

[Translation]
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For Immediate Release

Company Name PALTEK Corporation
Name of Representative Tadahito Takahashi, President and Representative Director
(Second Section of the Tokyo Stock Exchange: 7587)
Contact Hiroki Inoue, Managing Director, Division Director of Operation Service Division
(Telephone: +81-45-477-2000)

Declaration of Opinion in Support of the Tender Offer for the Share Certificates of the Company by Restar Holdings Corporation and Recommendation for the Tender Offer, and Execution of the Capital and Business Alliance Agreement with Restar Holdings Corporation

PALTEK Corporation (the “**Company**”) hereby announces that it has resolved as stated below at its board of directors meeting held today to express its opinion in support of the tender offer for the Company’s common shares (the “**Company Shares**”) by Restar Holdings Corporation (securities code: 3156; listed on the First Section of the Tokyo Stock Exchange, Inc. (the “**TSE**”); the “**Tender Offeror**”) (the “**Tender Offer**”) and recommend that its shareholders tender the Company Shares in the Tender Offer and to execute a Capital and Business Alliance Agreement (the “**Capital and Business Alliance Agreement**”) with the Tender Offeror.

The resolution of the board of directors stated above was made on the assumption that the Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror through the Tender Offer and a series of subsequent procedures and that the Company Shares will be delisted.

1. Outline of the Tender Offeror

(1) Name	Restar Holdings Corporation
(2) Location	3-6-5, Higashi-Shinagawa, Shinagawa-ku, Tokyo
(3) Name and title of representative	Kunihiro Konno, Representative Director and CEO
(4) Description of business	The semiconductor and electronic components business, the procurement business, the electronic equipment business, and the environmental energy business

(5)	Capital	4,383 million yen	
(6)	Date of incorporation	October 1, 2009	
(7)	Major shareholders and share holding ratios (as of September 30, 2020)	Kabushiki Kaisha KMF	17.12%
		Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Sony Share 003 Account, Re trustee, Japan Custody Bank, Ltd.	7.43%
		Kabushiki Kaisha S-Grant Corporation	5.68%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	4.85%
		Ryoyo Electro Corporation	3.77%
		BBH FOR FIDELITY LOW-PRICED STOCK FUND(PRINCIPAL ALL SECTOR SUBPORTFOLIO) (Standing Proxy: MUFG Bank, Ltd.)	2.97%
		MUFG Bank, Ltd.	2.72%
		Japan Custody Bank, Ltd. (Trust Account)	2.65%
		Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Sony Share 008 Account, Re trustee, Japan Custody Bank, Ltd.	2.38%
	Mizuho Bank, Ltd.	2.30%	
(8)	Relationship between the Company and the Tender Offeror		
	Capital relationship	The Tender Offeror holds one Company Share.	
	Personnel relationship	Not applicable.	
	Business relationship	Not applicable.	
	Status as related party	Not applicable.	

2. Price for Purchase, Etc.

680 yen per share of common stock

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

(1) Details of the Opinion on the Tender Offer

The Company has 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 its shareholders tender the Company Shares in the Tender Offer, based on the grounds and reasons stated in “(2) Grounds and Reasons for the Opinion” below.

The resolution of the board of directors stated above was made in the manner set out in “(E) Approval of All Disinterested Directors of the Company and Opinion of All Company Auditors that They Have No Objection” in “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(2) Grounds and Reasons for the Opinion

The descriptions of the grounds and reasons for the opinion on the Tender Offer that relate to the Tender Offeror are based on explanations given by the Tender Offeror.

(A) Outline of the Tender Offer

The Tender Offeror resolved at its board of directors meeting held today to implement the Tender Offer as part of the transactions for the purpose of acquiring all of the Company Shares listed on the Second Section of the TSE and making the Company a wholly-owned subsidiary of the Tender Offeror (the “**Transactions**”). As of today, the Tender Offeror holds one Company Share (Note 1) (ownership ratio (Note 2): 0.00%).

(Note 1): On April 1, 2021, the Tender Offeror acquired from Endeavor Co., Ltd., which is the largest major shareholder of the Company, one Company Share for 524 yen (the closing price of the Company Shares on the Second Section of the TSE on March 31, 2021) through an off-market transaction with an implementation date of April 1, 2021 in accordance with a share purchase agreement executed with Endeavor Co., Ltd. for the purpose of exercising the right to inspect and copy the shareholder register of the Company in order to send a notice of the Tender Offer to the Company’s shareholders during the purchase period of the Tender Offer (the “**Tender Offer Period**”).

