

July 14, 2025

Notice Regarding the Implementation of Management Buyout (MBO) and Recommendation to Tender Shares

Company name:	Freund Corporation	Listing:	Tokyo Stock Exchange
Securities code:	6312	URL:	https://www.freund.co.jp
Representative:	Iwao Fusejima, President & CEO		
Contact:	Hiroaki Sekiwa, Executive Officer, General Manager, Corporate Administration Division		
	Tel: +81-3-6890-0750		

This document constitutes an English translation of the press release issued by the Company on July 14, 2025, as adjusted to reflect the correction thereof publicly announced on July 15, 2025. Please note that references to the dates below are all based on July 14, 2025 (e.g. “today” referred to below means July 14, 2025).

We (the “Company”) hereby announce that at the meeting of the Board of Directors held today, our company resolved to express its opinion in support of the tender offer (the “Tender Offer”) for the shares of common stock of our company (the “Company Shares”) to be conducted by Yuu Corporation (the “Tender Offeror”), as part of a so-called management buyout (MBO) (Note 1), and to recommend that our shareholders tender their shares in the Tender Offer.

This resolution of the Board of Directors has been made on the premise that the Tender Offer and the subsequent series of transactions are intended to make the Company a wholly owned subsidiary of the Tender Offeror and that the Company Shares are expected to be delisted thereafter.

(Note 1) A “Management Buyout (MBO)” generally refers to a transaction in which the current management team of a company invests, in whole or in part, and acquires shares of the target company from public shareholders with the intention of continuing the business.

1. Overview of the Tender Offeror

(1)	Name	Yuu Corporation
(2)	Headquarters	6-25-13 Nishi-Shinjuku, Shinjuku-ku, Tokyo
(3)	Title and Name of Representative	Representative Director Mr. Iwao Fusejima
(4)	Business	Acquisition and Holding of the Company Shares
(5)	Capital	JPY 10,000
(6)	Establishment	June 4, 2025
(7)	Large Shareholders and their Shareholding Ratio	Mr. Iwao Fusejima 100.00%
(8)	Relationship between the Company and the Tender Offeror	
	Capital Relationship	Not applicable.
	Human Relationship	Not applicable.
	Transactional Relationship	Not applicable.
	Whether the Tender Offeror is a Related Party	Not applicable.

2. Tender Offer Price

1,085 yen per share of common stock (the “Tender Offer Price”)

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

(1) Details of the Opinion

At the meeting of the Board of Directors held today, the Company resolved, based on the grounds and reasons set forth in “(2) Grounds and Reasons for the Opinion” below, to express its opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

This resolution of the Board of Directors was made in the manner described in “⑦Opinion of All Disinterested Directors and Disinterested Statutory Auditors of the Company Stating No Objection” from “(6) Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(2) Grounds and Reasons for the Opinion

The descriptions regarding the Tender Offeror set forth in “(2) Grounds and Reasons for the Opinion” below are based on explanations provided by the Tender Offeror.

① Overview of the Tender Offer

The Tender Offeror is a stock company (*kabushiki kaisha*), all issued shares of which are owned by Mr. Iwao Fusejima, representative director of the Company as of today. It was established on June 4, 2025, with the primary purpose of acquiring and holding the Company Shares, and Mr. Iwao Fusejima has assumed the office of its representative director. The Tender Offeror intends to implement a series of transactions (the “Transactions”) to privatize the Company which are listed on the Tokyo Stock Exchange, Inc. (the “TSE”) Standard Market, and ultimately achieve a shareholding structure in which only the Tender Offeror and the Non-Tendering Shareholders (as defined below) remain as shareholders. Mr. Iwao Fusejima also serves as Representative Director of the Tender Offeror. Mr. Yasushi Chubachi was a shareholder at the incorporation of the Tender Offeror, but all issued shares of the Tender Offeror were transferred to Mr. Iwao Fusejima on July 11, 2025, and as of today, Mr. Yasushi Chubachi does not hold any shares of the Tender Offeror. Furthermore, the representative director of the Tender Offeror at incorporation was Mr. Yasushi Chubachi, but on July 11, 2025, Mr. Chubachi resigned as representative director and, in his place, Mr. Iwao Fusejima assumed the position of representative director of the Tender Offeror. As of today, the Tender Offeror does not hold any Company Shares; however, Mr. Iwao Fusejima holds 315,928 Company Shares (Note 2) (ownership ratio: 1.87 %) (Note 3).

As of today, Non-Tendering Shareholders, K. K. Fusejima Yokosha (“Fusejima Yokosha”) is an asset management company for the Company’s founding family, with the primary purpose of the possession, management, and investment of real properties and securities, and mainly holding the Company Shares, and the Company’s representative director, Mr. Iwao Fusejima, and his close relatives hold 100% of the total voting rights. He holds 1,648,000 Company Shares (ownership ratio: 9.73 %) and he is the largest shareholder of the Company. Mr. Yasutoyo Fusejima, as of today, holds 1,217,900 Company Shares (ownership ratio: 7.19 %).

(Note 2) Out of the Company Shares held by Mr. Iwao Fusejima, 26,128 Company Shares are restricted stocks (compensation).

(Note 3) “Ownership ratio” means a ratio of the Company Shares owned to the total number of issued shares of the Company as of May 31, 2025 as stated in the First Quarter Consolidated Earnings Briefing for the Fiscal Year Ending February 2026 (based on Japanese GAAP) (“Company First Quarter Earnings Briefing”) released by the Company on July 14, 2025 (18,400,000 shares), less the number of treasury shares held by the Company as of May 31, 2025 (1,491,044 shares), which results in 16,908,956 shares, plus the number of restricted stocks (compensation) to

which the Company disposed its treasury shares conducted on June 27, 2025 (“Number of Reference Shares”)(rounded off to the second decimal place; the same applies hereinafter in the calculation of ownership ratios)

The Tender Offeror has now decided to implement the Tender Offer as part of the Transactions to acquire all the Company Shares (including any shares of the Company with restrictions on transfer which have been granted to officers and employees of the Company as restricted stock (compensation) (the “Restricted Shares”), but excluding treasury shares held by the Company and the Non-Tendered Shares) and to delist the Company Shares.

The Transactions fall under a so-called management buyout (MBO). Because the Transactions are being carried out by the Tender Offeror, which is funded by Mr. Iwao Fusejima, the Representative Director of the Company and Mr. Iwao Fusejima is expected to continue managing the Company following the completion of the Transactions. As of today, there is no agreement between the Tender Offeror and other directors and statutory auditors of the Company on officer appointment or treatment after completion of the Tender Offer, and, if the Tender Offer is completed, decisions on the post-Tender Offer management structure of the Company, including the composition of officers, are expected to be made through consultation with the Company.

In implementing the Tender Offer, the Tender Offeror executed on July 14, 2025, a tendering agreement with Japan Absolute Vale Fun L.P. (“JAVF”), (number of shares directly or indirectly owned: 1,924,400 shares, ownership ratio: 11.37 %), of which Kaname Capital, L.P. serves as the Investment Manager (“Tendering Agreement (JAVF)”), thus reaching an agreement that JAVF will tender the Company Shares it holds (“Agreed Tendering Shares”) in the Tender Offer

In addition, in implementing the Tender Offer, the Tender Offeror agreed in writing on July 14, 2025, with the Company’s largest shareholder, Fusejima Yokosha (number of shares owned: 1,648,000 shares, ownership ratio: 9.73%), the Company’s third largest shareholder, Mr. Yasutoyo Fusejima who is the founder of the Company and currently Senior Corporate Counsel, and also Mr. Iwao Fusejima’s father (number of shares owned: 1,217,900 shares, ownership ratio: 7.19%), the Company’s Representative Director Mr. Iwao Fusejima (number of shares owned: 315,928 shares, ownership ratio: 1.87%), and the Company’s sixth largest shareholder and Company’s business alliance partner, Okawara Mfg. Co., Ltd. (number of shares owned: 673,600 shares, ownership ratio: 3.98%) (hereinafter, Fusejima Yokosha, Mr. Yasutoyo Fusejima, Mr. Iwao Fusejima, and Okawara Mfg. Co., Ltd. are collectively referred to as the “Non-Tendering Shareholders” or “the Fusejimas, etc.”) that the Non-Tendering Shareholders will not tender any of the Company Shares they respectively hold (total number of shares owned: 3,855,428 shares, total ownership ratio: 22.77%; the “Non-Tendered Shares”) in the Tender Offer, and that if the Tender Offer is completed, at the Extraordinary General Shareholders Meeting (defined in “(5) Post-Tender Offer reorganization policy (Matters relating to the “Two-Step” Acquisition)”; the same applies hereinafter), they will support resolutions relating to the Squeeze-out Procedures (defined below; the same applies hereinafter). Further, there is also an agreement in writing that, upon the Tender Offeror’s decision, before the share consolidation of the Company Shares to be implemented as part of the Squeeze-out Procedures (the “Share Consolidation”) comes into force, the Tender Offeror will execute with the respective Non-Tendering Shareholders a loan agreement for the Company Shares and conduct the Share Lending Transaction (defined below; the same applies hereinafter) (these agreements collectively referred to as the “Non-Tendering Agreements”). For further details of the Non-Tender Agreements, please refer to “4. Material Agreements Between the Tender Offeror and Shareholders of the Company Regarding Tendering in the Tender Offer” below.

With these agreements, if the Tender Offer is completed, the Company will have its shareholders as follows: (i) the Tender Offeror, which will hold at least 7,499,301 shares, or the minimum number of shares to be purchased below (ownership ratio: 44.30%), (ii) the Non-Tendering Shareholders (ownership ratio: 22.77%), and (iii) the Company’s shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Non-Tendering Shareholders). Moreover, it is

expected that, as a result of the Squeeze-out Procedures scheduled to be conducted after the Tender Offer's completion and of the subsequent unwinding of the Share Lending Transaction, only (i) the Tender Offeror and (ii) the Non-Tendering Shareholders will remain as the Company's shareholders.

The Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer at 7,499,301 shares (ownership ratio: 44.30%), and, if the total number of Share Certificates tendered in the Tender Offer ("Tendered Share Certificates") does not reach the minimum number of shares to be purchased (7,499,301 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates. Meanwhile, because the purpose of the Tender Offer is to delist the Company Shares, the Tender Offeror has not set the maximum number of shares to be purchased in the Tender Offer, and as long as the total number of the Tendered Share Certificates is at or above the minimum number of shares to be purchased (7,499,301 shares), all the Tendered Share Certificates will be purchased.

The minimum number of shares to be purchased (7,499,301 shares) is obtained by multiplying the number of voting rights (169,296) represented by the Number of Reference Shares (16,929,628) by two-thirds (resulting in 112,864, rounded up to the nearest whole number), subtracting from this product the total number of voting rights (227) represented by the number of the Restricted Shares held by the Company's directors (total of 22,803 shares; ownership ratio: 0.13%) (Note 4) and the total number of voting rights (38,554) represented by the Non-Tendered Shares held by the Non-Tendering Shareholders, and multiplying that result (74,083) by 100, which is the number of shares in one share unit of the Company. The minimum number of shares to be purchased also satisfies the requirements set forth in "Setting a minimum number of shares to be purchased that is greater than the number corresponding to the 'Majority of Minority'" from "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below. The reason for setting such minimum number of shares to be purchased is as follows: the object of the Transactions is to delist the Company Shares, and given that implementation of the Share Consolidation procedures explained below in "(5) Post-Tender Offer reorganization policy (Matters relating to the 'Two-Step' Acquisition)" will require a special resolution of a general shareholders meeting as specified in the Companies Act (Act No. 86 of 2005; as amended; "Companies Act"), Article 309, paragraph (2), the minimum number of shares to be purchased was set to make it certain that the Transactions can be implemented. Furthermore, the Tender Offeror and the Non-Tendering Shareholders have agreed that the Non-Tendering Shareholders will not tender their shares in the Tender Offer and that they will support the resolutions relating to the Squeeze-out Procedures at the Extraordinary General Shareholders Meeting if the Tender Offer is completed, therefore the Non-Tendered Shares are subtracted from the calculation of the number of voting rights above.

(Note 4) The Restricted Shares cannot be tendered in the Tender Offer because there are restrictions on their transfer, but at a meeting of the Company's Board of Directors held on July 14, 2025, a resolution was made to express an opinion in support of the Tender Offer subject to the delisting; all directors to whom the Restricted Shares have been granted voted in favor of the resolution, and thus appear likely to agree to the Squeeze-out Procedures if the Tender Offer is completed. Therefore, the number of voting rights represented by such Restricted Shares granted to the directors was deducted when considering the minimum number of shares to be purchased.

If the Tender Offeror is unable to acquire all Company Shares through the Tender Offer (including the Restricted Shares but excluding treasury shares held by the Company and the Non-Tendered Shares), after the completion of the Tender Offer, the Tender Offeror will carry out a series of procedures designed to make the Tender Offeror and the Non-Tendering Shareholders the sole shareholders of the Company ("Squeeze-out Procedures"; for details, please see "(5) Post-Tender Offer reorganization policy (Matters relating to the 'Two-Step' Acquisition)" below).

With the aim of preventing, to the extent possible, as of the effective date of the Share Consolidation to be carried out as part of the Squeeze-out Procedures (the "Effective Date"), a circumstance where a Company's shareholder other than the

Tender Offeror and the Non-Tendering Shareholders holds more than the smallest number of the Company Shares held individually by the Tender Offeror or the Non-Tendering Shareholders, and of enhancing the stability of the Squeeze-out Procedures, the Tender Offeror may, determined that executing the Share Lending Transaction is necessary to achieve the foregoing purpose, execute a loan agreement for the Company Shares with the Non-Tendering Shareholders and borrow a portion of the Company Shares held by such Non-Tendering Shareholders, who will be the lender (the “Share Lending Transaction”), effective before the Share Consolidation comes into effect. Specifically, such transaction is aimed at achieving continuous ownership of the Company Shares by the Non-Tendering Shareholders even after the Squeeze-out Procedures are carried out, through the following steps: (i) the relevant Non-Tendering Shareholder becomes the lender in the Share Lending Transaction and lends all or a portion of the Company Shares held by it to the Tender Offeror and (ii) after the Share Consolidation comes into force, the Tender Offeror, having become the borrower in the Share Lending Transaction, unwinds the Share Lending Transaction and returns all of the Company Shares it borrowed to the lender. In a case where the Share Lending Transaction is indeed to be carried out, to enable the Tender Offeror as the borrower to return, after the Share Consolidation, the Company Shares having the same value as the Company Shares it borrowed, the Tender Offeror plans to ask the Company to split the Company Shares on a record date and at a ratio to be separately designated by the Tender Offeror; but no details have been decided as of today. The share-lending fee is planned to be free.

Moreover, the Tender Offeror plans to finance the funds required for settlement relating to the Tender Offer with a loan (the “Loan”) from Sumitomo Mitsui Banking Corporation (“Sumitomo Mitsui Bank”), and intends to carry out borrowing of the Loan by one Business Day before the commencement date of settlement of the Tender Offer, subject to the completion of the Tender Offer. Details of lending terms and conditions for the Loan are to be stipulated in an agreement for the Loan following separate negotiations with Sumitomo Mitsui Bank, under which the Company Shares that the Tender Offeror is to acquire through the Transactions are expected to be provided as collateral.

