method of implementation may change. In such case, however, if the Tender Offer is successfully completed, it is expected that the method of delivering an amount of cash to the shareholders of the Company (excluding the Offeror Parties and the Company) who do not tender their shares in the Tender Offer will ultimately be adopted, in which case the Offeror Parties intend that the amount of cash so delivered to such shareholder of the Company will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of shares of the Company's Stock held by such shareholder of the Company.

The Company intends to discuss with the Offeror the specific steps to be taken in each of the above cases and the timing of their implementation and promptly announce them to the public as soon as they are determined.

The shareholders of the Company are urged to consult with tax accountants and other professionals on their own responsibility with respect to the tax treatment of tendering their shares in the Tender Offer and each of procedures described above.

(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer

In view of the fact that ITOCHU, the parent company of the Offeror, is the controlling shareholder (i.e., parent company) of the Company whose shareholding in the Company's Stock is 55.49% and the Transaction including the Tender Offer constitutes a material transaction with the controlling shareholder, and that the Transaction is a type of transaction involving issues of structural conflict of interest and information asymmetry, the Offeror and the Company have taken the following measures to ensure fairness of the Tender Offer.

The descriptions below regarding the measures taken by the Offeror are based on the explanations provided by the Offeror.

As stated in "(I) Outline of the Tender Offer" under "(2) Grounds and reasons for the opinion" above, the ITOCHU Parties hold 54,341,418 shares of the Company's Stock (Shareholding Ratio: 55.69%) as of today, and setting the minimum number of shares to be purchased by the so-called "Majority of Minority" in the Tender Offer may make the successful completion of the Tender Offer

unstable and may not contribute to the interests of minority shareholders who wish to tender their shares in the Tender Offer. Therefore, the minimum number of shares to be purchased by the so-called "Majority of Minority" has not been set in the Tender Offer. However, since the following measures have been taken by the Offeror and the Company, the Offeror and the Company believe that the interests of the minority shareholders of the Company have been adequately considered.

(I) Procurement by ITOCHU of a share valuation report from an independent third-party valuator

In order to ensure fairness of the Tender Offer Price, in determining the Tender Offer Price, ITOCHU requested Nomura Securities, a financial advisor of ITOCHU, to calculate the value of the Company's Stock as a third-party valuator independent of the ITOCHU Group, including ITOCHU and the Company (Note 8).

After examining the valuation method applicable to the Tender Offer, Nomura Securities used the following methods to calculate the value of the Company's Stock: the average market share price method, as the shares of the Company's Stock are listed on the Prime Market of the TSE; the comparable company method, as there are several listed companies comparable to the Company and it is possible to analogize the share value of the Company's Stock by comparing to that of similar listed companies; and the DCF method to reflect the future business activities in the valuation, and ITOCHU obtained the Offeror's Share Valuation Report from Nomura Securities on August 2, 2024. Nomura Securities is not an affiliated party of the Offeror Parties or the Company and has no material interest in the Tender Offer. In addition, since ITOCHU has comprehensively considered the various factors described in "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" and believes that the interests of the Company's minority shareholders have been fully taken into account, ITOCHU has not procured a written opinion regarding fairness of the Tender Offer Price (fairness opinion) from Nomura Securities.

The range of the value per share of the Company's Stock calculated by Nomura Securities under each of the above methods is as follows:

Average market share price method:	From 703 yen to 827 yen
Comparable company method:	From 689 yen to 870 yen
DCF method:	From 693 yen to 953 yen

Under the average market share price method, with August 2, 2024 being set as the reference date, the value per share of the Company's Stock is calculated to range from 703 yen to 827 yen based on the closing price of the Company's Stock on the Prime Market of the TSE as of the reference date of 793 yen; the simple average closing price for the most recent five business days of 827 yen; the simple average closing price for the most recent one month of 806 yen; the simple average closing

price for the most recent three months of 751 yen; and the simple average closing price for the most recent six months of 703 yen.

Under the comparable company method, the value per share of the Company's Stock is calculated to range from 689 yen to 870 yen, by calculating the share value of the Company's Stock by comparing it with financial indicators indicating the market share price or profitability of a listed company that is engaged in business similar to that of the Company.

Under the DCF method, based on various factors including the revenue and investment plans in the Business Plan for the five fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2029 prepared by the Company and revised by ITOCHU, management interviews with the Company, recent performance trends, and information available to the general public, Nomura Securities calculated the corporate value and share value of the Company by discounting the same back to the present value using a certain discount rate based on the free cash flow expected to be generated by the Company in the future from and including the fiscal year ending March 2025. As a result, the value per share of the Company's Stock is calculated to range from 693 yen to 953 yen. With respect to the Company's Business Plan, which was used as the premise for the DCF method, it does not include any fiscal year in which a significant increase or decrease in profits is expected. In addition, the Business Plan is not premised on the implementation of the Transaction, and the synergies expected to be realized through the implementation of the Transaction are not included in the Business Plan, as it is difficult to specifically estimate the same at this stage.

ITOCHU comprehensively took into consideration the results of the calculation of the value of the Company's Stock in the Offeror's Share Valuation Report received from Nomura Securities, as well as the results of the due diligence on the Company conducted from mid-April to late May 2024, whether or not the board of directors of the Company would accept the Tender Offer, and the prospects for tendering shares in the Tender Offer, and based on the results of discussions and negotiations with the Company and other factors, ITOCHU has finally set the Tender Offer Price at 870 yen on August 2, 2024.

The Tender Offer Price of 870 yen represents a premium of 9.71% over the closing price of the Company's Stock of 793 yen on the Prime Market of the TSE as of August 2, 2024, which is the business day immediately preceding the announcement date of the implementation of the Tender Offer; a premium of 7.94% over the simple average closing price of 806 yen for the most recent one month until August 2, 2024; a premium of 15.85% over the simple average closing price of 751 yen for the most recent three months until August 2, 2024; and a premium of 23.76% over the simple average closing price of 703 yen for the most recent six months until August 2, 2024.

(Note 8) For the purpose of calculating the share value of the Company's Stock, Nomura Securities assumed that all public information and the information provided to Nomura Securities were accurate and complete and did not conduct any independent verification of the

accuracy and completeness of the same. Nomura Securities also did not conduct any independent valuation, appraisal or assessment, including analysis and evaluation of individual assets and liabilities, of the Company's or any of its affiliates' assets or liabilities (including derivative financial instruments, off-balance sheet assets and liabilities and other contingent liabilities) nor did it request a third party to conduct such appraisal or assessment. In addition, Nomura Securities assumed that the financial forecast (including the profit plan and other information) of the Company had been reviewed or prepared in a reasonable manner by the management of ITOCHU based on the best and faithful forecast and judgment currently available. Nomura Securities' valuation reflects the information and economic conditions available to Nomura Securities through August 2, 2024. The sole purpose of Nomura Securities' valuation is to serve as a reference for the board of directors of ITOCHU in reviewing the share value of the Company's Stock.

(II) Procurement by the Company of a share valuation report from an independent third-party valuator

As stated in "(II) Procurement by the Company of a share valuation report from an independent third-party valuator" under "(3) Matters concerning valuation" above, in determining its opinion on the Tender Offer, the Company requested Daiwa Securities, a financial advisor and third-party valuator independent of the Offeror Related Parties and the C.I. Takiron Group, to calculate the value of the Company's Stock and received the Share Valuation Report (Daiwa Securities) on August 2, 2024. Daiwa Securities is not a member of the Offeror Related Parties or the C.I. Takiron Group and has no material interest in the Tender Offer that should be disclosed.