(Note 2): “Ownership ratio” means the percentage of the number of issued shares of the Company as of December 31, 2020 (11,849,899 shares) stated in the securities report for the 39th fiscal year filed by the Company on March 29, 2021 (the “**Securities Report**”) less the number of treasury shares held by the Company as of December 31, 2020 (895,882 shares) (i.e., 10,954,017 shares). Fractions are rounded to the nearest two decimal places. The same applies below unless other treatment is specified with respect to the statements of ownership ratios.

The Tender Offeror also resolved at its board of directors meeting held today to enter into the Capital and Business Alliance Agreement with the Company. Please refer to “(1) The Capital and Business Alliance Agreement” in “4. Matters regarding Important Agreements relating to the Tender Offer” below for the terms of the Capital and Business Alliance Agreement.

Upon conducting the Tender Offer, the Tender Offeror entered into tender offer agreements today with Endeavor Co., Ltd. (number of shares held: 3,575,479 shares; ownership ratio: 32.64%), which is the largest major shareholder of the Company and is an asset management company wholly owned by Mr. Tadahito Takahashi, who is President and CEO of the Company, and his relatives, MLPFS CUSTODY ACCOUNT

(number of shares held: 592,440 shares; ownership ratio: 5.41%), which is the second largest shareholder of the Company, and Mr. Tadahito Takahashi (number of shares held: 83,940 shares; ownership ratio: 0.77%), who is President and CEO of the Company and the tenth largest shareholder of the Company (collectively, the “**Prospective Tendering Shareholders**”), under which each Prospective Tendering Shareholder will tender all of the Company Shares it holds (total number of shares held: 4,251,859 shares; ownership ratio: 38.82%) in the Tender Offer (the tender offer agreements entered into by the Tender Offeror with each Prospective Tendering Shareholder are hereinafter collectively referred to as the “**Tender Offer Agreements**”). While Endeavor Co., Ltd. has created security over 1,470,000 of the Company Shares that it holds (ownership ratio: 13.42%) for MUFG Bank, Ltd., under the Tender Offer Agreement, Endeavor Co., Ltd. will tender those shares in the Tender Offer after releasing such security interests. Also, the Tender Offeror was informed by Endeavor Co., Ltd. that it would tender its shares in the Tender Offer after releasing those security interests during the Tender Offer Period. Please refer to “(2) The Tender Offer Agreements” in “4. Matters regarding Important Agreements relating to the Tender Offer” below for the details of the Tender Offer Agreements.

In the Tender Offer, given that the Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror and as set out in “(5) Policy for Organizational Restructuring after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below, if the Tender Offer is completed but the Tender Offeror is not able to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and treasury shares held by the Company) through the Tender Offer, the Tender Offeror contemplates carrying out a set of procedures for making the Company a wholly-owned subsidiary of the Tender Offeror where the Tender Offeror is the only shareholder of the Company (the “**Squeeze-out Procedures**”). To ensure the implementation of the Squeeze-out Procedures with certainty, the Tender Offeror has set the minimum number of shares to be purchased (Note 3) at 7,293,700 shares, and if the total number of Share Certificates, Etc. tendered in response to the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than 7,293,700 shares, the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc.

(Note 3): The minimum number of shares to be purchased (7,293,700 shares) is the number of shares (7,293,700 shares) calculated by multiplying (i) the number of voting rights (109,399 voting rights) of all of the Company’s shareholders as of December 31, 2020 as stated in the Securities Report multiplied by 66.67% (72,937 voting rights) by (ii) 100 shares.

On the other hand, as described above, given that the Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror by acquiring all of the Company Shares (excluding the Company Shares held by the Tender Offeror and treasury shares held by the Company) and there is no maximum number of shares to be purchased in the Tender Offer, if the total number of the Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased (7,293,700 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

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

(a) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer

The Tender Offeror is a company established by the business integration of UKC Holdings Corporation (Note 1) and VITEC Holdings Corporation (Note 2) in April 2019, and its trade name was changed to Restar Holdings Corporation upon the business integration. As of today, the Tender Offeror group (the “**Tender Offeror Group**”) consists of the Tender Offeror and 43 consolidated subsidiaries and 8 affiliates of the Tender Offeror.

(Note 1): UKC Holdings Corporation was established by the business integration of USC Corporation (which was established as Uni Corporation in 1973, following which Uni Corporation merged with Uni Semiconductor Corporation in 1986, and its trade name was changed to USC Corporation; USC Corporation was listed on the Second Section of the TSE in 2002) and Kyoshin Technosonic Co., Ltd. (which was established as Kyoshin Electric Corporation in 1961, following which Kyoshin Electric Corporation merged with Technosonic Co., Ltd. and Sony Component Marketing Co., Ltd. in 2000, and its trade name was changed to Kyoshin Technosonic Co., Ltd.) in October 2009, and its trade name was changed to UKC Holdings Corporation. UKC Holdings Corporation is listed on the First Section of the TSE.