The Tender Offeror intends to become the sole shareholder of the Company eventually, and as a means for achieving such objective, the Tender Offeror plans to carry out, subject to the completion of the Squeeze-out Procedures, a share swap with the Tender Offeror’s shares as consideration (the “Share Swap”), having the Tender Offeror as the wholly-owning parent after the Share Swap and the Company as a wholly-owned subsidiary after the Share Swap; details have yet to be decided as of today (Note 5, Note 6).

(Note 5) By virtue of the Share Swap, the Non-Tendering Shareholders will acquire the Tender Offeror’s shares; the purpose of this is for the Non-Tendering Shareholders who plan, after the Transactions, to continue to engage in the management or business of the Company to have, through the ownership of the Tender Offeror’s shares, a shared incentive towards enhancing the corporate value of the Company after the Transactions, and because the Share Swap is not seen as the same as consideration for tendering shares in the Tender Offer, it does not contravene the intent behind the stipulations on uniformity of the tender offer price (Article 27-2, paragraph (3) of the Act).

(Note 6) When determining the Share Swap ratio, in order not to contravene the intent behind the stipulations on uniformity of tender offer price (Article 27-2, paragraph (3) of the Act), it is planned that the Company Shares will be evaluated at the substantially same per-share price as the Tender Offer Price.

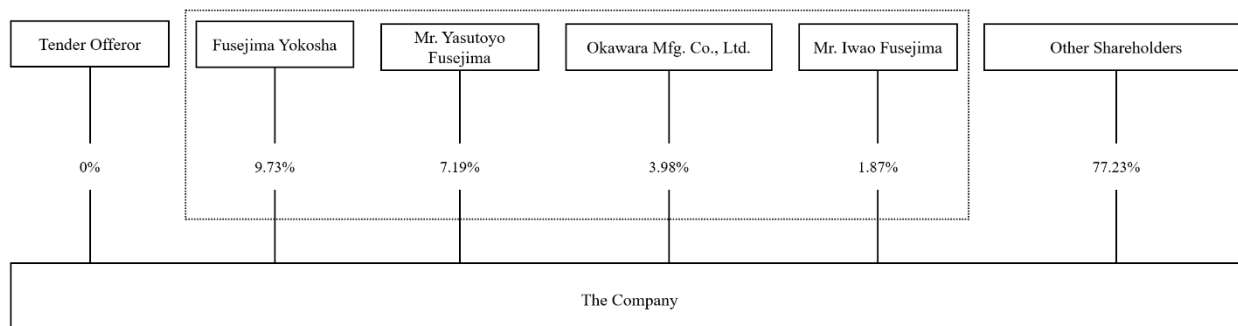
The Company resolved at the meeting of its Board of Directors held today to express its opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

For further details regarding the resolution of the Board of Directors, please refer to ⑦Opinion of All Disinterested Directors and Disinterested Statutory Auditors of the Company Stating No Objection” from “(6) Measures to Ensure the Fairness of the

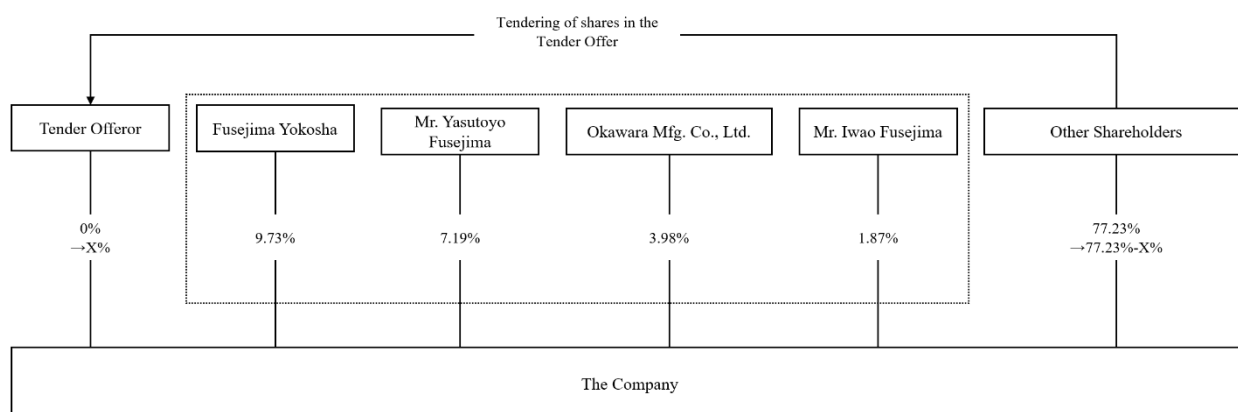
Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest”.

The following is an illustrative overview of the Transactions.

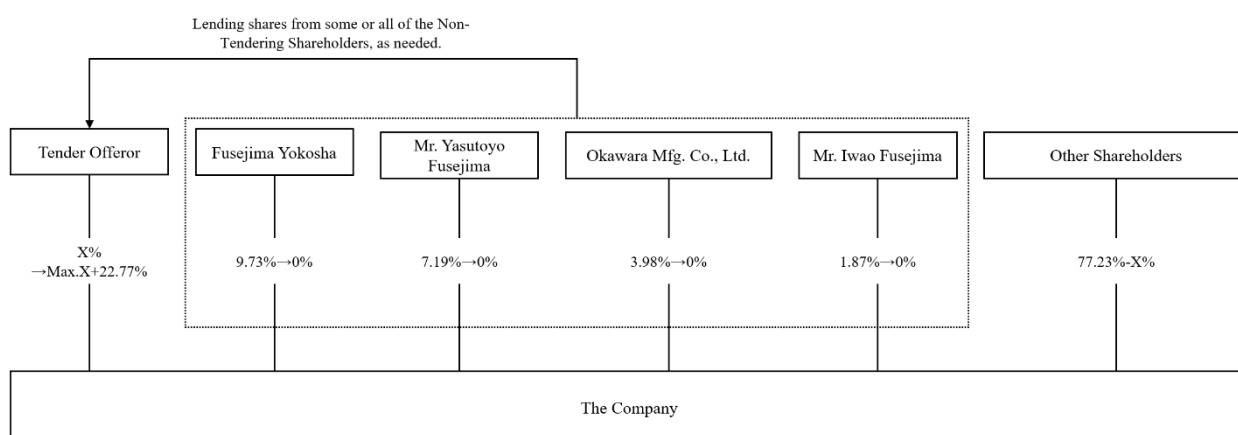
I. Current Situation



II. Settlement of the Tender Offer

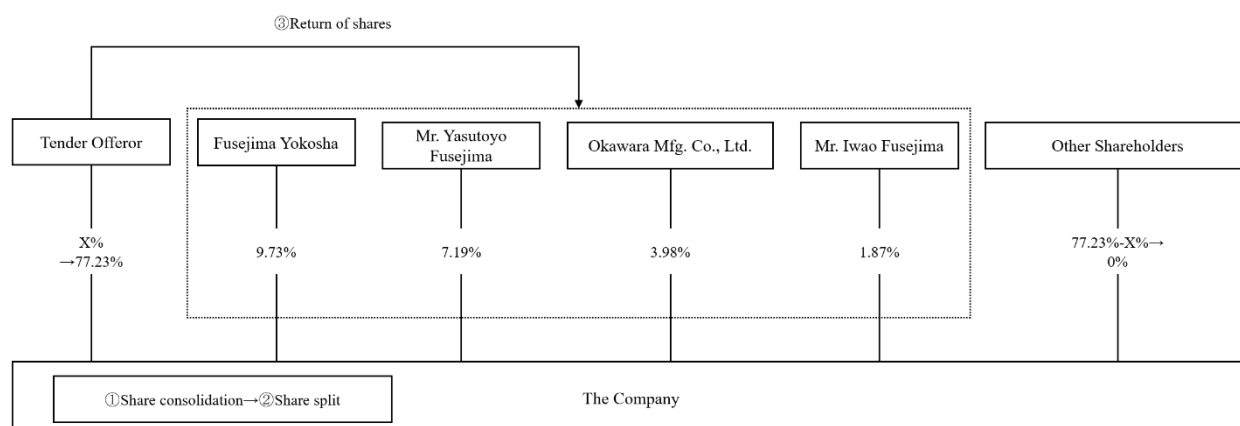


III. Execution of Share Lending Transaction before the Share Consolidation comes into effect, as needed (scheduled for late November to early December 2025)



IV. Implementation of the Squeeze-Out Procedures

If Share Lending Transactions were executed, it is expected that the shares will be returned after share split is conducted (scheduled for late November to early December, 2025)



② Background, Purpose, and Decision-Making Process Leading to the Tender Offeror’s Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy

(i) Background, Purpose, and Decision-Making Process Leading to the Implementation of the Tender Offer

The Company was established in April 1964 in Chiyoda-ku, Tokyo, to develop “automatic film coating devices” (Note 7) for pharmaceuticals and “film coating solutions (gastro-soluble/enteric)” (Note 8) to be used with those devices. The Company’s shares were registered as over-the-counter stock with the Japan Securities Dealers Association in July 1996, were listed on the JASDAQ Securities Exchange in December 2004, and with the integration of the JASDAQ Securities Exchange and the Osaka Securities Exchange in April 2010, were listed on the JASDAQ Market of the Osaka Securities Exchange. Since the market reclassification by the TSE in April 2022, they continue to be listed on the TSE Standard Market as of today.

As of today, the Company group (the “Company Group”) comprises the Company, four subsidiaries (of which three are consolidated subsidiaries), and one equity method affiliate and is engaged in the manufacturing and sales of mechanical devices and chemical products. Details of each business are described below.

(Note 7) Refers to a device that applies a uniform film coating to the surface of pharmaceuticals (e.g., tablets) and food products.

(Note 8) Refers to a liquid used to form a thin film coating on the surface of pharmaceuticals, such as tablets or granules.

(a) Manufacturing and sales business for mechanical devices

The Company manufactures and sells machinery mainly designed for pharmaceutical manufacturing, with a track record of supplying its products to more than 100 manufacturers in Japan, and it boasts a track record of more than 60 years. Its core technologies consist of the “granulation technique” used for enhancing solubility and fluidity of fine particles and the “coating technique” used for masking bitter taste and odors or protecting the quality from moisture and light, which technologies are used not only for manufacturing pharmaceutical products but also for manufacturing foodstuff familiar in daily life, such as soup powder, green juice (*aojiru*) and coffee sticks. Mechanical devices manufactured by the Company are also used in the chemical industry, including the manufacturing of toner for multifunction printers and catalysts.

In the field of manufacturing machinery for pharmaceuticals, the Company also manufactures and sells devices

used in the front-end processes of pharmaceutical manufacturing, such as foreign body removal, pulverization, and mixing, and has organized a system capable of undertaking a series of processes, including designing, installing, and starting a plant. The Company also undertakes maintenance and supplies components after delivery.

The Company consider going forward, while labor shortage is anticipated in domestic markets in conjunction with the declining birthrate, the aging of society, and a shrinking population, the Company has focused on development of new technologies that contribute to establishment of a manpower-saving, automated production process to enable its customers to increase productivity while maintaining quality.

In global markets, cooperating with its subsidiaries in the United States and Italy, the Company has intensified its sales activity not only in the United States and Europe but also in Central and South America, as well as in emerging countries in which demand for pharmaceutical machinery is expected to rise due to the growth of population.

(b) Manufacturing and sales business for chemical products

The Company manufactures and sells pharmaceutical excipients, mainly used in pharmaceuticals and food preservatives to improve the shelf life of foodstuffs, such as baked confectionery, and to maintain their palatability.

In pharmaceuticals, the portion of principal agents as active ingredients comprises around 5 to 10 percent of pharmaceutical tablets, and the remaining ingredients are pharmaceutical excipients. They are manufactured in tablets together with the principal agents to stabilize quality and make pharmaceuticals easier to swallow and carry around. Their main ingredients are lactose (Note 9) and mannitol (Note 10), which do not affect the human body or the principal agents. A pharmaceutical manufacturer is imposed a statutory obligation to ensure a stable supply of their products; therefore, the Company is also required to ensure a stable supply of high-quality pharmaceutical excipients. In addition, for the Company to be selected by its client pharmaceutical manufacturers as their new supplier, it is critical that the Company's products will be adopted at the development phase for new products by those clients, and sales activities capable of proposing solutions to their technical issues are essential.

(Note 9) It refers to lactose, a disaccharide present in milk and dairy products that consists of glucose and galactose bonded together.

(Note 10) It refers to a type of sugar alcohol.

Food preservatives are packaged with foodstuff to keep them safe and palatable; in particular, the ethanol evaporation type (Note 11) of food preservatives developed by the Company are widely used for baked confectionery, such as castella and Baumkuchen, to inhibit the growth of microorganisms such as molds while maintaining a soft and moist texture, serving to extend the best-before date. The Company is currently striving to reduce costs and enhance production efficiency through various approaches, such as automating production lines, to survive severe price competition.

(Note 11) It refers to a food-grade freshness preservative that adsorbs ethanol onto a specialized carrier and gradually releases the ethanol vapor within the package, thereby inhibiting the growth of microorganisms such as mold.

The Company considers the pharmaceutical industry, the Company's primary client base, is a core industry which supports national life as an essential infrastructure contributing to the overcoming of diseases and the maintenance of good health; thus, requires long-term investment in drug discovery, R&D, and other such endeavors, as characterized by the lengthy life cycles of pharmaceuticals. Domestically, with the rise in social security costs, particularly medical expenses, associated with the declining birthrate and the aging of society, as well as the increased use of generic pharmaceuticals, the shortage of pharmaceutical supply due to quality issues

caused by some generic pharmaceutical manufacturers has emerged as a social issue. In this respect, the role of the Company in the pharmaceutical industry has been expanding.

In these circumstances, the Fusejimas, etc., came to believe that managerial decision-making from a long-term perspective is essential for ensuring the continued growth of the Company and enhancing its corporate value.

The Fusejimas, etc. believe that taking the Company private will allow the establishment of a governance framework enabling more agile and strategic decision-making, freeing the Company from the constraints of short-term operating results and share-price movements. And they concluded in early February 2025 that to enable the Company to advance its medium- to long-term growth strategies, it is necessary to take the Company private and facilitate a long-term growth strategy under the more flexible management structures, not focusing on short-term performance and share value only. Specifically, they are considering implementing the measures described in (I) to ((VI)) below:

(I) Maintenance and improvement of a high-quality and stable production system

The Company Group has two flagship products: granulation and coating devices (machinery) for pharmaceuticals and pharmaceutical excipients (chemical products). The Company believe that The Company is the only corporation in the world that engages in both these fields. Since its founding, the Company has expanded its business areas, leveraging its strength in “high-quality and stable manufacturing” that combines these proprietary technologies, creating numerous products and solutions that meet customer needs.

Given that pharmaceuticals are directly connected with human life and healthy lifestyles and the shortage of supply of pharmaceuticals is becoming increasingly serious in Japan, the Fusejimas, etc realize that the importance of the Company Group as a stable supplier of pharmaceutical machinery and pharmaceutical excipients of a high quality has been rising more than ever in contributing to increase in supply by pharmaceutical manufacturers.

However, the recent labor shortage resulting from the aging of society and a shrinking working population has also become a significant issue for the Company, a concern shared by its client pharmaceutical manufacturers, who purchase the Company’s machinery. Therefore, the Company expects that R&D investments for machinery design, automation, and manpower-saving, while taking safety into account and maintaining a high quality, would be necessary. However, the Fusejimas, etc., believe that, as it is difficult to achieve short-term return on such investments, the Company should adopt an approach from a longer-term perspective.