(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee

(i) Background of establishment of the committee

As stated in "(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer" under "(2) Grounds and reasons for the opinion" above, the Company established the Special Committee by resolution at an extraordinary meeting of the board of directors held on April 5, 2024. Prior to the establishment of the Special Committee, from mid-March 2024, in order to establish a system to consider, negotiate, and make decisions regarding the Transaction from a standpoint independent of the Offeror Related Parties and from the perspective of enhancing the Company's corporate value and securing the interests of the Company's minority shareholders, the Company has individually informed the independent outside Directors and independent outside Audit & Supervisory Board Members of the Company who have no material interest in any of the Offeror Related Parties that the Company received an initial written proposal from ITOCHU on March 18,

2024 to the effect that it wishes to commence consideration and discussion for the implementation of the Transaction and that it is necessary to take sufficient measures to ensure the fairness of the terms and conditions of the Transaction, including the establishment of the Special Committee, in conducting consideration and negotiation for the Transaction. At the same time, the Company has, with the advice of Anderson Mori & Tomotsune, confirmed the independence and qualifications of the independent outside Directors and independent outside Audit & Supervisory Board Members of the Company who are candidates for members of the Special Committee, and has also confirmed that they do not have any material interest in the Offeror Related Parties or any material interest that is different from minority shareholders in the success or failure of the Transaction. After discussions among the independent outside Directors and independent outside Audit & Supervisory Board Members of the Company, with the advice of Anderson Mori & Tomotsune, the Company has confirmed that they have no objection, and the Company has appointed the following three persons as candidates for members of the Special Committee: Ms. Yoshiko Kosaka (outside Director and independent officer), who has a high level of expertise and extensive knowledge in corporate legal matters as an attorney-at-law; Mr. Takeshi Kaide (outside Director and independent officer), who has an extensive experience and knowledge gained through his many years of experience in business promotion at a general chemical manufacturer and management of several operating companies, including overseas companies; and Mr. Hiroaki Ishizuka (outside Director and independent officer), who has an extensive knowledge and experience, having been involved in the materials field at a general chemical manufacturer for many years, as well as being involved in management decision-making as a representative director of an operating company and in the management of several operating companies (the members of the Special Committee have not been changed since its establishment, with Mr. Takeshi Kaide, an independent outside Director of the Company, appointed as the chairman of the Special Committee by mutual vote among the committee members). Among the members of the Special Committee, Mr. Hiroaki Ishizuka, who was not an outside Director of the Company at the time of the establishment of the Special Committee, has been a member of the Special Committee since its establishment because it was internally decided by a resolution of the board of directors of the Company that he would become an outside Director upon approval at the ordinary general shareholders' meeting to be held in June 2024.

After that, as stated in "(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer" under "(2) Grounds and reasons for the opinion" above, the Company established the Special Committee by resolution at an extraordinary meeting of the board of directors held on April 5, 2024, and consulted with the Special Committee on the Consultation Matters. In addition, in establishing the Special Committee, the Company's board of directors has resolved that the Company will authorize the Special Committee to: (i) be substantially involved in the process of negotiating the terms and conditions of the Transaction by, for example, confirming in advance the policies for negotiating the Tender Offer Price and other terms and conditions of the

Transaction, receiving timely reports on the situation of the negotiations, expressing opinions in important aspects, and issuing instructions and making requests; (ii) approve (including ex-post facto approval) the financial advisor or legal advisor appointed by the Company; (iii) appoint its own advisor, as necessary, in providing its report on the Consultation Matters (if the Special Committee determines that the Special Committee can rely on the Company's advisors to provide professional advice or explanations, including that such advisors are highly professional and independent, then the Special Committee may request professional advice or explanations from the Company's advisors, and the reasonable costs associated with the professional advice of the advisors of the Special Committee will be borne by the Company); and (iv) receive from the Company's officers and employees and such other persons as the Special Committee deems necessary all information necessary to consider and make judgments concerning the Transaction.

At the above-mentioned Company's board of directors meeting, Mr. Yuji Fukuda and Mr. Noboru Fukushima among the six directors at that time are from or related to ITOCHU. Therefore, considering that the Company is a subsidiary of ITOCHU and that the Transaction is a type of transaction involving issues of structural conflict of interest and information asymmetry, four directors excluding these two directors deliberated and unanimously adopted the above resolution from the viewpoint of eliminating the possibility that the deliberation and resolution at the Company's board of directors meeting may be affected by these issues. In addition, all 3 Audit & Supervisory Board Members at that time attended the above board of directors meeting and have given their opinion that they have no objection to the above resolution.

Each member of the Special Committee shall receive a fixed remuneration for his or her services, regardless of whether the Transaction is successfully completed.

(ii) Background of consideration

The Special Committee held a total of 21 meetings during the period from April 10, 2024 to August 2, 2024. In addition, the members of the Special Committee performed their duties with respect to the Consultation Matters by, among other things, reporting to and exchanging information with the other members and deliberating and making decisions by e-mail from time to time as necessary between such meetings. Specifically, the Special Committee first considered matters such as independence, expertise, and performance, and then determined to appoint Kitahama Partners as its own legal advisor independent of the Offeror Related Parties and the C.I. Takiron Group, and to appoint Plutus Consulting as its own financial advisor and third-party valuator independent of the Offeror Related Parties and the C.I. Takiron Group on April 19, 2024. The Special Committee has confirmed that each of Kitahama Partners and Plutus Consulting is not an affiliated party of the Offeror Related Parties or the C.I. Takiron Group, that each of them has no material interest in the Transaction, including the Tender Offer, and that there are no other concerns with respect to the independence in the Transaction.

The Special Committee has also confirmed that there were no issues regarding the independence,

expertise, performance, and other matters of Daiwa Securities, the Company's financial advisor and third-party valuator, and Anderson Mori & Tomotsune, the Company's legal advisor, and approved their appointment.

The Special Committee also confirmed and approved that, from the perspective of independence and fairness, there is no problem with the internal system established by the Company for the consideration of the Transaction (including the scope of officers and employees of the Company who will be involved in the consideration, negotiation, and decision on the Transaction, and their duties).

The Special Committee then considered measures to be taken to ensure the fairness of the procedures in the Transaction based on the legal advice received from Kitahama Partners and opinions heard from Anderson Mori & Tomotsune.

The Special Committee received an explanation from, and held a question-and-answer session with, ITOCHU regarding the background of the proposal for the Transaction, the significance and purpose of the Transaction, the management structure and policies after the implementation of the Transaction, and other matters.

Moreover, the Special Committee heard the Company's views and related information regarding the significance and purpose of the Transaction, the impact of the Transaction on the Company's business, the management structure and policies of the Company after the implementation of the Transaction, and other matters, and held a question-and-answer session regarding these matters.

In addition, the Special Committee confirmed the reasonableness of the business plan prepared by the Company and approved it after receiving explanations from the Company and holding a question-and-answer session regarding the details of the business plan, material assumptions, and the process of preparation, while taking into account the advice from a financial perspective received from Plutus Consulting. Thereafter, as described in "(II) Procurement by the Company of a share valuation report from an independent third-party valuator" and "(III) Procurement by the special committee of a share valuation report from an independent third-party valuator" under "(3) Matters concerning valuation" above, Plutus Consulting and Daiwa Securities calculated the value of the Company's Stock based on the contents of the Company's business plan. The Special Committee received explanations from Plutus Consulting and Daiwa Securities regarding the valuation methods they used to calculate the value of the Company's Stock, the reasons for adopting such valuation methods, the details of the valuation based on each such valuation method, and the material assumptions, and confirmed the reasonableness of these matters through a question-and-answer session and through deliberation and consideration.