(Note 2): VITEC Holdings Corporation was established as VITEC Co., Ltd. in 1987 and was listed on the Second Section of the TSE in 2000. Subsequently, VITEC Co., Ltd. was moved to the First Section of the TSE in 2012 and changed its trade name to VITEC Holdings Corporation in 2015.

As of today, the main businesses conducted by the Tender Offeror Group are (i) the semiconductor and electronic components business, (ii) the procurement business, (iii) the electronic equipment business, and (iv) the environment energy business. The details of each business are as follows:

(i) Semiconductor and electronic components business

- Devices: Selling semiconductors, electronic components, and related products domestically and abroad; proposing systems by combining sensors and AI (Note 3) or liquid crystals, etc. or products such as semiconductors and electronic components rather than selling single products; providing high value-added solutions; and providing technical support and engineering specialized in liquid crystals and foreign suppliers
- EMS (Note 4): Providing electronics manufacturing services for electronic components, modules, and other products adopting cutting-edge systems and providing services for procurement, production management, and quality assurance at its factories

(Note 3): “AI” stands for “artificial intelligence” and means a computer system with functions possessed by human intelligence, such as learning, inference, and judgment.

(Note 4): “EMS” stands for “electronics manufacturing services” and means contracted services for the manufacture of electronic devices.

(ii) Procurement business

- Proposing optimal supply chain management through global procurement and trading and related entrustment services relating to electronics

(iii) Electronic equipment business

- Electronic equipment: Providing solutions for video, audio, telecommunication, and measuring, design and construction, and maintenance engineering in various fields such as broadcasting, business, education, medical care, life science, public facilities, FA (Note 5), security, and electronic measuring equipment, etc.
- System equipment: Developing, manufacturing, and selling cashless terminals, “security/safety,” and identity verification related products, etc. combining NFC (Near Field Communication) technologies on the basis of basic digital and communication technologies, etc.

(Note 5): “FA” stands for “factory automation” and means the automation of factories using sensors, computer control technology, and the like, or equipment used for automation.

(iv) Environment energy business

- Energy: Providing sustainable management services in regions for introducing and promoting renewable energy by running its own solar power generation systems (nation-wide and overseas) and wind power generation stations, etc.
- New energy: Supplying and acting as sales agent for electric power focusing mainly on renewable energy to companies, public institutions, and home consumers, etc.; and electric power consulting relating to local production and consumption for the purpose of promoting regional revitalization
- Vegetable factories: Producing and selling vegetables made in completely closed vegetable factories, in which the production process is completely closed off from outside air, to the market for business use, such as convenience store and supermarket chains and restaurant chains; and performing related system consulting services

Rooted in the management philosophy of “we help society evolve by leveraging information and technology to create and deliver new value and services,” the Tender Offeror Group is aiming to become an “Electronics Value Platformer” that can respond to the various needs of its customers. Through its diversified business, its goal is to create added value through the utilization of information and technology, co-creation with partner enterprises, new services, and synergy of the mutual utilization of business, talented manpower, and knowledge within the group, etc.

In addition, on April 1, 2020, the Tender Offeror Group transformed to the “Innovative-Collective Management” structure that has multiple representative directors (four as of today) sharing a philosophy and vision instead of one President or Chair Person in order to realize long-term management that looks to the future by accelerating its growth

strategies and taking prompt actions. The Tender Offeror Group aims to become an Electronics Value Platformer, expand its business scale with a view to global market, and further enhance its corporate value through measures such as aggressively making strategic investments and rationalization investments for future growth.

On the other hand, the Company is a company established by Mr. Tadahito Takahashi, who is the founder and current President and CEO, on October 14, 1982. The Company provides semiconductor products in Japan and overseas to Japanese electronics manufacturers, as well as providing design contract services for hardware and software. As a partner in product development for customers, the Company provides support from the examination of specifications to trial development and mass production. While the Company made an over-the-counter registration of its shares as traded stocks with the Japan Securities Dealers Association in July 1998, as the JASDAQ Securities Exchange, Inc. (the “**JASDAQ Securities Exchange**”) was established in December 2004, the Company cancelled the over-the-counter registration of its shares with the Japan Securities Dealers Association and listed its shares on the JASDAQ Securities Exchange. Subsequently, upon the merger of the JASDAQ Securities Exchange and Osaka Exchange, Inc. (the “**Osaka Exchange**”) in April 2010, the Company listed its shares on the Osaka Exchange (the JASDAQ Market). The Company listed its shares on the JASDAQ Standard Market of the Osaka Exchange in October 2010, and upon the integration of the TSE and the Osaka Exchange in July 2013, the Company listed its shares on the JASDAQ (Standard) Market of the TSE. In December 2015, the Company changed its listing market from the JASDAQ (Standard) Market of the TSE to the Second Section of the TSE and its shares are currently listed on the Second Section of the TSE.