In addition, the business performance of manufacturing and sales of mechanical devices is susceptible to the trend in capital investment by pharmaceutical manufacturers; thus, it is difficult to expect continuous revenue expansion. The Fusejimas, etc., also consider that curtailing R&D investments to pursue a good performance in the short term is likely to hinder the continued growth of the Company.

(II) Continuous investments for expanding into overseas markets

In domestic markets, due to a shrinking population, the progression of declining birthrate, and the aging of society, the demand for pharmaceutical products is expected to reach a ceiling in the long term. On the other hand, in global markets, with a growing and aging population, the demand for pharmaceutical products is expected to increase due to the expansion of income and population, which are projected to be the growing markets over the medium to long term for the Company Group. The Fusejimas, etc., therefore, consider that

the Company Group is called upon to play its role in expanding the machinery technology established in Japan across the globe.

Under these circumstances, the Company Group has organized its operational framework in global markets to, the Company acquired Cos. Mec S.r.l. (currently named Freund Italy S.r.l.) in 2020; in 2019, it established Parle Freund Machinery Private Limited in India; and in 2021, it established Freund-Chineway Pharmaceutical Technology Center Co., Ltd. in China, thereby expanding its global footprint, and the Fusejimas etc., consider has steadily enlarged its markets in emerging countries. However, in recent years, there were times when the performance of overseas group companies was unsatisfactory, due to various factors, including the COVID-19 pandemic and the materialization of geopolitical risks (political instability in Bangladesh, developments in the Middle East, and similar factors). In this light, the Fusejimas, etc., believe that to achieve stable performance in global markets, operations based on a longer-term perspective are more indispensable than those in domestic markets, including continuous investment with repeating trial and error. Nevertheless, global markets projected to continue expanding are critical for the growth of the Company Group, and the Fusejimas, etc., believe that it is necessary to dynamically advance measures under a flexible structure that facilitates managerial decision-making, prioritizing long-term growth over short-term profits.

(III) Provision of solutions through innovations

In a challenging and constantly changing business environment driven by the rapid advancement of artificial intelligence and biotechnology, downward pressure on drug prices, and increasingly diverse patient needs, the machinery business of Company Group has implemented innovative processes for R&D and production by leveraging DX (digital transformation) and cutting-edge technology to enhance its competitiveness and drive further growth, while ensuring high quality and safety. The Company Group aims to enable pharmaceutical manufacturers to improve their productivity and product quality by focusing on optimizing the manufacturing process and remote monitoring for predictive maintenance using AI.

More specifically, the Company Group expects to acquire new projects on a global basis by taking various approaches, including the following: investing its management resources in (i) the building of a mechanism that enables senior employees to perform machine diagnostics and maintenance by using IT technologies without visiting pharmaceutical manufacturers, (ii) the development of the next generation of production solutions such as continuous manufacturing technology, and (iii) the enhancement of product development capabilities and technological capabilities through leveraging digital technology, such as generative AI, and also establishing a system for providing next generation production solutions not only to domestic but also overseas markets, and the Fusejimas, etc., share a similar view.

However, the Fusejimas, etc., have realized that these approaches should be taken as medium-to long-term management measures, as they cannot be established instantly, but will take shape through continued investments and repeated trial and error.

(IV) Flexible business portfolio composition

The Company Group also focuses on exploring untapped markets in the machinery business outside the pharmaceutical industry, such as foodstuffs and cosmetics, as well as new markets, typically related to secondary batteries, to diversify its profit base. In the chemical product business (Note 12), the Company Group aims to expand its business areas for pharmaceutical excipients and food preservatives by developing new pharmaceutical excipients and exploring overseas markets, to build a stable demand base.

Meanwhile, as initiatives in new business areas require a considerable investment and amount of time

before they start to contribute to business performance, it is difficult to seek a return on investment in the short term.

(Note 12) It refers to a business principally engaged in the development, manufacture, and sale of pharmaceutical excipients and food-quality preservation agents.

Accordingly, the Fusejimas, etc., believe that it is critical to continue investing management resources for pharmaceutical excipients and food preservatives, which constitute a stable revenue structure in new business areas more expeditiously and boldly than ever. They also believe that it is necessary to dynamically implement measures under a flexible structure that enables managerial decision-making, prioritizing long-term growth over short-term shareholder profits or profit margin, as it is difficult to pursue short-term return on investment from exploration of new areas and expansion of businesses as described above; thus, it is indispensable to invest management resources from a longer term perspective.

They are also aiming to further increase market penetration with respect to food preservatives as well, through accelerating the expansion of the product line and development of new applications to meet growing market needs.

The Fusejimas, etc., believe that identifying business areas where market growth is expected and continuing such active growth investments will be essential for the Company Group to continuously enhance its corporate value and lead the industry into the future.

Furthermore, the Fusejimas etc., consider proactive and flexible investments in management resources as necessary in the field of pharmaceutical excipients, where the Company Group has strengths, not only to enhance production capacity and develop new products for launch, but also to expand the domestic and overseas customer base and strengthen relationships with customers.

(V) Enhancement of R&D capabilities and upgrading of business development capabilities through open innovation

The Company Group believes that the strategies of autonomous growth, which deepen its technological capabilities in areas where it already has a high degree of competitive advantage, and of rapid expansion into new business areas by leveraging external management resources, will both be essential for demonstrating competitive advantage and achieving sustainable growth in the future.

Under these circumstances, the Company Group has been actively committed to joint research with universities and research institutes, aiming to introduce new technologies into the product development and production process, thereby developing a variety of products through academia-industry collaboration with universities and pharmaceutical manufacturers in the fields of devices and additives. Through such collaboration with outside partners, the Company Group has flexibly adopted external knowledge and ideas.

The Fusejimas, etc., believe that “aggressive R&D strategies” that to integrate resources and ideas non-existent within the Company through collaboration with external partners (open innovation) with the core technologies internally cultivated, thereby creating new values, are essential. Especially in order to expeditiously and appropriately respond to the pace of progress in the latest manufacturing process technology for pharmaceuticals and digital technology, the Fusejimas, etc., believe that collaboration among industry, academia, and government as well as cross-industry collaboration, rather than working alone, are critical, and that it is necessary to make decisions more flexibly and boldly than ever with respect to external collaboration for investing management resources and to seek significant enhancement of R&D capabilities and new business development capabilities.

Furthermore, the Fusejimas, etc. are looking into strengthening the Company’s collaboration and tie-ups

with domestic and overseas business partners and implementing a review of its capital policy more widely than before in order to continuously reinforce the Company Group's technological capabilities and competitive advantage. Also, they believe that further growth can be achieved by forming alliances, including dynamic M&As, in line with each business strategy, and pursuing the merger of the cutting-edge technologies, know-how, ideas, and so on, of partners' businesses with its technologies as well as optimizing management resources in terms of capital. The Fusejimas, etc., consider that the above measures will enable the Company to continue contributing to creating corporate value.

(VI) Redesign and enhancement of human resources strategy to support sustainable growth

Amidst the social problems in Japan, including a shrinking working population associated with the declining birthrate and the aging of society, the Company Group recognizes that it will become more indispensable than ever to recruit outstanding talents to maintain and improve business competitiveness in the future. Especially, achieving growth over the medium to long term under the increasingly challenging business environment will require embodying its corporate philosophy, that is "Develop the Future through Creativity", as well as recruiting individuals with diverse knowledge, experience, and values who can implement the business structure reforms described above and the challenges of entering new markets, and building mechanisms that can encourage growth and active participation by those human resources.

Under these circumstances, the Company Group has strived for reforms of personnel systems and enhancement of human resource development programs. As part of such efforts, for instance, the Company Group has already established new career development courses intended to promote active participation by highly specialized talents and introduced succession plans for nurturing the next generation of managerial executive staff; thereby facilitating the development of an environment where diverse personnel can demonstrate their strengths, respectively. The Company Group has also invested efforts in fostering engineers and researchers in the past, and has developed various programs, including those to enhance expert skills, support acquiring qualifications, and provide overseas training courses. Through these efforts, the Company Group has strived to maintain the foundation for developing human resources, aiming at the creation of a virtuous cycle in which the growth of each employee leads to the whole company's sustainable growth.

The Fusejimas, etc., believe, however, that further enhancement of the human resource strategy is essential for the Company Group to maintain its competitive advantage continuously in the industry. More specifically, they consider that it is indispensable to sophisticate and develop personnel through internal accumulation of cutting-edge expertise and technologies and to recruit diverse people by promoting "diversity, equity and inclusion", expand systems to support balancing childcare and nursing care, recruit actively overseas and mid-career personnel, and introduce career support programs and mentoring systems to increase the ratio of female managers, and that it is critical to proactively make investments for the development and acquisition of talents who can play the roles in creating innovations described in (III) and (V) above. The Fusejimas, etc., are convinced that human resources do form the foundation for business growth, and making investments in human capital will directly contribute to the continuous creation of innovations and enhancement of corporate value over the medium to long term. Therefore, they intend to allocate more management resources to the personnel-related areas than ever after the Tender Offer, thereby strengthening the competitiveness in both quality and quantity of capital, that is, "humans"

Specific measures being considered by the Fusejimas, etc., include initially reconstructing the education and training system that supports employees in strengthening their expertise. They plan to enhance the opportunities for reskilling (relearning) and specialized training for all domestic and overseas employees, and establish a mechanism that enables continuous learning of the latest trends in technology and knowledge. For

instance, they will consider providing in-house training sessions on cutting-edge technology related to machinery for manufacturing pharmaceuticals, as well as knowledge about pharmaceutical development, and dispatching employees for collaboration programs with universities and research institutions. Further, they are going to facilitate the introduction of cross-organizational job rotation, and to expand employees' perspectives and expertise by rotational assignment of personnel between domestic and overseas locations, from a global perspective, to ensure that they can develop experience in multiple departments and regions, and proactively engaging in cross-industry exchange to gain a new insight. Strengthening their respective expertise is expected to lead to further enhancements in product development capabilities and technological capabilities, as well as increased productivity across the whole group.

Further, the Fusejimas, etc., will proactively recruit external talents. To hire highly specialized individuals capable of active participation on a global basis, they are considering establishing flexible and appropriate personnel systems. This includes a review of the evaluation system and compensation structure, as well as a system that facilitates the expedient recruitment of outstanding talents from outside the company, as necessary. For instance, new perspectives and knowledge will be introduced into the company through the invitation of experts with experience in the R&D area and the hiring of mid-career experts who have made achievements in overseas pharmaceutical manufacturing and engineering fields. The Company will also focus on enhancing its incentive system to boost employees' motivation and implementing personnel treatment based on fair evaluation. In the belief that humans are the wellspring of enhanced corporate value, the Fusejimas etc. is committed to making generous investments in human capital in the Company.

Meanwhile, since December 2024, Mr. Iwao Fusejima, has come to believe through the process of concrete examinations of each of the measures described in (I) to (VI) above that they will not instantly contribute to the Company Group's business performance, but considerable time and upfront investment will be necessary. For this reason, there is a risk that the Company Group's financial standing and business performance may temporarily deteriorate, including a decline in profit levels and deterioration of cash flows, and the possibility that the Company Group will temporarily face difficulty generating expected profits cannot be denied.

Furthermore, since the Company is a listed company, a commitment to short-term performance is required. For this reason, if Mr. Iwao Fusejima, makes a decision to prioritize medium-to long-term growth through the execution of the policies described above, that decision may be unlikely to be sufficiently appreciated by the capital markets, and the Company's share price may decline, and the interests of existing shareholders may be impaired. Consequently, Mr. Iwao Fusejima has come to believe that it will be difficult to implement these measures while the Company remains a listed company.

In addition, since its shares were listed on the JASDAQ Securities Exchange in 2004, the Company has enjoyed the benefits of being listed, including recruiting outstanding talents due to its increased name recognition, and enhanced social trust. However, considering the relationships with financial institutions, the Company will be able to secure capital necessary for business operations through equity and borrowings from financial institutions, also, it has already established a certain level of brand recognition and credibility among its business partners. Therefore, Mr. Iwao Fusejima believes that both the need for and benefits of maintaining the Company's public listing are currently diminishing.

Additionally, due to revisions to the Corporate Governance Code and tighter regulation of capital markets in recent years, the Company has faced a yearly increase in the burden of handling a lot of matters that require additional and ongoing disclosure to stakeholders through securities reports and corporate governance reports. The human and financial costs necessary for maintaining the Company as a publicly-traded listing entity, including accounting auditor fees, shareholder meeting expenses, and securities agency related fees, are rising upward, and since these costs will be likely to impose substantial burdens on the execution of the company management, Mr. Iwao Fusejima questions the significance of maintaining the listing of the Company Shares.

Moreover, in the course of considering optimal medium-to long-term growth strategies for the Company Group as described above, in Mr. Iwao Fusejima began looking into delisting the Company Shares as one possible option. Subsequently, in early February 2025, they reached the conclusion that in order to stably and continuously increase the Company Group's corporate value without being constrained by short-term profits, delisting the Company Shares at the earliest possible time would be the most effective means of dynamically carrying out various measures while avoiding having the Company shareholders bear the risk, including a decline in share price due to a temporary deterioration of business performance in conjunction with execution of the measures described above.

At the same time, Mr. Iwao Fusejima considers that to consistently implement the measures described above from a medium-to long-term perspective and achieve improved corporate value, it will be necessary to delist the Company Shares while maintaining continuity with its business management conducted until now, and for that purpose, it will be necessary for Mr. Iwao Fusejima, a member of the Company's founding family and the current representative director, who is well-versed in the company business, to remain in the position of representative director. Furthermore, they consider that it will be indispensable for the Company's management team and shareholders to work closely together and conduct even more flexible and dynamic management decision-making by having members of the founding family become shareholders and assume the burdens of risk in place of general shareholders, thereby concluding that a management buyout (MBO) will be the optimal method. Mr. Iwao Fusejima then decided to acquire shares of the Tender Offeror, assume the office of representative director, and thus make the Tender Offeror the primary vehicle for implementing the Transactions, including the Tender Offer.

When looking further into the Transactions based on the above thinking, Mr. Iwao Fusejima selected CO Partners K.K. ("CO Partners") as their external financial advisor and Kitahama Partners ("Kitahama Partners") as their external legal advisor in early February 2025, and commenced concrete examinations. Also, the Fusejimas, etc. submitted a non-binding letter of intent regarding the preliminary proposal for the Transactions (the "Letter of Intent") to the Company on February 14, 2025, and made a request to conduct due diligence.

On February 21, 2025, Mr. Iwao Fusejima was informed by that they had established a Special Committee (as defined in "③ Decision-Making Process and Reasons Leading to the Company's Support for the Tender Offer" below; the same applies hereinafter) and would confer and negotiate with him for implementation of the Transactions. Subsequently, Mr. Iwao Fusejima conducted financial, tax, and legal due diligence of the Company from February 21 to May 27, 2025. Then, Mr. Iwao Fusejima had repeated discussions and examinations with the Company and the Special Committee concerning the Tender Offer Price during the period from June 10 to July 14, 2025, taking into account the overview of the Tender Offer, including the objectives of the Transactions, stated in the Letter of Intent, the impact of the Transactions on the Company, the details of management policies after the Transactions, recent share price trends, and the results of due diligence.