In addition, the Special Committee received reports from the Company and its advisors on negotiations between the Company and ITOCHU from time to time, and deliberated and considered them based on the advice from a financial perspective received from Plutus Consulting and the advice from a legal perspective received from Kitahama Partners, and provided necessary opinions on the Company's negotiation policy, as appropriate. Specifically, the Special Committee was substantially

involved in the process of discussions and negotiations between the Company and ITOCHU, for example, by providing opinions to the Company on 7 occasions to the effect that the Company should request ITOCHU to increase the Tender Offer Price as soon as the Company received each proposal of the Tender Offer Price from ITOCHU, after receiving timely reports from the Company on the process and details of the discussions and negotiations regarding the Tender Offer Price, and by the fact that the Company conducted negotiations with ITOCHU in accordance with such opinions.

As a result, on July 23, 2024, the Company received a proposal from ITOCHU that included the Tender Offer Price of 870 yen per share and, as a result, the Tender Offer Price was increased from ITOCHU's initial offer of 705 yen to 870 yen.

Furthermore, the Special Committee received several explanations from Anderson Mori & Tomotsune regarding the contents of the draft of this press release regarding the Tender Offer to be issued by the Company and, with the advice of Kitahama Partners, confirmed that substantial disclosure of information would be made.

(iii) Determinations

Based on the above, and taking into consideration the advice from a legal perspective received from Kitahama Partners and the advice from a financial perspective received from Plutus Consulting, as well as the content of the Share Valuation Report (Plutus Consulting) submitted on August 2, 2024, the Special Committee carefully discussed and considered the Consultation Matters. As a result, on the same date, the Special Committee submitted to the Company's board of directors the Report, the contents of which are summarized below, with the unanimous consent of all members.

(A) Content of the Report

- a. The Transaction will contribute to the enhancement of the corporate value of the Company, and the purpose of the Transaction is deemed reasonable.
- b. The fairness and appropriateness of the terms and conditions of the Transaction (including the Tender Offer Price) are deemed to have been ensured.
- c. The fairness of the procedures in the Transaction is deemed to have been ensured.
- d. Based on a through c above, the Transaction is not deemed to be disadvantageous to the minority shareholders of the Company.
- e. It is deemed appropriate for the Company's board of directors to express an opinion in favor of the Tender Offer and to express its opinion recommending that the shareholders of the Company tender their shares in the Tender Offer, which is not deemed disadvantageous to the minority shareholders of the Company.

(B) Reason for the Report

- a. Reasonableness of the purpose of the Transaction (including whether the Transaction will

contribute to enhance the corporate value of the Company)

- The business environment surrounding the Company and the Company's management issues as explained by ITOCHU and the Company, and the initiatives and synergies that can be expected after the implementation of the Transaction are not unreasonable.
- The business environment surrounding the Company continues to be challenging, as the Company's sales and profits declined significantly in FY 2022 due to the impact of COVID-19 and unstable global economic conditions, etc., and in the single-year management plan for FY 2023, although consolidated net income was achieved, consolidated sales, operating income, and operating income margin were lower than the initial plan. In addition, although the current results for the first quarter of the fiscal year ending March 2025 are relatively strong, there continue to be factors that significantly affect the business environment, such as monetary policy, political changes in Europe and the Middle East, naphtha and other resource price fluctuations, and currency exchange rate fluctuations, and it is deemed necessary to establish a system that enables the prompt and flexible implementation of measures and responses in preparation for unexpected changes in the business environment in the future.
- In the Company's existing businesses, the domestic market, which is its main market, is in a mature and declining stage, and it is difficult to reasonably expect future demand growth in the Construction Materials and Civil Engineering Business and the Specialty Films (Agri-Business) Business. In this area of shrinking market, it is possible to consider increasing market share and adopting a strategy of horizontal integration and roll-up, and although the Company can expect to achieve a certain level of success in the domestic market on its own, there is limited room to increase its market share in the domestic market, and the Company does not have sufficient human resources, including PMI, to consider M&A projects at the same time. However, the room for market share gains in the domestic market is limited, and with the limited number of M&A deals the Company can consider simultaneously, the Company does not have sufficient human resources, including PMI, available. Furthermore, from a larger perspective, it is important to aggressively expand into overseas markets with growth potential, rather than the shrinking domestic market, and to adopt bold strategies such as large-scale M&As and industry restructuring in order to enhance corporate value over the medium to long term, but it is difficult for the Company to achieve these promptly on its own.
- In the High Functional Materials Business, there are certain barriers to entry, and although the domestic market is expected to grow to a certain degree, the quality level of overseas manufacturers is improving, and there are certain limits to maintaining and sustaining the superiority of the Company's technological capabilities. In addition, signs of industrial localization from the perspective of economic security are emerging, and the relative

dependence of overseas users on Japan is expected to decline. Therefore, in the said Business as well, expansion into overseas markets, such as acquiring overseas companies and establishing new overseas factories, and business development are considered essential for medium- to long-term growth. This is also difficult for the Company to achieve on its own because the Company does not have enough people with overseas work experience, overseas networks, or information resources.

- In the Specialty Films Business, the market is expected to shrink, and although it is necessary to respond to changing market needs in light of the trend toward environmental protection, including de-plasticization, the Company is not sufficiently engaged in product development using new materials, manufacturing methods, and technologies on its own.
- As described above, although there is room for the Company to grow on its own in each of its business fields, there are limits to what the Company can do on its own to enhance its corporate value over the medium to long term, particularly with respect to business development in overseas markets or embarking on major industry restructuring, in terms of its human resources, negotiating power, financial resources, and other various factors. In this regard, if the Company becomes a wholly-owned subsidiary of ITOCHU, the Company will be able to take full advantage of ITOCHU's human resources, negotiating power, financial strength, and network to expand its business in overseas markets, conduct large-scale M&A and cross-border M&A, undertake industry restructuring, and actively invest in and develop new businesses and products, as well as to strengthen its sales and marketing capabilities.
- In addition, if the Company were to embark on bold measures such as large-scale M&A or industry restructuring while remaining listed, the share price may decline due to a temporary downturn in business performance or other factors, which could impose a burden on minority shareholders. However, if the Company becomes a wholly-owned subsidiary of ITOCHU, such concerns will be eliminated, making it easier to implement speedy measures that take into account industry trends and drastic measures and reforms from a medium- to long-term perspective, as well as to establish a system that enables prompt decision-making under a single shareholder.
- In addition to the above, the following specific benefits are expected from the Company becoming a wholly-owned subsidiary of ITOCHU.
 - (a). The Company becoming a wholly-owned subsidiary of ITOCHU, rather than an independent listed company, would eliminate the structural conflict of interest and allow the Company, as a member of the ITOCHU Group, to make maximum use of the ITOCHU Group's management resources, including their information gathering capabilities (in searching for potential acquisition targets and gathering information on

user needs) and their human resources and know-how (particularly with respect to overseas M&As), as well as their negotiating power, overseas networks, and value chains/supply chains.