As of today, the main businesses conducted by the Company group (the “**Company Group**”) consisting of the Company and 4 consolidated subsidiaries of the Company are (i) the semiconductor business, (ii) the design service business, and (iii) the solution business. The details of each business are as follows:

(i) Semiconductor business

- Business of mainly handling technically distinct foreign-made semiconductors, collecting information from the product planning stage of customers, proposing semiconductors at the system level, selling semiconductors, and providing technical support services to electronics manufacturers

(ii) Design service business

- Business of providing contract services for semiconductor design, substrate design, device design, and software design, etc.
- Business of OEM (Note 6) and ODM (Note 7) manufacturing by leveraging design contract know-how
- Business of developing and selling its own products

(Note 6): “OEM” stands for “original equipment manufacturing” and means manufacturing products under the brands of other companies.

(Note 7): “ODM” stands for “original design manufacturing” and means performing operations from designing to manufacturing products under the brands of other companies.

(iii) Solution business

- Business of providing solutions by providing not only semiconductor and products at the substrate-level but also products at the device level, based on system solution capabilities and technical support capabilities developed through semiconductor sale and design services

Based on the philosophy of “coexistence with diverse entities,” the Company Group aims to create meaningful value for the stakeholders surrounding the Company Group such as customers, suppliers, employees, shareholders, and local communities. By comparing products and technologies (seeds) born from various cultures around the world with the existing or potential needs of society and customers, the Company Group proposes products and develops solutions to create added value and contribute to the development of its customers and thereby aims to continue to contribute to society.

In the electronics trading company industry to which the Tender Offeror Group and the Company Group belong, while technical innovation such as the promotion of IoT (Note 8), AI, and 5G (Note 9), the smart city initiative (Note 10), and the shift to automated driving in the electronics industry has been advancing in recent years, and product life cycles are shortened as a result of technical innovation, the competitive environment has been intensified due to the maturation of the domestic market and the participation of startups. Also, the industry has been changing such that the electronics manufacturers that are suppliers to the Tender Offeror Group and the Company Group are reexamining their marketing channels due to industry reorganization, rationalization, and other reasons and facing increasing diversification and sophistication of client needs, while electronics trading companies are also required to achieve differentiation through higher-level technical solution capabilities.

(Note 8): “IoT” stands for “Internet of Things” and means a system where all sorts of devices around us are connected to the internet.

(Note 9): “5G” stands for “5th generation” and means the fifth-generation mobile communications system.

(Note 10): “Smart city initiative” means the initiative to apply information and telecommunication technology and other cutting-edge technology to all city functions such as transportation, commerce, offices, medical care, energy, and administration.

Amid the business environment in the rapidly changing electronics trading company industry described above, the Company considered that in order to establish a base as a strong technology trading company by cooperating with the Tender Offeror, which possesses an extensive customer base and global network, and by utilizing the Company’s technical support capabilities and design and development capabilities, the Tender Offeror would be the best alliance partner because the Tender Offeror (i) does not handle FPGA (Note 11), which is the Company’s main product, (ii) is the largest company in sales among listed domestic independent semiconductor trading companies focusing on growth markets such as 5G, AI, IoT, and mobility among other markets, and (iii) has a global network in 9 regions including Hong Kong, Taiwan, China, South