Specifically, on June 10, 2025, subject to the condition that the Company not pay any year-end dividends for the fiscal year ending February 2026, the Tender Offeror made an initial proposal to the Company for a Tender Offer Price of 1,000 yen after confirming that this price represents a premium of 38.12 % (rounded off to the second decimal, the same applies to the calculation of premium rates on share prices, hereinafter) over the closing price of 724 yen for the Company Shares on the TSE Standard Market on June 6, 2025, a premium of 37.17% over the simple average closing price in the past one month of 729 yen (rounded off to the second decimal, the same applies to the calculation of simple averages of closing prices, hereinafter), a premium of 35.32% over the simple average closing price in the past three months of 739 yen, and a premium of 33.87% over the simple average closing price over the past six months of 747 yen.

In response to this, on June 20, 2025, the Tender Offeror received a request from the Special Committee to reconsider the Tender Offer Price because the proposed price was not a satisfactory level in light of the intrinsic value of the Company, which was examined based on the Company's share price and profitability, then, the Tender Offer made another proposal to the Company on June 23, 2025 for a Tender Offer Price of 1,010 yen after confirming that this price represents a premium of 38.55% over the closing price of 729 yen for the Company Shares on the TSE Standard Market on June 20, 2025, a premium

of 39.50% over the simple average closing price in the past one month of 724 yen, a premium of 37.60% over the simple average closing price in the past three months of 734 yen, and a premium of 34.85% over the simple average closing price in the past six months of 749 yen.

After that, on July 4, 2025, the Tender Offeror received a request from the Special Committee to reconsider the Tender Offer Price because it was still not fully convinced that the proposed price was sufficient level in light of the premiums in recent similar cases, then, the Tender Offer made another proposal to the Company on July 7, 2025 for a Tender Offer Price of 1,050 yen after confirming that this price represents a premium of 41.32% over the closing price of 743 yen for the Company Shares on the TSE Standard Market on July 4, 2025, a premium of 43.05% over the simple average closing price in the past one month of 734 yen, a premium of 44.03% over the simple average closing price in the past three months of 729 yen, and a premium of 40.00% over the simple average closing price in the past six months of 750 yen.

However, on July 10, 2025, the Tender Offeror received a request again from the Special Committee to reconsider the Tender Offer Price because that it was not fully convinced that there was no room for the proposal to even better serve the interest of general shareholders, although it considered the proposed price was at the sufficient level in light of the premiums in recent similar cases, and the Tender Offeror made a final proposal to the Company on July 13, 2025, for a Tender Offer Price of 1,085 yen, taking into consideration the negotiation with Kaname Capital, L.P. on Tendering Agreement (JAVF), after confirming that this price represents a premium of 42.58% over the closing price of 761 yen for the Company Shares on the TSE Standard Market on July 11, 2025, a premium of 46.42% over the simple average closing price in the past one month of 741 yen, a premium of 47.82% over the simple average closing price in the past three months of 734 yen, and a premium of 44.47% over the simple average closing price in the past six months of 751 yen.

Consequently, on July 14, 2025, the Tender Offeror received from the Special Committee a response to the effect that it accepted the final proposal.

In parallel with the above negotiations with the Company, to increase the likelihood of the Tender Offer's completion, the Tender Offeror commenced negotiations with JAVF in late June, 2025 for execution of the Tendering Agreement (JAVF). Thereafter, on July 14, 2025, the Tender Offeror reached an agreement with JAVF regarding the particulars of the Tendering Agreement (JAVF). For details of the Tendering Agreement (JAVF), please see "(2) Tendering Agreement (JAVF)" in "4. Material Agreements Between the Tender Offeror and Shareholders of the Company Regarding the Tender Offer," below. Through the above discussions and negotiations, on July 14, 2025, the Tender Offeror decided to set a Tender Offer Price of 1,085 yen and implement the Tender Offer as part of the Transactions.

(ii) Post-Tender Offer managerial policy

The Transactions fall under a so-called management buyout (MBO), and Mr. Iwao Fusejima is expected to continue to manage the Company after the Transactions, remaining in the position of its representative director, and advance the management measures stated in "③ Decision-Making Process and Reasons Leading to the Company's Support for the Tender Offer" below. As of today, there is no agreement between the Tender Offeror and other directors and statutory auditors of the Company regarding the appointment and treatment of officers after completion of the Tender Offer. The specific management structure of the Company after the completion of the Tender Offer, including the composition of officers, will be examined and determined through consultation with the Company and the Non-Tendering Shareholders after the Tender Offer completes.

③ Decision-Making Process and Reasons Leading to the Company's Support for the Tender Offer

As described in "② Background, Purpose, and Decision-Making Process Leading to the Tender Offeror's Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy," subsection "(i) Background, Purpose, and Decision-

Making Process Leading to the Implementation of the Tender Offer,” the Company received a letter of intent from Mr. Iwao Fusejima on February 14, 2025. In order to examine the contents of the letter of intent, and as detailed in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Company appointed TMI Associates as its legal advisor and PwC Advisory LLC (“PwC Advisory”) as its financial advisor and third-party valuation agent in mid-February 2025, to ensure the fairness of the Tender Offer Price and the overall fairness of the Transactions, including the Tender Offer. Both advisors were selected as independent from all relevant parties to the Tender Offer, including the Company, the Tender Offeror, and the Non-Tendering Shareholders (collectively, the “”).

Given that the Transactions fall under a management buyout (MBO), which inherently involves structural conflicts of interest, the Company deemed it essential to exercise heightened care in its decision-making process. To eliminate arbitrariness and conflicts of interest in the decision-making of the Company’s Board of Directors and to ensure fairness, the Company established a special committee (the “Special Committee”) on February 21, 2025, for the purpose of examining the proposal described in the letter of intent.

The Special Committee is composed of four members: Mr. Hisashi Tanaka and Mr. Ryuichi Kume (Chairman of the Board of Directors of Kanpo Co., Ltd. and Representative Director and Chairman of NeoScience Co., Ltd.), both outside and independent directors of the Company; and Ms. Sayoko Izumoto (Certified Public Accountant and Representative of Izumoto CPA Office) and Mr. Kazushige Hamada (Attorney at Law and Partner at Yabuki Law Office), both outside and independent Audit & Supervisory Board Members of the Company.

At the first meeting of the Special Committee held on February 21, 2025, the Committee confirmed that there were no issues with the independence or expertise of the advisors, and approved the appointment of TMI Associates as the Company’s legal advisor and PwC Advisory as its financial advisor and third-party valuation agent.

Furthermore, at the second meeting of the Special Committee held on February 28, 2025, the Committee—having confirmed their independence and expertise—appointed Okada, Imanishi & Yamamoto Law Office as its own independent legal advisor. Later, at the eighth meeting held on May 9, 2025, the Special Committee appointed Guardian Advisors Inc. (“Guardian Advisors”) as its own independent third-party valuation agent.

For details regarding the composition and activities of the Special Committee, please refer to “③Establishment of an Independent Special Committee and Receipt of the Committee Report by the Company” from “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

The Company, based on negotiation policies and key strategic considerations that had been confirmed in advance by the Special Committee—including opinions, instructions, and requests during critical stages of the negotiations—engaged in multiple rounds of discussions and negotiations with Mr. Iwao Fusejima and the Tender Offeror regarding the implementation and terms of the Transactions. These discussions were conducted with the support and advice of TMI Associates and PwC Advisory.

Specifically, on March 4, June 2, and June 13, 2025, the Company conducted interviews with Mr. Iwao Fusejima through the Special Committee. During these sessions, Mr. Iwao Fusejima provided explanations regarding the purpose and significance of the Transactions, its structure and terms, and the Company’s post-Transaction management policy. A Q&A session followed each presentation.

With respect to the Tender Offer Price, on June 10, 2025, based on due diligence conducted on the Company and after a multifaceted and comprehensive analysis of factors such as the business environment, financial condition, and the market value trends of the Company Shares, Mr. Fusejima submitted an initial proposal to set the Tender Offer Price at 1,000 yen per share. This represented a premium of 38.70% over the closing price of the Company Shares on the TSE Standard Market as of June 9, 2025 (the business day prior to the proposal date), which was 721 yen; a premium of 37.74% over the one-month simple average closing price of 726 yen; a premium of 35.32% over the three-month simple average of 739 yen; and a

premium of 33.87% over the six-month simple average of 747 yen.

After receiving this proposal, and in light of the valuation results provided by PwC Advisory and the opinion of the Special Committee, the Company—supported by the advice of both PwC Advisory and TMI Associates—formally requested the Tender Offeror on June 20, 2025, to reconsider the proposed Tender Offer Price. While the Company acknowledged that the proposed price showed a certain degree of consideration toward general shareholders, it did not provide sufficient assurance that the price adequately reflected the interests of minority shareholders.

Subsequently, on June 23, 2025, the Company received a revised proposal from the Tender Offeror. Based on the due diligence conducted on the Company, and following a multifaceted and comprehensive analysis of various factors—including the business environment, the Company’s financial condition, and trends in the market value of the Company Shares—the Tender Offeror proposed a revised Tender Offer Price of 1,010 yen per share.

This revised price represented a premium of 38.55% over the closing price of the Company Shares on the TSE Standard Market as of June 20, 2025 (the business day prior to the proposal date), which was 729 yen; a premium of 39.50% over the one-month simple average closing price of 724 yen; a premium of 37.60% over the three-month simple average of 734 yen; and a premium of 34.85% over the six-month simple average of 749 yen.

In response, the Company, after considering the valuation results of its shares reported by PwC Advisory and the opinion of the Special Committee, and upon receiving advice from both PwC Advisory and TMI Associates, requested on July 4, 2025, that the Tender Offeror reconsider its proposed Tender Offer Price. Although the proposed price reflected a greater degree of consideration for the Company’s general shareholders, the Company concluded that, in light of premium levels observed in recent similar transactions, it could not be fully assured that the price adequately reflected the interests of minority shareholders.

Subsequently, on July 7, 2025, the Company received a revised proposal from the Tender Offeror to set the Tender Offer Price at 1,050 yen per share. This price represents: a premium of approximately 41.32% over the closing price of the Company’s shares on the TSE Standard Market as of July 4, 2025, which was 743 yen; a premium of 43.05% over the one-month simple average closing price of 734 yen; a premium of 44.03% over the three-month simple average of 729 yen; and a premium of 40.00% over the six-month simple average of 750 yen.

Furthermore, based on the preliminary report from PwC Advisory regarding the estimated value of the Company Shares and the opinions of the Special Committee, and with the advice of PwC Advisory and TMI Associates, on July 10, 2025, the Company requested the Tender Offeror to reconsider the Tender Offer Price because the Company was not fully convinced that there was no room for the proposal to even better serve the interest of general shareholders, although it considered the proposed price was at the sufficient level in light of the premiums in recent similar cases.

On July 13, 2025, the Company received the final proposal from the Tender Offeror, as the maximum price that can be possibly offered, to set the Tender Offer Price at 1,085 yen per share. This price represents: a premium of approximately 42.58% over the closing price of the Company’s shares on the TSE Standard Market as of July 11, 2025, which was 761 yen; a premium of 46.42% over the one-month simple average closing price of 741 yen; a premium of 47.82% over the three-month simple average of 734 yen; and a premium of 44.47% over the six-month simple average of 751 yen. On July 14, 2025, the Company responded to the Tender Offeror that it would accept the final proposal.

The Company, with respect to the revised proposal, sought confirmation of its appropriateness from the Special Committee, and also received further opinions and advice from PwC Advisory and TMI Associates. In addition, the Company carefully reviewed the contents of the stock valuation report obtained from PwC Advisory dated July 11, 2025 (the “Stock Valuation Report (PwC Advisory)”) and the stock valuation report obtained from Guardian Advisors (the “Stock Valuation Report (Guardian Advisors)”).

After thorough consideration, the Company concluded that the proposed price is appropriate, as it reflects a significant premium over the market price, falls within the valuation range calculated by PwC Advisory using the discounted cash flow

method (“DCF Method”) and Guardian Advisors using the DCF Method as discussed below, and is therefore a reasonable and fair price.

In this manner, the Company engaged in continuous negotiations with Mr. Iwao Fusejima and the Tender Offeror regarding the Tender Offer Price.

Furthermore, the Company received necessary legal advice from TMI Associates regarding the procedures related to the Transactions, including the method and process of the Board of Directors’ decision-making and other points requiring attention. In addition, on July 14, 2025, the Special Committee submitted its report (the “Committee Report”) to the Company. (For a summary of the Committee Report and details of the Special Committee’s specific activities, please refer to “③ Establishment of an Independent Special Committee and Receipt of the Committee Report by the Company” from “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest.”)

Taking into account the legal advice received from TMI Associates and the content of the Stock Valuation Report (PwC Advisory) obtained from PwC Advisory, and giving the highest level of respect to the contents of the Committee Report submitted by the Special Committee, the Company conducted a careful review of the Transactions, including whether the Transactions would contribute to enhancing the Company’s corporate value and whether it would secure the interests of minority shareholders through fair procedures.

As a result, taking the following points into consideration, and as described in “② Background, Purpose, and Decision-Making Process Leading to the Tender Offeror’s Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy,” subsection “(i) Background, Purpose, and Decision-Making Process Leading to the Implementation of the Tender Offer,” the Company concluded that the Transactions would contribute to the enhancement of its medium- to long-term competitiveness and corporate value.

As described in “② Background, Purpose, and Decision-Making Process Leading to the Tender Offeror’s Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy,” subsection “(i) Background, Purpose, and Decision-Making Process Leading to the Implementation of the Tender Offer,” the Company recognizes that, in the domestic market, the declining population and the accelerating trend of a super-aging society are leading to a serious labor shortage, which poses a significant challenge. This issue is also recognized as a critical concern by our key customers—pharmaceutical manufacturers. In addition, while domestic demand for pharmaceuticals in Japan is projected to plateau over the long term, the Company acknowledges the growing societal issue of pharmaceutical supply shortages. Against this backdrop, it is imperative to maintain and further enhance a high-quality and stable production system that addresses labor constraints. Furthermore, the Company recognizes that, in the global market, population growth and aging demographics are expected to continue, and that rising incomes and expanding populations are likely to drive increased demand for pharmaceuticals. Accordingly, the Company sees substantial growth potential in overseas markets.

Since its founding, the Company has developed its business with a dual focus on its machinery business, which centers on granulation and coating equipment, and its chemicals business, which includes pharmaceutical excipients, primarily in Japan and the United States. In recent years, the Company has expanded its presence by establishing bases in India, Italy, and China, thereby enhancing its global footprint. However, under the current business environment, the Company Group has come to the conclusion that achieving more advanced and sustainable growth, as well as greater profitability, will require steering management from a medium- to long-term perspective, while swiftly, proactively, and boldly executing a variety of strategic initiatives beyond what has been done to date. Meanwhile, Mr. Fusejimas etc., are considering specific measures such as: (i) maintaining and enhancing a high-quality and stable production system, (ii) continuing investments aimed at capturing overseas markets, (iii) offering solutions through innovation, (iv) building a flexible business portfolio, (v) strengthening research and development capabilities and enhancing business creation through open innovation and (vi) redesigning and reinforcing human capital strategies to support sustainable growth.

After careful consideration, including interviews with Mr. Iwao Fusejima, the Company has concluded that each of these

initiatives should be actively pursued as essential measures for enhancing the Company's corporate value over the medium to long term.