- (b). In terms of personnel exchange, the Company can expect to dispatch its personnel to ITOCHU and obtain ITOCHU's know-how, and to receive from ITOCHU the dispatch of personnel with extensive M&A experience and knowledge. The Company can also expect to receive a certain level of support concerning human resources in accounting, IT, corporate planning, legal, and other divisions, where it is difficult for the Company to secure human resources on its own.
 - (c). In terms of cost reduction, by becoming a wholly-owned subsidiary of ITOCHU, the Company can expect not only to simply receive volume discounts, but also to revise its overall purchasing measures (including the part concerning the procurement of resin materials) by making maximum use of the support and network of the ITOCHU Group, thereby establishing a strategic raw material purchasing system and achieving a certain level of cost reduction. In addition, as a result of the delisting of the Company's Stock, cost reduction is expected with respect to the listing maintenance expenses.
 - (d). In terms of logistics and commercial distribution reforms, the Company can expect to break away from the structure of one-off sales to trading companies and wholesalers and expand into downstream markets on its own by utilizing CIPS Advance Inc. and other members of the ITOCHU Group.
- On the other hand, one of the potential disadvantages of the Company becoming a wholly-owned subsidiary of ITOCHU is that, in the abstract, taking the Company private may cause a decline in the motivation of its employees. However, this risk is not considered to be significant, as the ITOCHU Group plans to exchange human resources and improve the treatment of employees after making the Company its wholly-owned subsidiary. In addition, although it is possible, in the abstract, that taking the Company private may reduce the company's creditworthiness and decrease the number of business partners, such problem is not of particular concern given the Company's existing social credibility and name recognition, and becoming a wholly-owned subsidiary of ITOCHU is not expected to have any negative impact in this respect. Furthermore, after the privatization of the Company, the Company will no longer be able to conduct M&As using its shares as consideration or obtain direct financing from the capital market. However, by becoming a wholly-owned subsidiary, the Company is expected to be able to utilize the financing systems of the ITOCHU Group more than before. Therefore, the Special Committee does not see any inconvenience in this regard.
 - From the above, the disadvantages associated with the Company becoming a wholly-owned

subsidiary are considered to be very limited.

- In light of the foregoing, and after careful discussion and consideration, the Special Committee believes that the Transaction will contribute to the enhancement of the Company's corporate value and that the purpose of the Transaction is reasonable.
- b. The fairness and appropriateness of the terms and conditions of the Transaction (including the Tender Offer Price)
- (a). Procurement of the Share Valuation Report (Daiwa Securities) and the Share Valuation Report (Plutus Consulting)
- According to the Share Valuation Report (Daiwa Securities), the value per share of the Company's Stock is calculated to range from 701 yen to 821 yen under the average market share price method, from 497 yen to 829 yen under the comparable company method, and from 674 yen to 1,000 yen under the DCF method. The Tender Offer Price exceeds the upper limits of the ranges calculated under the average market share price method and the comparable company method, respectively, and is within and exceeds the median (837 yen) of the range calculated under the DCF method.
 - According to the Share Valuation Report (Plutus Consulting), the value per share of the Company's Stock is calculated to range from 703 yen to 806 yen under the average market share price method, from 817 yen to 963 yen under the comparable company method, and from 770 yen to 1,140 yen under the DCF method. The Tender Offer Price exceeds the upper limit of the range calculated under the average market share price method, and is within the ranges calculated under the comparable company method and the DCF method, respectively.
 - In addition, the Special Committee received detailed explanations from both Daiwa Securities and Plutus Consulting regarding the valuation methods used in the valuation of the share value and other relevant matters, held Q&A sessions with Daiwa Securities, Plutus Consulting, and the Company regarding the selection of the valuation methods, the selection of the comparable companies and the indices used as the multiple in the comparable company method, the business plan of the Company used as the basis for the DCF method, the financial forecasts based on such business plan, the calculation method for the going concern value, the basis for the discount rate, and the required working capital, and reviewed the valuation results on that basis. As a result, the Special Committee finds no unreasonable point in the valuation results in light of general valuation practices.
 - In particular, the Special Committee finds that the business plan has been prepared in the same process and manner as the medium-term management plan regularly prepared by the Company, that there is no fact of undue involvement or influence of the Offeror Related Parties in the preparation of the Company's business plan, and that the business plan is

considered reasonable in light of the assumptions and the background and process of preparation. In this regard, the strong performance in the first quarter of the fiscal year ending March 31, 2025 is a temporary and transitory factor related to the Construction Materials and Civil Engineering Business due to hail damage (mainly in Hyogo Prefecture) and other events, and the Special Committee believes that it is not necessary to revise the business plan due to such special factor.

- In addition, Daiwa Securities and Plutus Consulting each took appropriate measures to ensure that their valuation results were not affected by the results of the other party's valuation results, and reasonable measures are considered to have been taken in this regard as well.
- Therefore, the Special Committee believes that the content of both the Share Valuation Report (Daiwa Securities) and the Share Valuation Report (Plutus Consulting) are reasonable.

(b). Level of premiums

- The Tender Offer Price (870 yen) represents a premium of 9.71% over the closing price of the Company's Stock of 793 yen on the Prime Market of the TSE on August 2, 2024; a premium of 7.94% over the simple average closing price of 806 yen for the most recent one month; a premium of 15.85% over the simple average closing price of 751 yen for the most recent three months; and a premium of 23.76% over the simple average closing price of 703 yen for the most recent six months.
- In this regard, the recent fluctuations in the Company's market share price may have been influenced by the Company's "Consolidated Financial Results for the Year Ended March 31, 2024" and its medium-term management plan "'Go Beyond' Innovation 2026," both of which were released on May 8, 2024, or the "Notice of Compliance with the Prime Market Listing Maintenance Standards" announced on June 20, 2024. In addition, as noted by ITOCHU, the Company's name was directly mentioned in media articles published on May 14, 2024 and June 20, 2024 regarding the stocks of companies expected to dissolve their parent-subsiary listings. In August 2023, ITOCHU actually announced that the ITOCHU Group would make ITOCHU Techno-Solutions Corporation, a subsidiary of ITOCHU, and DAIKEN CORPORATION, an equity method affiliate of ITOCHU, wholly-owned subsidiaries of ITOCHU. Thus, it is possible that the market price of the Company's Stock during the relevant period may have reflected the influence of such articles and publicly announced information as well as the market's expectation that the Company's Stock would be delisted.
- On the other hand, the market price of the Company's Stock has been at a level over 800 yen since mid-July 2024. In addition, although the Company has not announced any

corporate information that would affect the market share price, the market price of the Company's Stock has sometimes increased significantly in a single day, with a maximum of 7.3% compared to the previous day's closing price (by 59 yen; specifically, the difference between the closing price of 806 yen on July 17, 2024 and the closing price of 865 yen on July 18, 2024), and in late July 2024, an inquiry was made to the Company regarding the possibility of a tender offer, making it difficult to provide a reasonable explanation in light of the past trend of the market prices of the Company's Stock. We cannot rule out the possibility of speculative buying in anticipation of the delisting, although the cause is not clear, and it is quite possible that the formation of the market share price was not only based on a reasonable evaluation and expectation of the Company's performance, but that other factors also contributed to the sharp increase in the market share price.

- In analyzing the level of premiums attached to the Tender Offer Price based on the above, the premiums over the closing price on August 2, 2024, the business day immediately preceding the date of announcement of the Tender Offer, and over the simple average of the closing prices for the most recent one month is not necessarily high compared to the level of premiums in similar transactions in the past. However, given that the market price level of the Company's Stock has been nearly 100 yen higher than the Company's previous market share price level (i.e. around 700 yen) in the most recent one-month period, in particular, even though no specific corporate information was announced by the Company, and that the highest market price of the Company's Stock during the period (the closing price of 875 yen on July 23, 2024) is higher than the highest market price of the Company's Stock over the past 10 years (the closing price of 852 yen on November 14, 2017), excluding the most recent market share price, which is difficult to explain rationally, there is a possibility that the trend of the market share price during the period in question was temporarily shaped by stock market influences that are difficult to explain rationally. Therefore, we should not focus excessively on the market share price at the relevant time and during the relevant period.
- On the other hand, the Tender Offer Price represents a premium of more than 10% over the simple average closing prices for the most recent three months and the premium over the simple average of the closing prices for the most recent six months can be evaluated as being at a certain level compared with the premium level in similar transactions in the past. The Tender Offer Price can also be evaluated as a reasonable price by the fact that it is higher than 852 yen, which is the highest price of the Company's Stock for the past 10 years, excluding the most recent market share price, which is difficult to explain rationally, that it is higher than the median (837 yen) of the results of share valuations by Daiwa Securities using the DCF method and is within the range of values calculated by Plutus Consulting using the DCF method, and that it is a price close to the median (885 yen) of the range of

770 yen to 1,000 yen, which is the overlapping range of the results of the DCF analyses of share values by Daiwa Securities and Plutus Consulting. The Special Committee concluded, from the perspective of providing the Company's minority shareholders with an appropriate opportunity to sell their shares, that the Tender Offer Price is at a level where a certain degree of reasonableness is recognized, rather in light of the fact that the Company's future business environment involves risk factors such as exchange rate fluctuations and rising raw material prices, and that there is a high degree of uncertainty regarding the Company's expansion into overseas markets with growth potential.