Korea, and Singapore, and therefore the Company did not approach other companies but approached the Tender Offeror in mid-October 2020 in regard to considering the possibility of a capital and business alliance between the two companies through the Tender Offeror acquiring part of the Company Shares. Amid the rapidly changing business environment described above, the Tender Offeror aimed to become a leading company that achieves more than 1 trillion yen in sales in the electronics trading company industry by expanding its business scale and profits through various business developments and group synergies as well as alliances with other companies and was widely searching for alliance partners including the possibility of conducting M&A transactions, and because it received the approach from the Company, the Tender Offeror notified the Company of its intention to commence actively considering the details of the Company's proposal. The Tender Offeror internally proceeded with its consideration, and in late October 2020, it determined that in order for the two companies to quickly create synergies, the participation of the Company in the Tender Offeror Group would be effective in order to mutually utilize their business bases, financials bases, business know-how, and other management resources under a closer relationship. In addition, the Tender Offeror came to a belief that, by making the Company its wholly-owned subsidiary, the Tender Offeror could avoid conflicts of interest with the minority shareholders of the Company, achieve unrestricted mutual utilization of the business resources stated above, and further strengthen its business base, and the Tender Offeror determined that the creation of synergies between businesses, such as the expansion of products as a result of both companies being able to handle products that are currently handled by only one company and the strengthening of solution capabilities that leverage different technologies for product design and development for consumer products and industrial equipment, could be expected by acquiring all of the Company Shares and making the Company a wholly-owned subsidiary of the Tender Offeror and that the alliance would contribute to the Tender Offeror becoming an Electronics Value Platformer, which it aims to become. Following such considerations, in late October 2020, the Tender Offeror notified the Company of its intention to acquire all of the Company's shares and the Company judged that unrestricted utilization of the business resources of the Tender Offeror including its customer base, global network and business knowhows under the close relationship with the Tender Offeror is crucial for the Company' business expansion, and confirmed with the Company to commence discussions on the premise that the Tender Offeror would acquire all of the Company's shares. The Tender Offeror and the Company subsequently had such discussions, and in late January 2021, both companies confirmed to each other that they would specifically consider the significance of the execution of the Transactions for both companies and the synergies arising from the Transactions for both companies, and the Tender Offeror conducted due diligence on the Company to carefully examine the feasibility of the Transactions and further verify synergies from early February 2021 to late March 2021.

(Note 11): "FPGA" is an abbreviation for a "field-programmable gate array" and means a semiconductor IC capable of reconfiguring a large portion of the electronic control functions of a device.

Also, from the perspective of increasing the certainty of the completion of the Tender Offer, in mid-February 2021, the Tender Offeror contacted the Prospective Tendering Shareholders to confirm if they had any intentions to sell their Company Shares upon implementation of the Tender Offer and notified the Prospective Tendering Shareholders

of its willingness to commence discussions regarding the terms of the Tender Offer Agreements if they had such intentions. In late February 2021, the Tender Offeror confirmed with the Prospective Tendering Shareholders their intentions to sell their Company Shares to execute the Tender Offer Agreements, and from mid-March 2021, it commenced discussions with the Prospective Tendering Shareholders regarding the terms of the Tender Offer Agreements.

The Tender Offeror concluded through due diligence with respect to the Company that the effects described above and which are expected from making the Company a wholly-owned subsidiary of the Tender Offeror could be achieved by executing the Transactions in late March 2021.

The specific synergies expected to be created from the Transactions are as follows.

(i) Expansion of global business

Expanding the semiconductor business by leveraging the Tender Offeror Group's global networks in Asia, U.S. and Europe, and by providing solution proposals combining the products handled by the Tender Offeror and the Company (such as processing images taken by image sensors handled by the Tender Offeror with FPGA handled by the Company, and displaying the images on liquid crystal displays handled by the Tender Offeror) to markets and customers in regions that the Company has not entered

(ii) Expansion of domestic business and improvement of business efficiency

Expanding sales of, and streamlining, domestic businesses by mutually leveraging the customer segments and products of both company groups, and leveraging the network of secondary distributors (Note 12) of the Company Group and management know-how thereof

(Note 12): "Secondary distributors" means distributors that receive products from primary distributors contracted by manufacturers to sell products, etc. and then sell those products to customers

(iii) Strengthening of competitiveness of businesses conducted by each company

Integrating various development capabilities of the Tender Offeror Group and the Company Group regarding product design for consumer products and industrial equipment, and strengthening solution capabilities and competitiveness by integrating the value chains of the EMS business, which is the Tender Offeror Group's unique business, and the electronic equipment business involving construction and maintenance with the solution business of the Company Group

(iv) Improvement of productivity through business streamlining

Improving productivity by streamlining business operations such as sales to common customers and ordering, billing, and handling of slips and by integrating and rationalizing not only purchase and sale systems but also core systems in the future, and improving productivity by sharing and rationalizing, etc. logistics networks and other infrastructure for domestic and foreign business locations

(v) Strengthening of the management base for growth

Strengthening of the management base of the Tender Offer Group through the Transactions by mutually utilizing management resources, including but not limited to the human resources, technologies, and know-how that have been cultivated by both

companies in different businesses, such as the financial base and the fund-raising capabilities of the Tender Offeror Group, the sales capabilities of the Tender Offeror and the design and development capabilities of the Company toward new investments and M&As in growth markets and businesses relevant to the Tender Offeror Group and the Company Group.