However, given that the return on investment for these initiatives is expected to be realized over the medium to long term, the Company recognizes that there are risks such as a temporary decline in profitability and deterioration in cash flow in the short term. If such initiatives were to be implemented while the Company remains publicly listed, there is a possibility that the capital markets may not fully appreciate their long-term value in the short term. This could potentially result in a decline in the Company's share price and, consequently, a negative impact on shareholders through a decrease in market value. Nonetheless, the Company believes that these initiatives are essential for the growth of the Company Group, particularly in light of the current business environment. Under these circumstances, the Company has determined that it is necessary to align ownership and management through a management buyout (MBO), whereby Mr. Iwao Fusejima—who possesses an in-depth understanding of the Company Group's businesses—will continue to play a central role in managing the Company. This structure will enable swift, proactive, and bold execution of the aforementioned initiatives. Furthermore, by taking the Company private, the potential negative impact on shareholders resulting from market volatility can be avoided, and the Company will be able to pursue management strategies free from the constraints of short-term market evaluations.

In light of the foregoing, and considering the specific characteristics of the Company's businesses—namely, the machinery business involving granulation and coating equipment and the chemicals business involving pharmaceutical excipients—which require management from a medium- to long-term perspective, the Company has determined that its corporate value over the medium to long term can be better enhanced under the leadership of Mr. Iwao Fusejima, who has a deep understanding of the Company Group's operations. This structure would allow for the swift, proactive, and bold implementation of various initiatives from a long-term strategic perspective, rather than being subject to the short-term profit pressures of the capital markets.

If the Company proceeds with the privatization of its shares, it will no longer be able to raise funds through equity financing in the capital markets. Additionally, there is a possibility that the Company may be affected in areas such as the recruitment of high-caliber talent and the expansion of business partners—benefits it has enjoyed as a listed company due to increased public trust and visibility.

However, the Company believes that it will be able to secure the funds necessary for its business activities through internal resources and borrowings from financial institutions, and thus expects only a minimal impact on its financing capabilities. Furthermore, the Company believes it can continue to attract and retain talented personnel by appropriately designing incentive schemes and working conditions. The Company also considers that its brand strength and social credibility have been—and will continue to be—built and maintained through its ongoing business activities. Therefore, the Company does not believe that privatization would necessarily result in a loss of its brand or credibility.

Accordingly, the Board of Directors, at its meeting held today, determined that the advantages of going private outweigh the disadvantages.

During the course of deliberation and review, the Company considered that the Tender Offer Price of 1,085 per share meets the following criteria:

- (a) As stated in “(3) Matters Related to Valuation” ②, the Tender Offer Price exceeds the upper end of the valuation range calculated by PwC Advisory under the Market Price Analysis, and falls within the valuation range derived using the DCF Method;
- (b) As stated in “(3) Matters Related to Valuation” ③, the Tender Offer Price exceeds the upper end of the valuation range calculated by Guardian Advisors under the Market Average Price Method and the Comparable Company Analysis Method, and falls within the valuation range derived using the DCF Method;
- (c) The Tender Offer Price reflects a premium of:

- 42.58% over 761 yen, the closing price of the Company's shares on the TSE Standard Market on July 11, 2025 (the business day prior to the announcement);
- 46.42% over the one-month simple average closing price of 741 yen;
- 47.82% over the three-month simple average closing price of 734 yen; and
- 44.47% over the six-month simple average closing price of 751 yen.

When compared to the median premium levels observed in 85 MBO transactions announced after the publication of the Ministry of Economy, Trade and Industry's "Fair M&A Guidelines—Toward the Enhancement of Corporate Value and the Securing of Shareholders' Interests" on June 28, 2019, and completed by June 30, 2025—where the median premium rates based on (i) the closing price on the business day immediately preceding the announcement date, and the simple average closing prices for (ii) the one-month, (iii) three-month, and (iv) six-month periods prior to such date were 42.41%, 45.23%, 46.09%, and 49.15%, respectively, the Tender Offer Price offers premiums superior in terms of (i), (ii) and (iii) above by 0.17%, 1.19% and 1.73%, respectively, and also the deviation from the median in terms of (iv) is only 4.68%, which is not significantly inferior. Therefore, the Tender Offer Price is considered to include a reasonable premium in light of such precedent transactions.

(d) Measures to address and mitigate conflicts of interest have been appropriately taken, as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest"

(e) The Tender Offer Price was determined through multiple rounds of negotiation between the Special Committee and Mr. Iwao Fusejima and the Tender Offeror, under conditions equivalent to arm's-length negotiations between independent parties, with procedural safeguards in place. These negotiations were based on the valuation results from PwC Advisory, legal advice from TMI Associates on the decision-making process, and expert input from the Company's financial advisor.

(f) JAVF, a major shareholder, also conducted its own negotiations with the Tender Offeror and agreed to tender all of its shares under the Tender Agreement (JAVF) at this price.

(g) As described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest "(iii) Establishment of an Independent Special Committee and Receipt of the Committee Report," the Special Committee concluded in its report that the Tender Offer Price is reasonable.

Taking all of the above into consideration, the Board of Directors of the Company determined that the Transactions, including the Tender Offer, is expected to enhance the Company's corporate value. It further concluded that the Tender Offer Price and other terms and conditions of the Tender Offer are appropriate and provide shareholders with a reasonable opportunity to sell their shares.

Based on the foregoing, at the Board of Directors meeting held today, all directors of the Company who participated in the deliberation and resolution (six out of seven directors, excluding Mr. Iwao Fusejima) unanimously resolved to express the Company's opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares.

Mr. Iwao Fusejima is expected to continue to be involved in the management of the Company following the completion of the Tender Offer and is also considering making a direct investment in the Tender Offeror. In light of the existence of a conflict of interest between Mr. Fusejima and the Company regarding the Transactions, he is deemed a special interested director and therefore did not participate in any deliberation or resolution at the aforementioned Board meeting. Moreover, he did not engage in any discussions or negotiations with the Tender Offeror on behalf of the Company.

(3) Matters Related to Valuation

① Name of the Valuation Agents and Their Relationship with the Company and the Tender Offeror

In expressing its opinion regarding the Tender Offer, the Company engaged PwC Advisory LLC ("PwC Advisory"), an

independent financial advisor and third-party valuation agent unaffiliated with the Tender Offer Related Parties, to evaluate the value of the Company Shares. The Company received a Stock Valuation Report (PwC Advisory) dated July 11, 2025 (the “Stock Valuation Report (PwC Advisory)”).

As described in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest”, both the Company and the Tender Offeror implemented measures to ensure the fairness of the Tender Offer Price and the overall Transactions, as well as to avoid conflicts of interest. In light of these safeguards, the Company determined that the fairness of the Transactions, including the Tender Offer Price, was adequately secured and, therefore, did not obtain a fairness opinion from PwC Advisory.

PwC Advisory is not a related party of any of the Tender Offer Related Parties and has no material conflicts of interest that should be disclosed in connection with the Tender Offer or the Transactions.

The compensation paid to PwC Advisory in relation to the Transactions includes a fixed fee payable regardless of the outcome of the Transactions, as well as a success fee payable contingent upon the consummation of the Transactions. However, the Company determined that the inclusion of a success fee does not impair PwC Advisory’s independence, taking into account general market practice for similar transactions and the fact that the Company would incur a significant financial burden if the Transactions were not completed. Based on this assessment, the Company appointed PwC Advisory as its financial advisor and third-party valuation agent under the aforementioned fee structure.

② Overview of the Valuation

PwC Advisory, after considering various valuation methodologies, selected those it deemed appropriate for evaluating the value of the Company Shares. Based on the assumption that the Company is a going concern, PwC Advisory determined that it would be appropriate to evaluate the Company Share value from multiple perspectives. Given that the Company Shares are listed on the TSE Standard Market and have observable market prices, PwC Advisory adopted the Market Price Analysis. Additionally, to reflect the Company’s future business outlook in the valuation, it also adopted DCF Method to calculate the per-share value of the Company Shares.

The ranges of per-share value derived from each valuation method are as follows:

Market Price Analysis: 734 yen to 761 yen

DCF Method: 861 yen to 1,117 yen

Under the Market Price Analysis, PwC Advisory set the valuation reference date as July 11, 2025, and calculated the per-share value of the Company Shares based on the following: the closing price of 761 yen on the TSE Standard Market on the reference date, the simple average of the closing prices over the most recent one-month period (741 yen), three-month period (734 yen), and six-month period (751 yen). Based on these figures, the per-share value of the Company Shares was assessed to be in the range of 734 yen to 761 yen.

Under the DCF Method, PwC Advisory based its analysis on the financial and investment forecasts included in the business plan prepared by the Company for the fiscal years ending February 2026 through February 2028, as well as publicly available information and other relevant factors. The Company’s expected free cash flows from fiscal year 2026 onward were discounted to present value using a discount rate of 8.0% to 10.0%, in order to derive the Company’s corporate and equity value.

For the calculation of terminal value, PwC Advisory used the perpetuity growth method, applying a perpetual growth rate of 0.5% to 1.5%.

As a result, the per-share value of the Company Shares under the DCF Method was assessed to be in the range of 861 yen to 1,167 yen.

The specific financial projections used by PwC Advisory as the basis for its DCF analysis are outlined below. These

projections cover the Company's fiscal years ending February 2026 through February 2028. While none of the forecasted fiscal years assume a significant year-on-year increase or decrease in revenue or earnings, some periods do reflect substantial fluctuations in free cash flow.

In particular, for the fiscal year ending February 2026, a significant decrease in free cash flow is expected due to an increase in working capital. Conversely, for the fiscal year ending February 2027, a significant increase in free cash flow is anticipated as a result of a decrease in working capital. Please also note that potential synergy effects expected to arise from the implementation of the Transactions have not been included in the financial projections, as it is currently difficult to estimate them with specificity.

PwC Advisory conducted multiple rounds of discussions with the Company to examine and analyze the contents of these financial projections. Furthermore, in the course of the Special Committee's review, the Company provided explanations regarding the content and key assumptions of the draft business plan prepared in connection with the Transactions. The Special Committee confirmed the reasonableness of the final business plan, its key assumptions, and the background of its preparation.

(Unit: Millions of Yen)

Fiscal Year Ending February 2026 February 2027 February 2028

Revenue	24,500	24,900	24,900
Operating Profit	1,500	1,640	1,740
EBITDA	2,187	2,306	2,385
Free Cash Flow	146	1,176	1,374

In conducting its valuation of the Company Shares, PwC Advisory principally relied on information provided by the Company as well as publicly available information, assuming such information to be accurate and complete. It also assumed, among other things, that there were no undisclosed facts that could materially affect the valuation of the Company Shares. PwC Advisory did not independently verify the accuracy or completeness of the information received.

Furthermore, PwC Advisory did not perform any independent evaluation, appraisal, or assessment of the Company's assets or liabilities (including off-balance sheet assets and liabilities or other contingent liabilities), nor did it request such evaluations or appraisals from third-party institutions.

With respect to the financial projections (including the business plan and other relevant data) submitted by the Company, PwC Advisory assumed they were prepared by the Company's management on a reasonable basis and represented the Company's best currently available forecasts and judgments.

The results of PwC Advisory's valuation reflect the information and economic conditions available as of July 11, 2025.

③ Receipt of Stock Valuation Report from an Independent Third-Party Valuation Agent Appointed by the Special Committee

In considering the Matters for Consultation (as defined in “③ Establishment of an Independent Special Committee and Receipt of the Committee Report” from “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest”), the Special Committee engaged Guardian Advisors, an independent third-party valuation agent unaffiliated with the Tender Offer Related Parties, to evaluate the value of the Company Shares. The Special Committee received the stock valuation report from Guardian Advisors dated July 11, 2025 (the “Stock Valuation Report (Guardian Advisors)”).

Guardian Advisors is not a related party of any of the Tender Offer Related Parties and has no material conflicts of interest in connection with the Transactions, including the Tender Offer, that would require disclosure.

Compensation paid to Guardian Advisors for this engagement consisted solely of a fixed fee payable regardless of whether the Transactions is consummated. No success fee contingent upon the completion of the Transactions is included in the compensation arrangement.

Guardian Advisors, after evaluating various valuation methodologies, selected the most appropriate approaches for assessing the value of the Company Shares, based on the premise that the Company is a going concern and that a multi-faceted evaluation would be appropriate.

Given that the Company Shares are listed on the TSE Standard Market and have observable market prices, Guardian Advisors adopted the Market Average Price Method. In addition, because there are multiple listed companies comparable to the Company, enabling a relative valuation through peer comparisons, the Comparable Company Analysis Method was also adopted. Furthermore, to incorporate the Company's future business outlook into the valuation, DCF Method was utilized. The valuation was conducted under certain assumptions.

According to Guardian Advisors, the ranges of per-share value of the Company Shares calculated under each method are as follows.

- Market Average Price Method: 734 yen – 761 yen
- Comparable Company Analysis Method: 903 yen – 961 yen
- DCF Method: 726 yen – 1,147 yen

Under the Market Average Price Method, Guardian Advisors set the valuation reference date as July 11, 2025, and calculated the per-share value of the Company Shares based on the following: the closing price on the TSE Standard Market on the reference date of 761 yen, the simple average of closing prices over the past one month (741 yen), past three months (734 yen), and past six months (751 yen). As a result, the per-share value of the Company Shares was assessed to be in the range of 734 yen to 761 yen.

Under the Comparable Company Analysis Method, Guardian Advisors assessed the Company's per-share value by comparing its financial indicators—such as market price and profitability—with those of listed companies engaged in businesses considered relatively similar to the Company's. Based on this analysis, the per-share value was calculated to be in the range of 903 yen to 961 yen.

Under DCF Method, Guardian Advisors calculated the Company's corporate and equity value by discounting the projected free cash flows to present value. These projections are based on the Company's internal financial and investment forecasts for the fiscal years ending February 2026 through February 2028, as well as publicly available information and other relevant factors. As a result, the per-share value of the Company's stock was assessed to be in the range of 726 yen to 1,147 yen.

For DCF Method, a discount rate of 9.2% to 11.8% was applied. In calculating terminal value, both the multiples method and the perpetual growth method were used, with EBITDA multiples ranging from 3.2x to 4.8x, and a perpetual growth rate of 0.5% to 1.5%.

The financial forecasts used in this valuation do not assume any significant year-on-year increases or decreases in earnings over the forecast period but includes fiscal years in which significant fluctuations in free cash flow are anticipated. Additionally, the forecasts do not assume the implementation of the Tender Offer. Therefore, any synergies expected to result from the completion of the Tender Offer have not been incorporated into the financial projections or valuation.

The specific figures underlying the financial forecasts used in DCF Method are as follows:

(Unit: Millions of Yen)

Fiscal Year Ending February 2026 February 2027 February 2028

Revenue	24,500	24,900	24,900
Operating Profit	1,500	1,650	1,740
EBITDA	2,130	2,259	2,327
Free Cash Flow	221	1,171	1,319

Guardian Advisors, in conducting its valuation of the shares of the Company, has, in principle, adopted as-is the information provided by the Company and information publicly available, assuming that such materials and information are accurate and complete, and that there are no undisclosed facts that may have a material impact on the valuation of the Company's shares. Guardian Advisors has not independently verified the accuracy or completeness of such information. Additionally, Guardian Advisors has not conducted any independent evaluation or appraisal of individual assets or liabilities, nor has it sought any appraisal or assessment from third parties.