(c). Relationship with the PBR

- Based on the explanations provided by Daiwa Securities and Plutus Consulting, a PBR of 1x (as of March 31, 2024) is a theoretical liquidation value, and it is not reasonable to place importance on such ratio in the calculation of the corporate value of the Company as a going concern. In addition, according to these explanations, if the Company were to be liquidated, given the difficulties in selling illiquid assets, which constitute a substantial portion of total assets in the Company's consolidated balance sheet as of the same date, and the various additional costs that would be incurred, including personnel reduction costs associated with liquidation, asset retirement costs associated with plant closures, and soil contamination remediation costs, a significant decrease in the book value would be expected, and taking these factors into account, the liquidation value per share would be lower than the Tender Offer Price. Therefore, the fact that the Tender Offer Price is lower than a PBR of 1x is not considered to negate its reasonableness.

(d). Details of discussions and negotiations with ITOCHU

- The Company and the Special Committee conducted discussions and negotiations with ITOCHU on multiple occasions regarding the tender offer price from the perspective of protecting the interests of the Company's minority shareholders in accordance with the negotiation policy approved in advance by the Special Committee.
- Specifically, the Company and the Special Committee, through Daiwa Securities, conducted price negotiations in accordance with the policy approved by the Special Committee and succeeded in raising the price seven times, resulting in a total increase of 165 yen (the difference between the Tender Offer Price of 870 yen and the initial offer price) from ITOCHU's initial offer price (705 yen per share).

(e). Other points regarding the appropriateness of the scheme and terms of the Transaction

- It cannot be said that it is unreasonable to adopt the scheme of the Transaction because such a scheme is used as a general going private method and the Tender Offer Price can be

evaluated as a reasonable amount, as described above.

- There are no other unreasonable points regarding the scheme and terms of the Transaction.

(f). Summary

- As a result of careful discussion and consideration based on the above points, the Special Committee has concluded that the fairness and appropriateness of the terms and conditions of the Transaction (including the Tender Offer Price) are considered to be ensured, taking into account such circumstances as that the Tender Offer Price is at a level higher than the median (837 yen) of the results of the share valuations by Daiwa Securities using the DCF method and is within the range of values calculated by Plutus Consulting using the DCF method, that it is close to the median (885 yen) of the range of 770 yen to 1,000 yen, which is the overlapping range of the results of the DCF analyses of share values by Daiwa Securities and Plutus Consulting, that the premiums over the simple average closing prices for the most recent three months and six months can be evaluated as being at a certain level, that the Tender Offer Price is at a level higher than 852 yen, which is the highest price of the Company's Stock for the past 10 years, excluding the most recent market price, which is difficult to explain rationally, and that the Company has succeeded in increasing the Tender Offer Price by 165 yen from ITOCHU's initial offer price.

c. Fairness of the Transaction procedures

(a). Establishment of the Special Committee

- For the purpose of eliminating arbitrariness and avoiding conflicts of interest in the Company's decision-making process in connection with the Tender Offer, the Company established a special committee consisting of Mr. Takeshi Kaide, Ms. Yoshiko Kosaka, and Mr. Hiroaki Ishizuka, who are independent from the Offeror Related Parties, and obtained its Report.
- The Special Committee held a total of 21 meetings and, as described above, was substantially involved in the discussions and negotiations with ITOCHU, and it is acknowledged that sincere negotiations were conducted on terms deemed equivalent to those of an arm's length transaction.

(b). Appointment by the Company of its advisors

- The Company appointed Daiwa Securities as its third-party valuator and financial advisor with expertise who is independent of the Offeror Related Parties and the C.I. Takiron Group, and received the Share Valuation Report (Daiwa Securities) as well as advice and opinions from a financial perspective. In addition, the Company appointed Anderson Mori & Tomotsune as its independent legal advisor with expertise, and has received advice and

opinions with respect to the measures to be taken to ensure the fairness of the procedures in the Transaction and other matters from a legal perspective.

(c). Appointment by the Special Committee of its own advisors

- The Special Committee appointed Plutus Consulting as its own third-party valuator and financial advisor with expertise who is independent of the Offeror Related Parties and the C.I. Takiron Group, and received the Share Valuation Report (Plutus Consulting) as well as advice and opinions from a financial perspective. In addition, the Special Committee appointed Kitahama Partners as its own independent legal advisor with expertise, and has received advice and opinions with respect to the measures to be taken to ensure the fairness of the procedures in the Transaction and other matters from a legal perspective.

(d). Establishment of an independent review system in the Company

- The Company established a project team exclusively consisting of officers and employees who are independent of the Offeror Related Parties since the commencement of consideration to implement the Transaction. The Special Committee finds no issue regarding the independence or fairness of the review system.
- The Company has caused this team to consider the Transaction and to engage in discussions and negotiations with ITOCHU. The Special Committee finds no facts that would lead to the conclusion that the Offeror Related Parties exercised any undue influence on the Company in the process of considering the Transaction.

(e). No involvement of special stakeholders

- The three directors: Messrs. Yuji Fukuda, Noboru Fukushima, and Akihiro Ueda, among the seven directors of the Company, served as an officer or employee of ITOCHU in the past. In addition, Mr. Hideki Sugiura, among the four Audit & Supervisory Board Members of the Company, currently serves as an employee of ITOCHU. In order to solve the issue of structural conflict of interest, they did not participate in any of the deliberations and resolutions of the Company's board of directors meetings regarding the Transaction held to date, nor do they intend to participate in the deliberations and resolutions of the board of directors meeting scheduled to be held on August 5, 2024 to express opinion on the Transaction. They have not participated in the consideration of the Transaction or in the discussions and negotiations with ITOCHU in a position to represent the Company.
- The Special Committee finds no other facts that would lead to the conclusion that, in the process of discussions, consideration, and negotiations of the Transaction, the Offeror Related Parties and other special stakeholders in the Transaction exercised any undue influence on the Company in making its decisions.

(f). Ensuring the opportunity to make competing offers

- For the Tender Offer, the Offeror intends to set the tender offer period to 30 business days, which is longer than the minimum period (20 business days) required by laws and regulations. In addition, the Offeror and the Company have not entered into any agreement containing a deal protection clause that would prohibit or restrict the Company from contacting a competing offeror other than the Offeror so as not to unduly restrict the opportunity for a person other than the Offeror to make a tender offer. Consideration has been given to ensuring the fairness of the procedures for the Transaction by ensuring the opportunity to make competing offers, together with setting the relatively longer tender offer period as described above.
- Although no active market checks have been conducted in the Tender Offer, the fairness of the procedures has been ensured by other fairness measures. In addition, active market checks generally do not work well in the case of an acquisition of 100% of the shares in a subsidiary by its controlling shareholder. Accordingly, the mere absence of active market checks in the Tender Offer is not expected to impair the fairness of the procedures for the Transaction.