As a result, the Tender Offeror proposed to the Company on March 26, 2021 that it would conduct the Tender Offer and that the tender offer price in the Tender Offer (the “**Tender Offer Price**”) per Company Share would be 590 yen taking into account the preliminary results of share valuation including synergy effect analysis, share price trends and the fact that the Company had decreased its sales and profits for the past three consecutive fiscal years from FY 2017 to FY 2020. As the Tender Offeror received a proposal from the Company on March 29, 2021 to increase the Tender Offer Price to 760 yen as a price comprehensively taking into account the results of share value simulations conducted based on common share price valuation methods, and the level of premiums of going-private transactions through tender offers on the premise of privatization (35% to 44%) and that of going-private transactions in which the voting ratio of the tender offeror prior to the tender offer (including persons acting in concert with the tender offeror) was less than 20% and which do not fall under so-called management buyout (26% to 41%) etc., taking into consideration the request of the Company, the Tender Offeror proposed a Tender Offer Price of 630 yen on March 31, 2021 as a price additionally taking into account the synergy effects expected to be created by the Transactions. In response, the Tender Offeror received a proposal in April 1, 2021 from the Company to increase the Tender Offer Price to 740 yen because it is hard to say that the Tender Offer Price of 630 yen proposed by the Tender Offeror fully took into account the synergy effects expected to be created by the Transactions and the level of the premium is low compared to premiums in similar tender offers of other companies for privatization. Accordingly, taking into greater account the synergy effects expected to be created by the Transactions and the fact that the Company had been requesting a price increase taking into account the level of premiums in similar tender offers of other companies for privatization, considering the level of premiums of approximately 30% of the average stock price of the Company, the Tender Offeror proposed a Tender Offer Price of 680 yen on April 7, 2021. Subsequently, on April 8, 2021, the Tender Offeror obtained a response from the Company accepting the proposal on April 7, 2021 to set the Tender Offer Price at 680 yen.

Also, as described above, while the discussions between the Tender Offeror and the Prospective Tendering Shareholders regarding the terms of the Tender Offer Agreements have commenced from mid- March 2021, with respect to the Tender Offer Price among the terms of the Tender Offer Agreements, the Tender Offeror confirmed with the Prospective Tendering Shareholders their intentions to respect the decision of the Company’s Board of Directors regarding the Tender Offer Price.. The Tender Offeror notified the Prospective Tendering Shareholders of the Tender Offer Price proposed to the Company each time, and as described above, on April 8, 2021, as the Tender Offeror obtained the response from the Company to accept the proposed Tender Offer Price, the Tender Offeror notified the Prospective Tendering Shareholders of the same and confirmed with the Prospective Tendering Shareholders their intentions to tender all of the Company Shares held by them in the Tender Offer if the Tender Offer is commenced.

Based on the discussions and negotiations described above, the Tender Offeror resolved at its board of directors meeting held today to implement the Tender Offer as part of the Transactions with the Tender Offer Price being 680 yen and executed the Tender Offer Agreements with the Prospective Tendering Shareholders today.

(b) Management Policy After the Tender Offer

The Tender Offeror believes that continuing to use the tradename of the Company for a certain period of time after the Tender Offer and creating group synergies while ensuring the independence of the Company is one of the most important managerial matters, and the Tender Offeror expects to decide on the most appropriate structure for quickly realizing synergies after the completion of the Transactions upon consultation with the Company. As of the date hereof, the Tender Offeror is not considering any specific plans to dispatch any officers or the like from the Tender Offeror to the Company.

(C) Process of and Reasons for the Company's Decision to Support the Tender Offer

In the semiconductor manufacturing industry, which is formed by major suppliers of the Company, major restructurings such as the merger between NXP Semiconductors and Freescale Semiconductor and the acquisition of Altera by Intel occurred in 2015, and similar restructurings took place in recent years including the acquisition of Maxim Integrated by Analog Devices and the acquisition of Arm by NVIDIA, as well as the announcement by Advanced Micro Devices regarding its acquisition of Xilinx, a manufacturer that handles FPGA in 2020. This trend has caused the Company to believe that the restructuring of the semiconductor manufacturing industry will further accelerate in the future. When restructuring occurs in the semiconductor manufacturing industry, it will also occur in the business channels of the semiconductor trading companies that handle the products of the relevant semiconductor manufacturers, and it is expected that, in the business between the manufacturers and trading companies after the restructuring, the manufacturers will choose to continue business with trading companies that handle the products of the acquirer manufacturers or large-scale trading companies that have a broader range of customers, and trading companies that handle the products of the acquiree manufactures or that have comparatively small customer bases will have to decrease their business scale. In light of these circumstances, due to a sense of impending need for the Company to establish a structure that will enable it to respond to the changing external environment moving forward, and especially considering the facts that the Company has as few as two overseas business bases and that the number of its major trading partners is comparatively small (approximately 2,000 companies, including indirect sales through secondary distributors), mainly comprising manufacturers with annual sales of less than 10 billion yen, the Company recognized the necessity of considering its management strategy based on the assumption that it will be difficult for the Company to take measures to expand its overall business base and overseas business with existing customers on a standalone basis. Since there has recently been a declining trend in the gross profit margin of the Company's Semiconductor Business, being 12.1% in 2017 and 10.6% in 2020, and only limited areas of the business are growing with an increasing trend in the sales of certain products such as FPGA and semiconductors for industrial equipment, the Company also recognized the necessity of reviewing its strategy for the Semiconductor Business, expanding the Design Service Business and the Solution Business, and updating its