This stock valuation report prepared by Guardian Advisors has been provided solely for the purpose of enabling the Special Committee, from its standpoint, to consider the tender offer price from a financial perspective. It does not express any opinion or view on the terms or other aspects of the proposed transaction, including the structure or form of the transaction. Furthermore, it does not express any opinion or recommendation to the shareholders of the Company regarding whether or not to tender their shares in the transaction, how to exercise their voting rights, or how to act in connection with the transaction or any matters related thereto.

This stock valuation report by Guardian Advisors reflects information available as of July 11, 2025, and subsequent developments may affect the contents of this stock valuation report.

④ Valuation Method Adopted by the Tender Offeror

In determining the Tender Offer Price, the Tender Offeror comprehensively analyzed the Company's business and financial status based on the financial information and other materials, such as securities reports and earnings briefings disclosed by the Company. In addition to the results of due diligence of the Company conducted from February 21, 2025 until May 27, 2025, given that the Company Shares are traded on a financial instruments exchange, the Tender Offeror also referred to the closing price (761 yen) of the Company Shares on the TSE Standard Market as of July 11, 2025, the Business Day immediately before the announcement of the Tender Offer, and the trend of the simple average of the closing price for one month, three months, and six months immediately preceding the above date (741 yen, 734 yen, and 751 yen, respectively). And as a result of discussions and negotiations between the Company and the Special Committee, the Tender Offeror comprehensively examined the probability of approval of the Tender Offer by the Company's Board of Directors, the outlook of shares to be tendered in the Tender Offer, and other related factors, and ultimately decided to set the Tender Offer Price at 1,085 yen on July 14, 2025. It should be noted that the Tender Offeror determined the Tender Offer Price after considering various factors as described above, and through discussions and negotiations with the Company and the Special Committee; thus, it did not obtain a stock valuation report or fairness opinion from any third-party valuation agency.

The Tender Offer Price of 1,085 yen represents an 42.58% premium over the closing price (761 yen) of the Company Shares on the TSE Standard Market as of July 11, 2025, the Business Day immediately before the announcement of the Tender Offer, a 46.42% premium over the simple average of the closing price for the past one month (from June 12, 2025 to July 11, 2025) (741 yen), a 47.82% premium over the simple average of the closing price for the past three months (from April 14, 2025 to July 11, 2025) (734 yen), and a 44.47% premium over the simple average of the closing price for the past six months (from January 14, 2025 to July 11, 2025) (751 yen), respectively.

(4) Prospects for delisting; Reasons

As of today, the Company Shares are listed on the TSE Standard Market, but because the Tender Offeror has not set maximum number of shares to be purchased in the Tender Offer, depending on the result of the Tender Offer, under the delisting criteria established by the TSE, the Company Shares may be delisted through prescribed procedures. Further, even in the case where

such criteria have not been met at the point in time of the completion of the Tender Offer, the Squeeze-out Procedures stated in “(5) Post-Tender Offer reorganization policy (Matters relating to the “Two-Step” Acquisition)” below are planned to be carried out after the completion of the Tender Offer. Thus, if such procedures are implemented, the Company Shares will be delisted through prescribed procedures under the delisting criteria set by the TSE. It should be noted that after the Company Shares are delisted, they can no longer be traded on the TSE.

(5) Post-Tender Offer reorganization policy (Matters relating to the “Two-Step” Acquisition)

As explained in “(1) Overview of the Tender Offer” above, if the Tender Offeror cannot acquire all of the Company Shares (including the Restricted Shares but excluding treasury shares held by the Company and the Non-Tendered Shares) in the Tender Offer, after the completion of the Tender Offer, the Tender Offeror plans to carry out the Squeeze-out Procedures in order to acquire all of the Company Shares (including the Restricted Shares but excluding treasury shares held by the Company and the Non-Tendered Shares) using the following method.

Specifically, after the completion of the Tender Offer, the Tender Offeror plans to request the Company to convene an extraordinary general shareholders meeting that includes in its agenda items a resolution for the Share Consolidation in accordance with Article 180 of the Companies Act and an amendment to its articles of incorporation to eliminate the provisions for number of shares in a share unit, subject to the coming into effect of the Share Consolidation (the “Extraordinary General Shareholders Meeting”). The Tender Offeror and the Non-Tendering Shareholders plan to vote in favor of all of the agenda items at the Extraordinary General Shareholders Meeting. From the viewpoint of enhancing the Company’s corporate value, believing that it is desirable to hold the Extraordinary General Shareholders Meeting at an earlier stage, the Tender Offeror plans to request the Company to make a public notice during the Tender Offer Period to set a record date for the Extraordinary General Shareholders Meeting after, but as close as possible to the commencement date of settlement of the Tender Offer. The Extraordinary General Shareholders Meeting is scheduled to be held around October 2025. The Company plans to respond to such request in good faith, should it be made by the Tender Offeror.

If the resolution for the Share Consolidation is approved at the Extraordinary General Shareholders Meeting, on the date that the Share Consolidation comes into effect, the Company’s shareholders will each come to possess a specific number of the Company Shares in proportion to the Share Consolidation ratio approved at the Extraordinary General Shareholders Meeting. If any fractional shares of less than one share arise from the Share Consolidation, following the procedures under Article 235 of the Companies Act and other related laws and regulations, the money obtained by selling the Company Shares to the Company or the Tender Offeror in a number equivalent to the total of such fractional shares (if the total number includes a fractional share of less than one share, such number shall be rounded down to the nearest whole number; the same applies hereinafter) will be delivered to the shareholders of such fractional shares of the Company. With respect to the sale price for the Company Shares in the number equivalent to the total of such fractional shares, the Tender Offeror plans to set such price so that the amount of money to be delivered as the proceed of such sale to the Company’s shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror, the Non-Tendering Shareholders and the Company) will be the same as the price obtained by multiplying the Tender Offer Price by the number of the Company Shares each such shareholder possessed, and then request the Company to file a petition with the court for permission to conduct a voluntary sale. Further, although the Company Shares consolidation ratio is undecided as of today, it is planned to set the ratio to ensure that the number of the Company Shares held by the Company’s shareholders (excluding the Tender Offeror, the Non-Tendering Shareholders and the Company) who do not tender their shares in the Tender Offer will be fractions less than one share so that the Tender Offeror and the Non-Tendering Shareholders hold all of the Company Shares (including the Restricted Shares but excluding treasury shares held by the Company).

As stated in “4. Material Agreements Between the Tender Offeror and Shareholders of the Company Regarding Tendering in the Tender Offer” below, in order to avoid, to the extent possible, the existence of a Company shareholder (excluding the Tender Offeror and the Non-Tendering Shareholders) who holds the Company Shares equal to or greater than the smallest number of the Company Shares held by any of the Tender Offeror and the Non-Tendering Shareholders as of the Effective Date of the Share Consolidation, and enhance the stability of the Squeeze-out Procedures, upon request from the Tender Offeror, the Non-Tendering Shareholders may conduct the Share Lending Transaction with the Tender Offeror effective before the Share Consolidation comes into effect. In the case where the Share Consolidation is carried out, if any fractional shares of less than one share arise from the Share Consolidation, the Companies Act provides that under Articles 182-4 and 182-5 of the Companies Act and other related laws and regulations, the Company’s shareholders who did not tender their shares in the Tender Offer are entitled to demand that the Company purchase all of their Company Shares that are fractional shares at a fair price, and file a petition with the court for the determination of the price of the Company Shares. If such a petition is filed, the purchase price of the Company Shares will ultimately be determined by the court.

As noted in “4. Material Agreements Between the Tender Offeror and Shareholders of the Company Regarding the Tender Offer” below, in order to avoid, to the greatest extent possible, the presence—on the effective date of the Share Consolidation—of any shareholder (other than the Tender Offeror and the Non-Tendering Shareholders) holding a number of Company shares equal to or greater than the smallest number of shares held by either the Tender Offeror or the Non-Tendering Shareholders, and to enhance the stability of the Squeeze-Out Procedures, the Tender Offeror may, at its request, enter into a Share Lending Transaction with the Non-Tendering Shareholders, to be treated as effective immediately prior to the effective date of the Share Consolidation. If the Share Consolidation results in shareholders holding fractional shares of less than one share, shareholders who did not tender their shares in the Tender Offer will, under Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations, have the right to demand that the Company purchase all of their fractional shares at a fair price. They may also petition the court for a determination of the purchase price of such shares. If such a petition is filed, the final purchase price will ultimately be determined by the court.

The Tender Offer is not in any way intended to be an inducement for the Company’s shareholders to consent at the Extraordinary General Shareholders Meeting.

With regard to the Restricted Shares, the allotment agreement for said shares stipulates that (a) in the case where the matters related to the Share Consolidation (limited to the case where such share consolidation results in the Restricted Shares of the allottee being only fractions of less than one share) are approved by a general shareholders meeting of the Company (only if the Effective Date arrives before the expiration of the transfer restriction period), the transfer restrictions for a specific number of Restricted Shares obtained by calculating in accordance with a calculation formula specified in the allotment agreement shall be removed at a time immediately before the start of the Business Day immediately preceding the Effective Date; and (b) in the case stipulated in (a) above, as of the Business Day immediately preceding the Effective Date, the Company shall automatically acquire, without consideration, all Restricted Shares whose transfer restrictions have not been removed by said date. Under the Squeeze-out Procedures, it is planned that any Restricted Shares whose transfer restrictions are removed at the time immediately before the start of the Business Day immediately preceding the Effective Date under the provision (a) of the allotment agreement above shall be subject to the Share Consolidation, and that any Restricted Shares whose transfer restrictions are not removed as of the Business Day immediately preceding the Effective Date shall be acquired by the Company without consideration as of said date under the provision (b) of the allotment agreement above. (Going forward, the Tender Offeror plans to introduce a new incentive plan in lieu of the Restricted Shares in consultation with the Company, but these consultations have not begun as of today, so the particulars are undecided).

Due to amendments, enactments, and interpretations by competent authorities of related laws and regulations, or similar reasons, the above procedures may require time to implement, or the method of implementation may change. However, even in

such a case, it is planned that if the Tender Offer is completed, ultimately the method of delivering money to the Company shareholders (excluding the Tender Offeror, the Non-Tendering Shareholders and the Company) who did not tender their shares in the Tender Offer will be adopted, and the Tender Offeror plans for the amount of money that will be delivered to such shareholders of the Company to be calculated so as to be the same as the price obtained by multiplying the Tender Offer Price by the number of the Company Shares that each such shareholder held.

For specific procedures, the timing for implementation, and other related information regarding the above, once determined after consultations between the Tender Offeror and the Company, the Company will promptly make a public announcement.

Please note that with respect to the tax treatment of the tendering of shares in the Tender Offer or any of the above procedures, each of the Company shareholders should consult with a tax professional at their responsibility.

The Tender Offeror intends to become the sole shareholder of the Company eventually, and as a means for achieving such objective, the Tender Offeror plans to carry out, subject to the completion of the Squeeze-out Procedures, a Share Swap with the Tender Offeror's shares as consideration, having the Tender Offeror as the wholly-owning parent after the Share Swap and the Company as a wholly-owned subsidiary after the Share Swap; details are undecided as of today.

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

The Tender Offeror and the Company recognized that the Tender Offer constitutes part of a so-called Management Buyout (MBO), and that such a transaction may give rise to structural conflicts of interest. Accordingly, in order to ensure the fairness of the Tender Offer Price, eliminate arbitrariness in the decision-making process leading to the implementation of the Tender Offer, and avoid conflicts of interest, the following measures were implemented to ensure the overall fairness of the Transactions, including the Tender Offer.

Please note that the descriptions below regarding measures taken by the Tender Offeror are based on explanations provided by the Tender Offeror.

① Obtaining a Stock Valuation Report from an Independent Third-Party Valuation Agent by the Company

In order to ensure fairness in the decision-making process regarding the Tender Offer Price proposed by the Tender Offeror, the Company engaged PwC Advisory—an independent financial advisor and third-party valuation agent unaffiliated with the Tender Offer Related Parties—to evaluate the value of the Company Shares. The Company received the Stock Valuation Report (PwC Advisory) dated July 11, 2025.

PwC Advisory is not a related party of any of the Tender Offer Related Parties and has no material conflicts of interest that should be disclosed in connection with the Transactions, including the Tender Offer.

While the compensation paid to PwC Advisory includes both a fixed fee payable regardless of whether the Transaction is consummated and a success fee contingent upon the completion of the Transaction, the Company determined—taking into account general market practice for similar transactions and the fact that the Company would incur a significant financial burden if the Transactions were not completed—that such a fee structure does not impair PwC Advisory's independence. On this basis, PwC Advisory was appointed as the Company's financial advisor and third-party valuation agent under the aforementioned compensation arrangement.

The Special Committee also confirmed that there were no issues with PwC Advisory's independence.

For an overview of the Stock Valuation Report (PwC Advisory), please refer to “(3) Matters Related to Valuation” above.

② Advice from an Independent Law Firm to the Company

To ensure the fairness and appropriateness of the decision-making process by the Company's Board of Directors in

connection with the Tender Offer, the Company appointed TMI Associates as its legal advisor, independent from the Tender Offer Related Parties. The firm has provided the Company with necessary legal advice regarding the procedures related to the Transactions, including the method and process of the Board's decision-making and other legal considerations. TMI Associates is not a related party of any of the Tender Offer Related Parties and has no material conflicts of interest that would require disclosure in connection with the Tender Offer or the Transactions. The firm's compensation is based solely on hourly billing and does not include any success fee contingent upon the completion of the Transactions. The Special Committee has also confirmed that there are no issues regarding the independence of TMI Associates.

③ Establishment of an Independent Special Committee and Receipt of the Committee Report by the Company

Recognizing that the Tender Offer constitutes part of a so-called Management Buyout (MBO) and that structural conflicts of interest may arise in the Company's consideration of the Transactions, the Board of Directors of the Company resolved at its meeting held on February 21, 2025, to establish the Special Committee for the purpose of ensuring careful deliberation in the Company's decision-making process regarding the Transactions, and to eliminate arbitrariness and conflicts of interest in such decision-making, thereby securing its fairness.

The Special Committee is composed of four members who have no conflicts of interest with the Tender Offer Related Parties:

- Mr. Hisashi Tanaka and Mr. Ryuichi Kume (Chairman of the Board of Kanpo Co., Ltd. and Representative Director and Chairman of NeoScience Co., Ltd.), both of whom are outside and independent directors of the Company; and
- Ms. Sayoko Izumoto (Certified Public Accountant, Representative of Izumoto CPA Office) and Mr. Kazunari Hamada (Attorney-at-Law, Partner at Yabuki Law Office), both of whom are outside and independent statutory auditors.

The Board of Directors resolved to base its decisions on the recommendations of the Special Committee and to give its findings the utmost respect. The composition of the Special Committee has not changed since its establishment. Compensation paid to the members of the Special Committee consists solely of fixed fees, regardless of whether the Transactions are completed. No success fees contingent on the outcome of the Transactions are included.