(g). Imposition of a Majority of Minority condition

- A so-called Majority of Minority condition has not been imposed on the Tender Offer. However, in the Tender Offer, considering the fact that the ITOCHU Parties hold 54,341,418 shares of the Company's Stock in total (Shareholding Ratio: 55.69%), if a Majority of Minority condition is imposed, the successful completion of the Tender Offer may become uncertain and such a condition may not contribute to the interests of the minority shareholders who wish to tender their shares in the Tender Offer.
- While a Majority of Minority condition has not been imposed, the mere absence of a Majority of Minority condition in the Tender Offer is not expected to impair the fairness of the procedures for the Transaction for the following reasons: the attainment of the minimum number of shares to be purchased in the Tender Offer (10,707,900 shares) requires that a certain number of minority shareholders of the Company support and tender their shares in the Tender Offer; the fairness of the procedures has been ensured by other fairness measures and the interests of the minority shareholders of the Company have been sufficiently taken into account; and the interests of the minority shareholders would also be served by respecting their decision to tender in the Tender Offer and to sell their shares of the Company's Stock at a reasonable premium in order for them to avoid uncertain market conditions in the future.

(h). Squeeze-out Process

- Minority shareholders who do not tender their shares in the Tender Offer will ultimately receive cash in the Squeeze-out Process to be implemented after the Tender Offer. Press releases will expressly state that the amount of cash to be delivered in such process will be calculated to be the same as the amount obtained by multiplying the Tender Offer Price by the number of shares of the Company's Stock held by the relevant shareholders. In this way, consideration has been given to the avoidance of coercion to a certain extent. In addition, a demand for share cash-out or a share consolidation, which is planned in the Squeeze-out Process, is a common method of taking an entity private, and in both of these procedures, minority shareholders will have an appropriate opportunity to express their objections to the consideration. Accordingly, the Special Committee does not see anything unreasonable with respect to the Squeeze-out Process.

(i). Summary

- In light of the foregoing, and after careful discussion and consideration by the Special Committee, the Special Committee believes that the fairness of the procedures for the Transaction has been ensured.

d. Whether the Transaction is disadvantageous to the minority shareholders of the Company, in light of a. through c. above

- In light of a. through c. above, the Special Committee believes that the Transaction is not disadvantageous to the minority shareholders of the Company.

e. Whether the decision by the Company's board of directors to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer is appropriate

- The Special Committee believes that the decision by the Company's board of directors to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer is appropriate, and is not disadvantageous to the minority shareholders

(IV) Procurement by the special committee of a share valuation report from an independent third-party valuator

As stated in "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" above, in considering the Consultation Matters, the Special Committee appointed Plutus Consulting, a financial advisor and third-party valuator independent of the Offeror Related Parties and the C.I. Takiron Group, to calculate the share value

of the Company and to provide advice from a financial perspective, including advice on the negotiation policy with the Offeror, and procured the Share Valuation Report (Plutus Consulting) on August 2, 2024. For the outline of the Share Valuation Report (Plutus Consulting), please see "(III) Procurement by the special committee of a share valuation report from an independent third-party valuator" under "(3) Matters concerning valuation" above. Plutus Consulting is not a member of the Offeror Related Parties or the C.I. Takiron Group and has no material interest in the Tender Offer that should be disclosed.

(V) Advice procured by the special committee from an independent law firm

As stated in "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" above, the Special Committee appointed Kitahama Partners as a legal advisor independent of the Offeror Related Parties and the C.I. Takiron Group, to provide legal advice with respect to measures to be taken to ensure fairness of the procedures in the Transaction and the Special Committee's consideration and deliberation of the Consultation Matters. In addition, Kitahama Partners is not a member of the Offeror Related Parties or the C.I. Takiron Group and has no material interest in the Transaction, including the Tender Offer. The fees paid to Kitahama Partners are to be calculated by multiplying the hours worked by the hourly rate, regardless of whether the Transaction is successfully completed, and do not include any performance fee payable upon successful completion of the Transaction.

(VI) Advice procured by the Company from an independent law firm

As described above in "(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer" under "(2) Grounds and reasons for the opinion," the Company retained Anderson Mori & Tomotsune as its legal advisor independent from the Offeror Related Parties and the C.I. Takiron Group, and has received legal advice from the firm with respect to the measures to be taken to ensure the fairness of the procedures in the Transaction, the procedures for the Transaction, the method and process of decision-making by the Company regarding the Transaction, and other matters that must be noted in making decisions.

In addition, as described above in "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee," the Special Committee has confirmed that there is no issue regarding the independence, expertise, or performance of Anderson Mori & Tomotsune and approved its retention.

Anderson Mori & Tomotsune is not a member of the Offeror Related Parties or the C.I. Takiron Group and has no material interest in the Transaction, including the Tender Offer. The fees paid to Anderson Mori & Tomotsune are to be calculated by multiplying the hours worked by the hourly rate, regardless of whether the Transaction is successfully completed, and do not include any performance fee payable upon successful completion of the Transaction.

(VII) Establishment of an independent review system in the Company

As described above in "(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer" under "(2) Grounds and reasons for the opinion," the Company has established a system within the Company to consider, negotiate, and make judgments concerning the Transaction in a position independent of the Offeror Related Parties. Specifically, the Company established a project team to consider the Transaction and to engage in discussions and negotiations with ITOCHU upon receipt of a notice of commencement of consideration to implement the Transaction on March 11, 2024. The members of the project team must, in principle, be exclusively consist of officers and employees of the Company, who do not simultaneously serve as officers or employees of any of the companies of the ITOCHU Group (excluding the C.I. Takiron Group) and who have not in the past served as officers or employees of any of the companies of the ITOCHU Group (excluding the C.I. Takiron Group), which requirement is still applicable. One of the members of the project team (an executive officer of the Company) was formerly employed by ITOCHU, but not less than four years have passed since he transferred to the Company, and he does not simultaneously serve as an officer or employee of the ITOCHU Group (excluding the C.I. Takiron Group). In addition, he is currently the General Manager of the Company's Corporate Planning Department and is familiar with the Company's quantitative analysis. His involvement is indispensable and irreplaceable in the consideration of the Transaction (including the preparation of the business plan that forms the basis for the valuation of the shares of the Company) and in the discussions and negotiations with ITOCHU. Therefore, in light of the establishment of the independent special committee and the measures taken to ensure fairness, he has joined the project team. In addition, two other members of the project team (employees of the Company) have been seconded to ITOCHU in the past. (i) One of them was seconded to ITOCHU for approximately two years, but not less than eight years have passed since the end of the secondment, and he does not simultaneously serve as an officer or employee of the ITOCHU Group (excluding the C.I. Takiron Group). He is currently the General Manager of the Company's Finance and Accounting Department and is familiar with the Company's quantitative analysis. His involvement is indispensable and irreplaceable in the consideration of the Transaction (including the responses to the due diligence conducted by ITOCHU) and in the discussions and negotiations with ITOCHU; and (ii) the other was seconded to ITOCHU for approximately three months, but not less than eight years have passed since the end of the secondment, and he does not simultaneously serve as an officer or employee of the ITOCHU Group (excluding the C.I. Takiron Group). He is currently a member of the Company's Corporate Planning Department and is familiar with the Company's quantitative analysis. His involvement is indispensable and irreplaceable in the consideration of the Transaction (including the preparation of the business plan that forms the basis for the valuation of the shares of the Company and responses to the due diligence conducted by ITOCHU) and in the discussions and negotiations

with ITOCHU. Therefore, in light of the establishment of the independent special committee and the measures taken to ensure fairness, they have joined the project team. In addition, the Special Committee has determined that there is no issue regarding the independence or fairness of the Company's review system including the treatment described above (including the scope and functions of the officers and employees of the Company who are involved in the consideration, negotiation, and determination of the Transaction).