strategy for pioneering new businesses. In addition, in light of the circumstances where movements towards the restructuring of semiconductor manufacturers have been accelerating, the Company had to have a strong awareness that it had little time to start establishing a new structure, and it also felt the necessity for implementing drastic reform, including by means of a capital and business alliance with a party who is expected to bring about synergies to the Company.

Based on such recognition, the Company considered that the Tender Offeror would be the best alliance partner because the Tender Offeror (i) does not handle FPGA, which is the Company's main product, (ii) is the largest company in sales among listed domestic independent semiconductor trading companies focusing on growth markets such as 5G, AI, IoT, and mobility among other markets, and (iii) has a global network in 9 regions including Hong Kong, Taiwan, China, South Korea, and Singapore. Therefore, the Company did not approach any other companies but, as stated in "B. Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" above, it approached the Tender Offeror in mid-October 2020 to consider the possibility of a capital and business alliance between the two companies on the premise that the Tender Offeror will acquire a part of the Company Shares, and the two companies held eight meetings to discuss matters including business synergies between the companies, from late October 2020 to mid-February 2021. Concurrently, partly because during the process of discussions between the Tender Offeror and the Company, the management of the Company shared the same recognition that its participation in the Tender Offeror Group as an option to achieve business and cost synergies is the most appropriate way to enhance corporate value as a framework for utilizing the Company's technical support and design development capabilities, they carefully considered business synergies from and the risks associated with such participation up until late January 2021 (and up until the commencement of the due diligence in early February 2021 with respect to the risks associated with accepting the due diligence of the Company by the Tender Offeror). In the consideration process, there was the view that becoming a part of the Tender Offeror Group might possibly have an impact on business with the suppliers of existing products for the Company Group due to the fact that the Tender Offeror Group and the Company Group handle certain competing products, and there was a sense of caution about the Company becoming a part of a specific corporate group under circumstances where it was, from certain perspectives, difficult to foresee the specific synergies between the two companies given that the environment surrounding the semiconductor trading industry, to which the Tender Offeror Group and the Company Group belong, is changing; accordingly, at the phase of consideration in late December 2020, some officers of the Company had the opinion that they should be careful about proceeding with the consideration of a capital and business alliance with the Tender Offeror. However, viewing the matter from various perspectives such as that (i) the Company had a stronger sense of crisis about the changing external environment, (ii) the number of candidates who have an appropriate business scale as a capital and business alliance partner is limited under the circumstances where the restructuring of domestic semiconductor trading companies is moving ahead, (iii) it will be possible to deal with the impact on business with the suppliers of existing products by continually strengthening the business structure of the Company and establishing an appropriate information management system for maintaining the confidentiality of information shared with the suppliers, and (iv) the possibility of accelerating the creation of

opportunities for development will be increased by combining the customer base, global network, and ability to pioneer new areas of products and services of the Tender Offeror with the technical support and product development capabilities of the Company, in late January 2021, all of the directors of the Company agreed to further proceed with the consideration of a capital and business alliance with the Tender Offeror on the premise that the Tender Offeror will make the Company its wholly-owned subsidiary as an option to avoid deterioration of the corporate value of the Company and to increase the possibility of business continuity, and resolved at a meeting of the board of directors of the Company to accept the due diligence of the Company proposed by the Tender Offeror in mid-November 2020.