The Company commissioned the Special Committee to consider and provide the Committee Report to the Board of Directors on the following matters (collectively, the "Matters for Consultation"):

- (a) The reasonableness of the purpose of the Transactions (including whether the Transactions would contribute to enhancing the Company's corporate value);
- (b) The fairness of the terms of the Transactions (including the appropriateness of the structure and consideration for the Transactions);
- (c) The fairness of the procedures of the Transactions (including the extent and appropriateness of measures to ensure fairness); and
- (d) Based on (a) through (c) above and any other relevant factors, whether it would be detrimental to minority shareholders for the Board of Directors to resolve to proceed with the Transactions (including expressing an opinion in favor of the Tender Offer).

In addition, the Company's Board of Directors resolved to grant the Special Committee the following authorities in connection with its review of the Transactions:

- (a) The authority to conduct investigations relating to the Transactions;
- (b) The authority to (i) communicate to the Company any proposals, opinions, or questions the Special Committee wishes to convey to the Tender Offeror; and (ii) request that the Company arrange opportunities for the Special Committee itself to engage in discussions or negotiations with the Tender Offeror. (Even if such a request is not made, the Company is required to promptly report to the Special Committee the content of any discussions or negotiations it conducts with the Tender Offeror.

Based on such reports, the Special Committee may express its views to the Company on negotiation policy and may provide necessary instructions or requests); and

(c) The authority to independently appoint, at the Company's expense, its own legal counsel, valuation experts, certified public accountants, and other advisors; to issue necessary instructions to the Company's advisors; and, if deemed necessary, to request replacement of any such advisors.

The Special Committee convened a total of 17 meetings between February 21, 2025, and July 14, 2025, during which it held discussions and deliberations on the Matters for Consultation.

At the first meeting of the Special Committee, the Committee reviewed the legal advisor and the financial advisor/third-party valuation agent appointed by the Company. It confirmed that there were no issues concerning their independence or expertise and formally approved their appointments as the Company's legal and financial advisors/valuation agent. The Committee also confirmed that it could independently receive expert advice from these or other professionals as necessary.

In addition, the Special Committee reviewed and approved the Company's internal framework for evaluating the Transactions (including the scope of the officers and employees involved in the consideration, negotiation, and decision-making processes related to the Transactions), confirming that the structure raised no concerns in terms of independence or fairness.

The Special Committee received both written and in-person (interview-style) explanations from the Company regarding the following: its business environment and management challenges, its views on the letter of intent, the necessity of privatization through the Transactions, the significance and merits of the Transactions, the expected impact of the Transactions on the Company's business, and the background and rationale for the preparation of the Company's business plan. The Committee conducted detailed Q&A sessions in response to these explanations. Additionally, the Committee received both written and interview-style explanations from Mr. Iwao Fusejima concerning the purpose and background of the Transactions, the need for privatization through the Transactions, the proposed structure and terms, the significance and merits of the Transactions, the anticipated impact on the Company's business, the post-Transaction management policy, and the measures to ensure the fairness of the Transactions. These sessions were also followed by thorough Q&A. Furthermore, the Special Committee received explanations from PwC Advisory regarding the negotiation process and the terms of the Transactions, and from Guardian Advisors regarding the valuation of the Company's shares. The Committee also received explanations from TMI Associates and Okada, Imanishi & Yamamoto Law Office on procedural measures to ensure fairness, the decision-making process of the Company's Board of Directors related to the Transactions, and other measures aimed at avoiding conflicts of interest. The Committee conducted Q&A sessions on these matters as well.

The Special Committee also received timely reports from the Company regarding the progress and details of discussions and negotiations between the Company and the Tender Offeror concerning the Transactions. Based on these updates, the Special Committee held internal discussions and was substantially involved in the negotiation process, particularly with respect to the Tender Offer Price. As described in "(2) Grounds and Reasons for the Opinion," subsection "(3) Decision-Making Process and Reasons Leading to the Company's Support for the Tender Offer," the Committee made multiple recommendations to the Company during the course of negotiations, which ultimately led to the Tender Offeror proposing a Tender Offer Price of 1,085 yen per share.

After carefully and repeatedly discussing and reviewing the Matters for Consultation, the Special Committee submitted its report to the Company's Board of Directors on July 14, 2025. The report contained the following principal conclusions.

(i) Content of the Special Committee's Report

I. The purpose of the Transactions is reasonable.

II. The conditions of the Transactions are fair.

III. The procedures of the Transactions are fair.

IV. In light of I through III above and other relevant considerations, it is the opinion of the Special Committee that a resolution by the Company's Board of Directors to proceed with the Transactions (including expressing support for the Tender Offer and recommending that shareholders tender their shares) is not detrimental to minority shareholders.

(ii) Reasons for the Special Committee's Opinion

I. Reasonableness of the Purpose of the Transactions

Based on the explanations received from the Company and Mr. Iwao Fusejima, the Special Committee has concluded that the purpose and significance of the Transactions, including the Tender Offer, as described in "(2) Grounds and Reasons for the Opinion," subsection "(2) Background, Purpose, and Decision-Making Process Leading to the Tender Offeror's Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy," item "(i) Background, Purpose, and Decision-Making Process", were found to be free of unreasonable elements and were deemed to have been developed through reasonable deliberation. Furthermore, the Company's judgment that these initiatives are necessary to realize its mid- to long-term strategy was also considered reasonable.

Since the Transactions will result in the privatization of the Company's shares, there will be the loss of certain advantages associated with being a listed company. However:

- The Company's brand strength and social credibility have been built and maintained through its business operations, and are not necessarily dependent on its listed status;
- The Company can secure funds necessary for its operations through internal resources and borrowings from financial institutions, so privatization is not expected to materially impair its financing capabilities; and
- Given the Company's established reputation and credibility within its industry, there is sufficient reason to believe that it will continue to attract talented personnel, even after becoming a private company.

Accordingly, the Special Committee did not find the Company's assessment—that the necessity of remaining listed is low and the disadvantages of going private are limited—to be unreasonable.

After careful consultation and consideration taking all of the above into account, the Special Committee concluded that the Transactions are considered to have a reasonable purpose and is recognized as contributing to the enhancement of the Company's corporate value from the mid-term to long-term perspective.

II. Fairness of the Transactions Conditions

(a) PwC Advisory's Stock Valuation Report

According to the Stock Valuation Report (PwC Advisory) prepared by PwC Advisory, an independent third-party valuation agent unaffiliated with the Tender Offer Related Parties, the per-share value of the Company Shares was assessed as follows:

- 734 yen to 761 yen based on the market price-based method, and
- 861 yen to 1,117 yen based on DCF method.

The Special Committee received explanations from PwC Advisory and the Company regarding the valuation methodology used, including the rationale for the selected methods, the selection of comparable companies in the comparable company analysis (if applicable), the development and assumptions underlying the business plan used in the DCF method, and the basis for determining the discount rate. The Committee also conducted a detailed Q&A and review, and concluded that no unreasonable elements were found when viewed against generally accepted valuation practices.

Furthermore, the Tender Offer Price exceeds the upper end of the valuation range calculated under the market price-based method and is also above the median value of the range derived using the DCF method, as presented

in the Stock Valuation Report (PwC Advisory).

(b) Guardian Advisors' Stock Valuation Report

According to the Stock Valuation Report (Guardian Advisors) obtained by the Special Committee from Guardian Advisors, an independent third-party valuation agent unaffiliated with the Tender Offer Related Parties, the per-share value of the Company's stock was calculated as follows:

- 734 yen to 761 yen under the market average price method,
- 903 yen to 961 yen under the comparable company analysis method, and
- 726 yen to 1,147 yen under DCF method.

The Special Committee received detailed explanations from Guardian Advisors regarding the valuation methodologies used. The Committee also conducted Q&A sessions with both Guardian Advisors and the Company concerning the selection of valuation approaches, the business plan that served as the basis for the DCF method, the rationale for determining the discount rate, and the perpetual growth rate. After careful examination, the Committee concluded that the methods and assumptions used were not unreasonable in light of generally accepted valuation practices.

Furthermore, the Tender Offer Price exceeds the upper end of the valuation range calculated under both the market average price method and the comparable company analysis method, and is also above the median of the range derived using the DCF method as presented in the Stock Valuation Report (Guardian Advisors).

(c) Premium Over Market Prices

The Tender Offer Price of 1,085 yen represents the following premiums:

- 42.58% over the closing price of the Company's shares on the Tokyo Stock Exchange Standard Market on July 11, 2025 (the business day prior to the announcement), which was 761 yen;
- 46.42% over the one-month simple average closing price from June 12 to July 11, 2025, which was 741 yen;
- 47.82% over the three-month simple average closing price from April 14 to July 11, 2025, which was 734 yen; and
- 44.47% over the six-month simple average closing price from January 14 to July 11, 2025, which was 751 yen.

When compared to the median premium levels observed in 85 MBO transactions announced after June 28, 2019, and completed by June 30, 2025—where the median premium rates based on (i) the closing price on the business day immediately preceding the announcement date, and the simple average closing prices for (ii) the one-month, (iii) three-month, and (iv) six-month periods prior to such date were 42.41%, 45.23%, 46.09%, and 49.15%, respectively, the Tender Offer Price offers premiums superior in terms of (i), (ii) and (iii) above by 0.17%, 1.19% and 1.73%, respectively, and also the deviation from the median in terms of (iv) is only 4.68%, which is not significantly inferior. Therefore, the Tender Offer Price is considered to include a reasonable premium in light of such precedent transactions.

(d) Integrity of the Negotiation Process

As described in Section III below, the negotiation process relating to the Transactions, including the Tender Offer, is recognized as having been conducted in good faith. The Special Committee was substantially and actively involved in negotiating the terms of the Transactions, and it is acknowledged that the final Tender Offer Price was determined based on the outcome of these negotiations.

(e) Consideration in Squeeze-Out Procedures

Minority shareholders who do not tender their shares in the Tender Offer (excluding the Fusejimas, etc.) will, in the subsequent privatization procedures to be implemented after the completion of the Tender Offer, ultimately receive cash consideration. The amount of such consideration is expected to be calculated so that it is equivalent

to the amount obtained by multiplying the Tender Offer Price by the number of shares held by each such shareholder.

(f) Conclusion on Transactions Conditions

Considering the above, the Special Committee concluded that the conditions of the Transactions are fair.

III. Fairness of the Transactions Procedures

(a) Company's Review Process

In reviewing the Transactions, the Company has conducted careful deliberations and discussions concerning the fairness of the procedures involved and the appropriateness of the Tender Offer Price and other terms, from the perspective of enhancing the Company's corporate value and ultimately protecting the common interests of shareholders. Throughout this process, the Company has received advice and opinions from PwC Advisory—an independent financial advisor and third-party valuation agent unaffiliated with the Tender Offer Related Parties—and from TMI Associates as its legal advisor.

The Special Committee confirmed that there were no issues regarding the independence or expertise of PwC Advisory and TMI Associates and approved them as the Company's financial advisor, third-party valuation agent, and legal advisor, respectively. Furthermore, the Special Committee confirmed that it could obtain expert advice from PwC Advisory and TMI Associates as needed, and in practice, has done so during the review process.

(b) Obtaining a Stock Valuation Report from an Independent Third-Party Valuation Agent

In deciding on its opinion regarding the Tender Offer, the Company engaged PwC Advisory—an independent third-party valuation agent—to assess the value of the Company's shares. The Company obtained a stock valuation report from PwC Advisory dated July 14, 2025.

(c) Establishment of the Special Committee and Respect for Its Opinion

Recognizing that the Tender Offer constitutes part of a so-called Management Buyout (MBO) and that structural conflicts of interest could arise in the Company's evaluation of the Transactions, the Company resolved at its Board of Directors meeting held on February 21, 2025, to establish the Special Committee. The purpose of this committee is to ensure careful deliberation in the Company's decision-making, eliminate arbitrariness and conflicts of interest in the Board's decision-making process, and secure procedural fairness.

The Special Committee is composed of four members with no conflicts of interest with the Tender Offer Related Parties:

- Mr. Hisashi Tanaka and Mr. Ryuichi Kume (Chairman of the Board of Kanpo Co., Ltd. and Representative Director and Chairman of NeoScience Co., Ltd.), both of whom are outside and independent directors of the Company; and
- Ms. Sayoko Izumoto (Certified Public Accountant, Representative of Izumoto CPA Office) and Mr. Kazunari Hamada (Attorney-at-Law, Partner at Yabuki Law Office), both of whom are outside and independent statutory auditors.

The Company has resolved to give utmost respect to the opinions of the Special Committee in making decisions regarding the Transactions, and if the Special Committee determines that the conditions of the Transactions are not appropriate, the Company would not proceed with the Transactions.

(d) Obtaining a Stock Valuation Report from an Independent Third-Party Valuation Agent by the Special Committee

In forming its opinion regarding the Tender Offer, the Special Committee engaged Guardian Advisors—an independent third-party valuation agent unaffiliated with the Tender Offer Related Parties—to evaluate the value of the Company's shares. The Special Committee received the Stock Valuation Report (Guardian Advisors) dated July 14, 2025.

(e) Negotiations Conducted by the Company

The Company engaged in multiple rounds of substantive negotiations with the Tender Offeror regarding the

Tender Offer Price, with the aim of ensuring fairness from the perspective of protecting the interests of minority shareholders.

Specifically, the Company, through PwC Advisory, conducted repeated price negotiations in response to the Tender Offeror's proposed Tender Offer Price. Throughout these discussions, the Special Committee received timely reports from the Company regarding the progress and content of the negotiations. The Committee then deliberated on negotiation policies and expressed its views accordingly, ensuring that it was substantially involved in the negotiation process with the Tender Offeror.

(f) Establishment of an Independent Internal Review Structure

To eliminate structural conflicts of interest, the Company has established an internal framework to ensure that the review, negotiation, and decision-making processes concerning the Transactions are conducted independently from both the Tender Offeror and Mr. Iwao Fusejima. Specifically, Mr. Iwao Fusejima has acquired common shares in the Tender Offeror and, as the proposer of the Transactions, is also expected to continue serving as the Company's Representative Director after the completion of the Transactions. In light of this, he is deemed to be in a structural conflict of interest with the Company concerning the Transactions. As such, he has not participated in any deliberation or resolution of the Company's Board of Directors relating to the Transactions, nor has he been involved in any negotiations with the Tender Offeror on behalf of the Company. The internal review structure has been composed solely of officers and employees deemed independent from both the Tender Offeror and Mr. Iwao Fusejima, and this approach has been maintained consistently through the present date.

(g) Non-Involvement of Interested Parties in the Negotiation Process of the Transactions

No directors representing the Company in the consideration or negotiation of the Transactions had any special interest in the Transactions. Furthermore, throughout the discussions, evaluations, and negotiations relating to the Transactions, there is no evidence suggesting that the Tender Offeror, any Tender Offer Related Parties, or any other parties with a special interest in the Transactions exerted any undue influence on the Company's side.

(h) Majority of Minority Condition

The minimum number of shares to be purchased in the Tender Offer is 7,499,301 shares. Such number of shares is equivalent to the number of shares (7,499,301) obtained by adding the 1,924,400 Agreed Tendering Shares to 5,574,901, which is the number of shares corresponding to a majority of the number of shares obtained by subtracting the 3,855,428 Non-Tendered Shares and the 1,924,400 Agreed Tendering Shares from the Number of Reference Shares (16,929,628). In other words, if the consent of the majority of shareholders who do not have an interest in the Tender Offeror cannot be obtained, the Tender Offer will not be completed, and in this sense, the Tender Offeror places an importance on the intentions of the minority shareholders of the Company; thus, the setting of the minimum number of shares to be purchased satisfies the conditions for a "Majority of Minority".