(VIII) Unanimous approval of all disinterested directors of the Company and the opinion of all disinterested auditors of the Company that they have no objection

Based on the legal advice from Anderson Mori & Tomotsune, the financial advice from Daiwa Securities, the content of the Share Valuation Report (Daiwa Securities), the Share Valuation Report (Plutus Consulting) submitted through the Special Committee, the Report procured from the Special Committee, the content of the continuing discussions held several times with ITOCHU, and other related materials, the Company carefully discussed and considered whether the corporate value of the Company will increase through the Transaction, including the Tender Offer by the Offeror, and whether the terms and conditions of the Transaction, including the Tender Offer Price, are reasonable. As a result, as described above in "(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer" under "(2) Grounds and reasons for the opinion," the Company resolved at its board of directors meeting held today that the Company will express its opinion in favor of the Tender Offer and will recommend its shareholders to tender their shares of the Company's Stock in the Tender Offer.

At the above-mentioned Company's board of directors meeting, Mr. Yuji Fukuda, Mr. Akihiro Ueda, and Mr. Noboru Fukushima among the seven directors of the Company are from ITOCHU. Therefore, considering that the Company is a subsidiary of ITOCHU and that the Transaction is a type of transaction involving issues of structural conflict of interest and information asymmetry, four directors excluding these three directors deliberated and unanimously adopted the above resolution from the viewpoint of eliminating the possibility that the deliberation and resolution at the Company's board of directors meeting may be affected by these issues. In addition, all three Audit & Supervisory Board Members, except Mr. Hideki Sugiura who is an employee of ITOCHU, attended the above-mentioned board of directors meeting, and all Audit & Supervisory Board Members present at the meeting expressed their opinion that they have no objection to the above resolution.

Considering that the Transaction is a type of transaction involving issues of structural conflict of interest and information asymmetry, three directors of the Company: Mr. Yuji Fukuda, Mr. Akihiro Ueda, and Mr. Noboru Fukushima, and Mr. Hideki Sugiura among the Audit & Supervisory Board Members of the Company did not participate in any of the deliberations and resolutions of the board of directors meetings regarding the Transaction, including the above-mentioned board of directors

meeting, nor did they participate in the discussions and negotiations of the Transaction in a position to represent the Company from the viewpoint of eliminating the possible effects of these issues.

(IX) No deal protection clause

The Company and the Offeror have not entered into any agreement that would restrict a competing offeror from contacting the Company, such as an agreement containing a deal protection clause that would prohibit the Company from contacting a competing offeror. Consideration has been given to ensuring the fairness of the Tender Offer by, among other things, not restricting the opportunity to receive competing offers to purchase the Company's Stock.

(X) Measures to ensure that the Company's shareholders have the opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer

As described above in "(5) Policies on reorganization, etc. after the Tender Offer (matters concerning "two-step acquisition")" under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer," the Offeror (i) intends to request the Company, promptly after the completion of settlement of the Tender Offer, to hold an extraordinary shareholders' meeting to propose to carry out a Demand for Share Cash-out or a Share Consolidation depending on the number of shares to be acquired by the Offeror upon the successful completion of the Tender Offer and to partially amend the articles of incorporation of the Company in order to abolish the provisions regarding a share unit number subject to the Share Consolidation taking effect, and thus refrains from using any methods that do not secure the right of the Company's shareholders to request the purchase of shares or to file a petition for a court to determine the price of shares, and (ii) has clarified that the amount of money to be delivered to the Company's shareholders as consideration for their shares of the Company's Stock in the Demand for Share Cash-out or the Share Consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of shares of the Company's Stock held by each such shareholder (excluding the Company and the Offeror Parties). In this way, the Offeror ensures that the Company's shareholders have the opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer and has thus taken care not to create any coercion.

In addition, the Offeror has set the tender offer period to 30 business days, which is relatively longer than the minimum period of 20 business days required by laws and regulations. By setting a tender offer period longer than the statutory minimum period, the Offeror intends to ensure that the Company's shareholders have the opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer, and thereby ensuring the fairness of the Tender Offer Price.

4. Matters concerning Material Agreements between the Offeror and the Shareholders of the Company

regarding the Tender of Shares

The Offeror and ITOCHU have received confirmation from ITOCHU Plastics on August 2, 2024 that it will not tender the Non-tendered Shares (199,000 shares; Shareholding Ratio: 0.20%) in the Tender Offer. Since ITOCHU Plastics is a wholly-owned subsidiary of ITOCHU, it was determined that it would be sufficient to confirm the intention of ITOCHU Plastics orally rather than in writing.

5. Description of Provision of Profit by Tender Offeror or its Special Interest Parties

Not applicable.

6. Policy to Address Basic Policy concerning Control of Company

Not applicable.

7. Inquiries to Tender Offeror

Not applicable.

8. Request for Extending Tender Offer Period

Not applicable.

9. Future Outlook

Please see "(II) Background, purposes, and decision-making process leading to the implementation of the Tender Offer by the Offeror," "(III) Management policy after the Tender Offer," and "(IV) Decision-making process leading to and reasons for the Company's opinion in favor of the Tender Offer" under "(2) Grounds and reasons for the opinion," "(4) Possibility of delisting and reason therefor," and "(5) Policies on reorganization, etc. after the Tender Offer (matters concerning "two-step acquisition")" under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer" above.

10. Matters concerning Transactions, etc. with Controlling Shareholders

(1) Applicability of transactions, etc. with controlling shareholders and compliance with guidelines concerning minority shareholders protection policy

ITOCHU, the parent company of the Offeror, is the controlling shareholder (parent company) of the Company. Accordingly, the expression of opinion on the Tender Offer is a transaction with the controlling shareholder. In its corporate governance report disclosed on April 1, 2024, the Company stated the following as its "Guidelines Concerning Minority Shareholders Protection Policy in Conducting Transactions with the Controlling Shareholder:" "When conducting transactions with our parent company, ITOCHU Corporation, we strictly manage all transactions in accordance with the various rules

and regulations established in advance, as in the case of ordinary transactions with third parties, and take appropriate measures so as not to disadvantage the minority shareholders." In connection with the Transaction, including the Tender Offer, the Company has taken measures to address structural conflict of interest and to ensure fairness of the terms and conditions of the Transaction, including the Tender Offer Price, as described above in "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer." The Company believes that such measures comply with the above-mentioned guidelines.

(2) Matters concerning measures to ensure fairness and to avoid conflict of interest

As described above in "(1) Applicability of transactions, etc. with controlling shareholders and compliance with guidelines concerning minority shareholders protection policy," the Transaction, including the Tender Offer, is a transaction with the controlling shareholder for the Company. Accordingly, the Company has determined that measures to ensure fairness and to avoid conflict of interest are necessary, and has taken the measures described above in "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer." In this way, the Company has made decisions after ensuring fairness and avoiding conflict of interest.

(3) Summary of opinion obtained from a person who has no interest in controlling shareholders regarding the fact that transactions, etc. are not disadvantageous to minority shareholders

The Company procured the Report from the Special Committee on August 2, 2024 to the effect that the Special Committee believes that the resolution of the board of directors of the Company to express the opinion in favor of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer is not disadvantageous to the minority shareholders of the Company. For the details, please see "(iii) Determinations" under "(III) Establishment by the Company of an independent special committee and procurement of a written report from the committee" under "(6) Measures to ensure fairness of the Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of the Tender Offer" under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer" above. The Report also serves as an opinion that it is not disadvantageous to the minority shareholders of the Company for the Offeror to take the Company private after the successful completion of the Tender Offer as described above in "(5) Policies on reorganization, etc. after the Tender Offer (matters concerning "two-step acquisition")" under "3. Details of, and Grounds and Reasons for the Opinion on the Tender Offer."

11. Other Matters Necessary for Investors to Properly Understand and Evaluate Corporate Information

(1) Publication of "Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March

31, 2025 [Japanese GAAP]"

The Company published the Company's Earnings Briefing today. For the details, please see the published document.

(2) Publication of "Notice Regarding the Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend Payment)

At the board of directors meeting held today, the Company resolved to revise its dividend forecast for the fiscal year ending March 31, 2025, which was announced on May 8, 2024, and not to pay interim and year-end dividends for that fiscal year. For the details, please see the "Notice Regarding the Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend Payment)" published by the Company today.

(3) Publication of "Notice Regarding the Cancellation of Issuance of New Shares as Restricted Stock-based Remuneration"

At the board of directors meeting held today, the Company resolved to cancel the issuance of new shares as restricted stock-based remuneration, which was announced on July 24, 2024. For the details, please see the "Notice Regarding the Cancellation of Issuance of New Shares as Restricted Stock-based Remuneration" published by the Company today.

(Reference) Outline of the tender offer

For the outline of the Tender Offer, please see the "Notice Regarding Commencement of Tender Offer for Shares of C.I. TAKIRON Corporation (Securities Code: 4215)" (Attached) published by the Offeror today.

End of Document

[Soliciting Regulations]

This press release is a statement to publicly announce the Tender Offer and is not prepared for the purpose of soliciting an offer to sell. When making an offer for sale, please be sure to read the Tender Offer Explanation Statement regarding the Tender Offer and make the offer at your own discretion. This press release does not constitute an offer to sell, a solicitation of an offer to sell, or a solicitation of an offer to purchase any securities, nor does it constitute a part thereof, and this press release (or any part hereof) or the fact of its distribution shall not serve as the basis for any contract related to the Tender Offer, and may not be relied upon when executing any contract.

[Future Outlook]

This press release includes expressions regarding the future business of the Company or other companies, etc., and may include expressions regarding future outlooks such as "expect," "predict," "intend," "plan," "believe," or "anticipate." These expressions are based on the Company's current business outlook and may change depending on future circumstances. The Company is not obligated to update the information regarding future outlook to reflect actual business results, various circumstances, changes in conditions, etc.

[U.S. Regulations]

The Tender Offer is to be conducted in compliance with the procedures and information disclosure standards stipulated by the Financial Instruments and Exchange Act of Japan, and the procedures and standards for the Tender Offer are not necessarily the same as those applicable in the United States. Specifically, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; hereinafter the same) as well as the regulations promulgated thereunder do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. Unless otherwise specified, all procedures related to the Tender Offer will be conducted in the Japanese language. While all or part of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in the case of any discrepancy between the Japanese documents and the corresponding English documents. Statements in this press release and the documents referenced herein include "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act of 1934. The actual results may significantly differ from the projections expressed or implied as the "forward-looking statements" due to known or unknown risks, uncertainties, or other factors. Neither the Offeror nor the Company nor any of their affiliates guarantee that the projections expressed or implied as the "forward-looking statements" will turn out to be accurate. The "forward-looking statements" contained in this press release and the documents referenced herein have been prepared based on the information available to the Offeror and the Company as of the date of this press release and the documents referenced herein, and unless required by laws and regulations, neither the Offeror nor the Company nor any of their affiliates are obligated to update or correct the statements made herein and therein in order to reflect future events or circumstances. The financial information contained in this press release and the documents referenced herein is based on the accounting standards applicable in Japan. Such accounting standards may be substantially different from accounting principles generally accepted in the United States or other countries. It may be difficult to exercise or claim any right that may be asserted under U.S. federal

securities laws, because both the Offeror and the Company are established outside the United States and all or part of their officers are non-U.S. residents. Further, it may be impossible to initiate legal proceedings in a non-U.S. court against a non-U.S. company or its officers for violations of U.S. federal securities laws. Additionally, non-U.S. entities and their subsidiaries and affiliates may not necessarily be subject to the jurisdiction of U.S. courts.

There is a possibility that, in the ordinary course of business, the Offeror, financial advisors of the Offeror and the Company, and the tender offer agent (including their affiliates) may, to the extent permitted by the 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 U.S. Securities Exchange Act of 1934, on their own or their customers' account, purchase or take action toward purchasing shares of the Company's Stock listed on the Prime Market of the TSE outside the Tender Offer prior to or during the tender offer period of the Tender Offer. If information regarding such a purchase is disclosed in Japan, it will be disclosed in English on the website of the relevant purchaser (or by other disclosure methods).

As described in the "Notice Regarding the Introduction of a Stock-based Remuneration System for Officers" published by the Company on May 9, 2018, the Company has introduced a stock-based remuneration system using a trust, the "Stock Delivery Trust," (the "Stock-based Remuneration System") for the Company's directors (excluding non-executive directors) and executive officers who have entered into an engagement agreement with the Company (collectively, the "Directors, etc.").

The Stock-based Remuneration System provides that the Directors, etc. of the Company who are covered by this system will, at a certain time each year, be awarded points in accordance with their titles, number of months in office, and consolidated operating profit target achievement rate, and then their rights to receive delivery of shares of the Company's Stock in the number corresponding to such points will vest (beneficial interests in trust), and the Directors, etc. will receive delivery of shares of the Company's Stock in such number. Under the Stock-based Remuneration System, on August 5, 2024, the rights to receive delivery of shares of the Company's Stock (the "Beneficial Interests") will vest for Mr. Kazuya Saito, who resigned as a director of the Company on March 31, 2024, and for Messrs. Hideharu Iwasaki, Hiroji Kimura, Akihiko Shiraishi, and Tetsuya Tsukaguchi, who resigned as executive officers of the Company as of the same date (collectively, the "Beneficiaries") in the following number of shares of the Company's Stock, respectively: 15,100 shares (Shareholding Ratio: 0.02%); 9,200 shares (Shareholding Ratio: 0.01%); 8,200 shares (Shareholding Ratio: 0.01%); 5,700 shares (Shareholding Ratio: 0.01%); 2,700 shares (Shareholding Ratio: 0.00%) (total: 40,900 shares, Shareholding Ratio: 0.04%), and the date of the delivery is expected to be August 16, 2024, being a day during the tender offer period, in view of the fact that the Stock-based Remuneration System requires a prompt delivery of the relevant shares after the vesting of beneficial interests. Following the delivery of the respective shares of the Company's Stock as described above, the Shareholding Ratios of the Beneficiaries will all be less than 5%. The Beneficiaries and the Company have entered into a written agreement to confirm the Beneficial Interests and the details of the delivery prior to the publication of this press release. The delivery of such shares will be made pursuant to Rule 14e-5(b)(7) of the U.S. Securities Exchange Act of 1934, as delivery of vested rights under a legally binding prior

agreement without conditions on performance in the future. Such vesting of the rights to receive delivery of shares of the Company's Stock and the delivery of shares of the Company's Stock will be made as stock-based remuneration to the Beneficiaries, and no amount of money will be delivered by the Beneficiaries to the Company in connection therewith.

[Other Countries]

Legal restrictions may be imposed on the announcement, publication, or distribution of this press release in certain countries or regions. In such cases, please be aware of and comply with such restrictions. This press release shall not constitute a solicitation of an offer to purchase or an offer to sell shares related to the Tender Offer, and shall be deemed to have been distributed for informative purposes only.