(i) Securing Objective Conditions to Ensure the Fairness of the Tender Offer

While the statutory minimum tender offer period is 20 business days, the Tender Offeror has set the Tender Offer period at 30 business days. By setting a relatively longer period compared to the statutory minimum, the Tender Offeror has ensured that the Company's shareholders are given ample time to make an informed decision as to whether to tender their shares. Additionally, this extended period also allows for the possibility of competing acquisition proposals, thereby ensuring a fair opportunity for counteroffers to be made in the market.

Furthermore, neither the Tender Offeror nor the Company has entered into any agreements that would restrict the Company from engaging with competing acquirers, such as deal protection provisions that prohibit or limit contact with potential competing bidders.

By combining the extended offer period with the absence of restrictive arrangements, the framework of the Tender Offer demonstrates a deliberate effort to secure fairness and openness throughout the process.

(j) Summary

In light of the foregoing considerations, the Special Committee, after careful deliberation and review, has

concluded that the procedures relating to the Transactions are fair.

IV. In light of I through III above and other relevant considerations, a resolution by the Company's Board of Directors to proceed with the Transactions is not detrimental to minority shareholders

In the course of the Special Committee's deliberations, no specific events were identified that would cause undue harm to the Company's minority shareholders. Taking into account the matters described in Sections I through III above, and after carefully examining the potential impact of the Transactions, namely, the Tender Offer and the subsequent squeeze-out procedures (the share consolidation etc.), the Special Committee concluded that a decision by the Company's Board of Directors to proceed with the Transactions would not be detrimental to the interests of the Company's minority shareholders.

④ Receipt of Stock Valuation Report from an Independent Third-Party Valuation Agent by the Special Committee

As stated in “③ Establishment of an Independent Special Committee and Receipt of the Committee Report by the Company” above, the Special Committee engaged Guardian Advisors, an independent third-party valuation agent unaffiliated with the Tender Offer Related Parties, to evaluate the value of the Company's shares. The Special Committee received the Stock Valuation Report (Guardian Advisors) dated July 11, 2025. Guardian Advisors is not a related party of any of the Tender Offer Related Parties and has no material conflicts of interest in connection with the Transactions, including the Tender Offer. The compensation paid to Guardian Advisors for this engagement consists solely of a fixed fee, regardless of whether the Transactions are consummated, and does not include any success fee contingent on the completion of the Transactions.

For an overview of the Stock Valuation Report (Guardian Advisors), please refer to “(3) Matters Related to Valuation,” subsection “③ Receipt of Stock Valuation Report from an Independent Third-Party Valuation Agent Appointed by the Special Committee.”

⑤ Advice from an Independent Law Firm to the Special Committee

As noted in “③ Establishment of an Independent Special Committee and Receipt of the Committee Report by the Company” above, the Special Committee appointed Okada, Imanishi & Yamamoto Law Office as its own independent legal advisor, unaffiliated with the Tender Offer Related Parties. The firm provided legal advice to the Special Committee on matters including the procedural measures necessary to ensure fairness in the Transactions, the specific procedures involved in the Transactions, and the methods and processes for decision-making by the Company in connection with the Transactions.

Okada, Imanishi & Yamamoto Law Office is not a related party of any of the Tender Offer Related Parties and has no material conflicts of interest that would require disclosure in connection with the Tender Offer or the Transactions.

The firm's compensation is calculated by multiplying hourly rates by the number of hours worked, and is payable regardless of whether the Transactions are consummated. No success fee contingent upon the completion of the Transactions is included in its compensation.

⑥ Establishment of an Independent Review Framework within the Company

To eliminate structural conflicts of interest, the Company established an internal framework to ensure that the consideration, negotiation, and decision-making with respect to the Transactions would be conducted independently from the Tender Offeror and Mr. Iwao Fusejima. Specifically, Mr. Fusejima is Representative Director of the Tender Offeror who hold all issued shares of the Tender Offeror and is both the proponent of the Transactions and the person who will continue to serve as the Representative Director of the Company following its completion. Accordingly, he is deemed to have a structural conflict of

interest with the Company in connection with the Transactions. As such, he did not participate in any deliberation or resolution of the Board of Directors regarding the Transactions and did not engage in any discussions or negotiations with the Tender Offeror on behalf of the Company. The Company's internal review framework has been composed entirely of officers and employees who are deemed independent of the Tender Offeror and Non-Tendering Shareholders, and this approach has been maintained through the date hereof.

Furthermore, the Special Committee has confirmed that there are no issues concerning the independence and fairness of this review framework, including the scope of the Company's officers and employees involved in the evaluation, negotiation, and decision-making processes related to the Transactions.

⑦ Opinion of All Disinterested Directors and Disinterested Statutory Auditors of the Company Stating No Objection

Taking into consideration the legal advice received from TMI Associates and the contents of the Stock Valuation Report (PwC Advisory), and giving the utmost respect to the Committee Report submitted by the Special Committee, the Company carefully deliberated on whether the Transactions would contribute to enhancing the Company's corporate value, and whether the Transactions, being carried out through fair procedures, would secure the interests of minority shareholders.

As a result, and as described in "(2) Grounds and Reasons for the Opinion," subsection "(3) Decision-Making Process and Reasons Leading to the Company's Support for the Tender Offer," the Company's Board of Directors concluded that the Transactions, including the Tender Offer, is expected to enhance the Company's corporate value. It also determined that the Tender Offer Price and the other terms and conditions of the Tender Offer are reasonable for the Company's shareholders and that the Tender Offer provides shareholders with a fair opportunity to sell their shares. Accordingly, at the Board of Directors meeting held today, all directors of the Company who participated in the deliberation and resolution (six out of seven directors, excluding Mr. Iwao Fusejima) unanimously resolved to express the Company's opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares.

Mr. Iwao Fusejima, who is expected to continue in a management role at the Company following the completion of the Tender Offer and is also considering making a direct investment in the Tender Offeror, is deemed to have a conflict of interest with respect to the Transactions. Therefore, as an interested director, he did not participate in any deliberations or resolutions at the aforementioned Board meeting and did not take part in any discussions or negotiations with the Tender Offeror on behalf of the Company.

⑧ Setting a minimum number of shares to be purchased that is greater than the number corresponding to the "Majority of Minority"

The minimum number of shares to be purchased in the Tender Offer is equivalent to the number of shares (7,499,301) obtained by adding the 1,924,400 Agreed Tendering Shares to 5,574,901, which is the number of shares corresponding to a majority of the number of shares obtained by subtracting the 3,855,428 Non-Tendered Shares and the 1,924,400 Agreed Tendering Shares from the Number of Reference Shares. In other words, if the consent of the majority of shareholders who do not have an interest in the Tender Offeror cannot be obtained, the Tender Offer will not be completed, and in this sense, the Tender Offeror places an importance on the intentions of the minority shareholders of the Company; thus, the setting of the minimum number of shares to be purchased satisfies the conditions for a "Majority of Minority".

⑨ Securing an objective state where the fairness of the Tender Offer is ensured

The minimum purchase period under laws and regulations is 20 Business Days, but the Tender Offeror has set the Tender Offer Period of 30 Business Days. This is a comparatively long period compared to the minimum period under laws and

regulations; thus, such period ensures opportunities for all shareholders of the Company to appropriately determine whether or not to tender their shares in the Tender Offer, and for any competing offerors to make a competing purchase, or the like of the Company Shares. In this way, the Tender Offeror intends to ensure the fairness of the Tender Offer Price.

Additionally, the Tender Offeror and the Company have not entered into any agreement that restricts the Company's contact with any competing offeror, such as an agreement containing a deal protection clause that prohibits the Company from contacting a competing offeror. In this way, in addition to adjusting the Tender Offer Period as above, the Tender Offeror ensures an opportunity for competing purchase, or the like, thereby giving consideration to ensuring the fairness of the Tender Offer.

4. Material Agreements Between the Tender Offeror and Shareholders of the Company Regarding Tendering in the Tender Offer

(1) Non-Tendering Agreements

On July 14, 2025, the Tender Offeror executed the Non-Tendering Agreement with each of the Non-Tendering Shareholders. Details of the Non-Tendering Agreement are as follows:

(i) Agreement on non-tendering in the Tender Offer

The Non-Tendering Shareholders have agreed not to tender their Non-Tendered Shares in the Tender Offer.

(ii) Agreement on exercise of voting rights attached to the Company Shares

If the Tender Offeror cannot acquire all of the Company Shares (including the Restricted Shares but excluding treasury shares held by the Company and the Non-Tendered Shares) in the Tender Offer, after the completion of the Tender Offer, the Tender Offeror plans to request the Company to convene an extraordinary general shareholders meeting that includes in its agenda items a resolution for the Share Consolidation and an amendment to the articles of incorporation eliminating the provisions for number of shares in a share unit, subject to the coming into effect of the Share Consolidation, so that the Tender Offeror and the Non-Tendering Shareholders will be the only shareholders of the Company, and the Non-Tendering Shareholders have agreed to vote in favor of all of the agenda items, exercising the voting rights attached to the Non-Tendered Shares.

(iii) Agreement on share-lending

In order to avoid, to the extent possible, the existence of a Company's shareholder (excluding the Tender Offeror and the Non-Tendering Shareholders) who holds the Company Shares equal to or greater than the smallest number of the Company Shares owned by any of the Tender Offeror or the Non-Tendering Shareholders as of the Effective Date of the Share Consolidation, and enhance the stability of the Squeeze-out Procedures, Mr. Iwao Fusejima has agreed that the Tender Offeror may, at its decision, carry out the Share Lending Transaction with the Non-Tendering Shareholders effective before the Share Consolidation comes into effect. The share-lending fee is expected to be free.

(2) Tendering Agreement (JAVF)

On July 14, 2025, the Tender Offeror executed the Tendering Agreement (JAVF) with JAVF, thus reaching an agreement that JAVF will tender all 1,924,400 of the Company Shares it holds (ownership ratio: 11.37%) in the Tender Offer. In addition, the Tender Offeror agreed to the following under the Tender Agreement (JAVF).

- (i) It shall be a condition precedent for JAVF's tendering of its Company Shares in the Tender Offer that the Company's Board of Directors passes at its meeting and announces a resolution expressing an opinion in support of the Tender Offer, and that this expression of opinion is not amended or withdrawn. However, JAVF may, at its discretion, waive such condition precedent.
- (ii) From the date of execution of the Tendering Agreement (JAVF) until the commencement date of settlement of the Tender Offer, JAVF shall not transfer, create a security interest in or otherwise dispose of the Company Shares it holds, conduct any transaction that is substantively in conflict with the Tender Offer or may make it difficult to execute the Tender Offer, enter into any agreement relating thereto, nor make any proposal, solicitation, discussion, negotiation or provision of information regarding such transactions, directly or through a third party. Also, in the event that JAVF receive any solicitation, proposal, information, or application from a third party other than the Tender Offeror regarding such transaction, JAVF shall promptly notify the Tender Offeror of the details thereof as soon as commercially reasonably possible, and shall consult in good faith with the Tender Offeror regarding the response to such third party.
- (iii) From the date of execution of the Tendering Agreement (JAVF) until the commencement date of settlement of the Tender Offer, absent the Tender Offeror's prior written consent, JAVF shall not exercise its rights as the Company's shareholder, including the right to request the convocation of a general shareholders' meeting, the right to make a proposition thereat, and any other shareholder's rights.
- (iv) From the date of execution of the Tendering Agreement (JAVF) until the commencement date of the settlement of the Tender Offer, in the event that a sincere proposal is made by a third party without any proposal or solicitation from JAVF to acquire the Company Shares at a consideration equivalent to an amount exceeding the Tender Offer Price, or if such proposal is announced, JAVF may request the public tender offeror to negotiate regarding the change of the Tender Offer Price.
- (v) (i) In the event that the Tender Offeror fails to change the Tender Offer Price to an amount exceeding the consideration for the competing proposal by the earlier of the date three business days after the date of the request by JAVF above (iv) or the day before the termination of the Tender Offer, or (ii) if it is objectively and reasonably determined that JAVF's failure to tender in the Tender Offer or cancel the tendering already conducted would violate the fiduciary duty of Kaname Capital LP, the Investment Manager of JAVF, then JAVF shall not be obligated to tender in the Tender Offer, and if JAVF had already tendered in the Tender Offer, it may cancel the tender offer agreement without paying any compensation or other monetary amounts.
- (vi) The Tendering Agreement (JAVF) stipulates, as (I) events of termination, (i) the case where the Tender Offer is withdrawn after its commencement, (ii) the case where the Tender Offer is not completed, (iii) the case where JAVF and the Tender Offeror agree in writing to terminate the Tendering Agreement (JAVF), and (iv) the case where the Tendering Agreement (JAVF) is cancelled pursuant to (II) below. It also stipulates, as (II) events of cancellation before the commencement of the Tender Offer, (i) the case where it is found that the other party has materially breached its representations and warranties under the Tendering Agreement (JAVF), or where such other party has materially breached its obligation under the Tendering Agreement (JAVF) and such breach is not cured despite a written formal demand, and (ii) the case where the other party has commenced or petitioned for bankruptcy proceedings or voluntary liquidation.

5. Details of Any Benefits Provided by the Tender Offeror or Its Specially Related Parties

Not applicable.

6. Response Policy Regarding the Basic Policy on Control of the Company

Not applicable.

7. Questions to the Tender Offeror

Not applicable.

8. Request for Extension of the Tender Offer Period

Not applicable.

9. Future Outlook

Please refer to the following sections for further details:

“(2) Grounds and Reasons for the Opinion” subsection “② Background, Purpose, and Decision-Making Process Leading to the Tender Offeror’s Decision to Conduct the Tender Offer, and Post-Tender Offer Management Policy”, “(4) Prospects for delisting; Reasons” and “(5) Post-Tender Offer reorganization policy (Matters relating to the “Two-Step” Acquisition)” from “3. Details, Grounds, and Reasons for the Opinion on the Tender Offer”.

10. Other Matters

- (i) Publication of “Summary of Financial Results for the First Quarter of the Fiscal Year Ending February 2026 Japanese GAAP (Consolidated)”

The Company published its “Summary of Financial Results for the First Quarter of the Fiscal Year Ending February 2026 Japanese GAAP (Consolidated)” on July 14, 2025. An outline of the first quarter financial results is provided below. Please note that these figures have not been subject to a quarterly review by the Company’s audit firm. For further details, please refer to the full announcement of the financial results.

- (ii) Publication of “Notice Regarding Revision of Dividend Forecast for the Fiscal Year Ending February 2026 (No Dividend) and Abolition of Shareholder Benefit Program”

As announced in the “Notice Regarding Revision of Dividend Forecast for the Fiscal Year Ending February 2026 (No Dividend) and Abolition of Shareholder Benefit Program” published on July 14, 2025, the Board of Directors of the Company resolved at its meeting held on the same day to revise the dividend forecast for the fiscal year ending February 2026. Subject to the successful completion of the Tender Offer, the Company has decided not to pay a year-end dividend (surplus dividend) for the fiscal year ending February 2026. The Company has also decided to abolish its shareholder benefit program starting from the fiscal year ending February 2026. For further details, please refer to the full text of the “Notice Regarding Revision of Dividend Forecast for the Fiscal Year Ending February 2026 (No Dividend) and Abolition of Shareholder Benefit Program” published by the Company.