Then, after the commencement of the due diligence by the Tender Offeror in early February 2021, the Company and the Tender Offeror held discussions regarding synergies with the participation of members who work at the forefront of sales and development of both companies and continued consideration of complementary relationships and synergistic effects with respect to the products and services handled by both companies and their customer bases that are expected in the event of the realization of the Transactions, while also sharing views on the industry environment and business situation expected by both companies and paying attention to the degree of detailed information to be exchanged. Through such discussions and consideration, in early March 2021, the Company confirmed with the Tender Offeror that the Tender Offeror had the intention to conduct the Transactions on the premise that the Capital and Business Alliance Agreement and the Tender Offer Agreements will be executed. Upon receiving the proposal, the Company decided to formally proceed with full-scale consideration of the Transactions with the Tender Offeror, and as stated in “(C) Establishment of, and Obtainment of the Report from, the Special Committee by the Company” of “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, on March 11, 2021, the Company established a special committee (the “**Special Committee**”) as an advisory body of the Company to consider the proposal for the Transactions. As stated in “(E) Approval of All Disinterested Directors of the Company and Opinion of All Company Auditors that They Have No Objection” of “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, after the establishment of the Special Committee, Mr. Tadahito Takahashi, the President and CEO of the Company, did not participate in any deliberations or resolutions at the meetings of the board of the directors of the Company, nor did he participate in the discussions and negotiations with the Tender Offeror regarding the Transactions on behalf of the Company because he intended to execute the Tender Offer Agreement with the Tender Offeror regarding all of the Company Shares held by him, and Endeavor Co., Ltd., which is Mr. Takahashi’s asset management company, intended to execute the Tender Offer Agreement with the Tender Offeror regarding all of the Company Shares held by Endeavor Co., Ltd., and thus there is a possibility that there is considered to be a conflict of interest between him and the Company with respect to the Transactions.

Subsequently, as stated in “(C) Establishment of, and Obtainment of the Report from, the Special Committee by the Company” of “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Special Committee deliberated on

and considered whether or not the Transactions are legitimate transactions that contribute to enhancing the corporate value of the Company, and whether or not the Transactions, including the Tender Offer, are disadvantageous to the minority shareholders of the Company, and was substantially involved in the process of negotiations regarding the transaction terms and conditions by taking actions such as stating opinions with respect to the negotiations with the Tender Offeror regarding the terms and conditions of the Transactions and giving instructions and made requests to the board of directors of the Company. The Company engaged in discussions and negotiations with the Tender Offeror and repeatedly considered the matter based on such instructions and requests.

The Company received a proposal from the Tender Offeror on March 26, 2021 that it would conduct the Tender Offer and that the Tender Offer Price would be 590 yen taking into account the preliminary results of share valuation including synergy effect analysis and share price trends.

As the Company received such proposal, on March 29, 2021, the Company requested the Tender Offeror to increase the Tender Offer Price to 760 yen as a price comprehensively taking into account the results of share value simulations conducted based on common share price valuation methods, and the level of premiums of going-private transactions through tender offers on the premise of privatization. The Company received a proposal from the Tender Offeror on March 31, 2021 that, based on the request by the Company, the Tender Offer price would be 630 yen as a price additionally taking into account the synergy effects expected to be created by the Transactions.

In response, on April 1, 2021, the Company requested the Tender Offeror to increase the Tender Offer Price to 740 yen because it is hard to say that the Tender Offer Price of 630 yen proposed by the Tender Offeror fully took into account the synergy effects expected to be created by the Transactions and the level of the premium is low compared to premiums in similar tender offers of other companies for privatization. The Company received a proposal from the Tender Offeror on April 7, 2021 that, based on the request by the Company, the Tender Offer Price would be 680 yen as a price additionally taking into greater account the synergy effects expected to be created by the Transactions, the level of premiums in similar tender offers of other companies for privatization. In response, on April 8, 2021 the Company made a response to the Tender Offeror that the Company accepted the Tender Offer Price of 680 yen proposed by the Tender Offeror on April 7, 2021.

As a result, the Company determined that the Transactions will enhance the corporate value of the Company by realizing the synergies described in “(a) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer” of “B. Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” above, and that the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate mainly for the following reasons:

- (i) based on the results of calculations of the share value of the Company Shares by SMBC Nikko Securities Co., Ltd. (“**SMBC Nikko Securities**”) set out in “(3) Matters Relating to Valuation” below, the Tender Offer Price (680 yen) exceeds the range of results of calculations based on the market price method, exceeds the

maximum value of results of calculations based on the comparable company comparison method, and is within the range of results of calculations based on the discounted cash flow method (the “**DCF Method**”) and exceeds the intermediate value of the range of results of calculations based on the DCF Method;

- (ii) the Tender Offer Price (680 yen) represents (a) a premium of 20.14% on 566 yen (rounded to two decimal places; the same applies to the percentages of premiums to share prices hereinafter), the closing price of the Company Shares on the Second Section of the TSE as of April 8, 2021, which is the business day immediately preceding the announcement date of the Tender Offer, (b) a premium of 29.77% on 524 yen (rounded to the nearest yen; the same applies to the simple average closing prices hereinafter), which is the simple average closing price for the most recent one-month period, (c) a premium of 32.81% on 512 yen, which is the simple average closing price for the most recent three-month period, (d) a premium of 32.55% on 513 yen, which is the simple average closing price for the most recent six-month period, and (e) the premium of the Tender Offer Price is secured at around the level of 30% except with respect to the closing price on the business day immediately preceding the announcement date of the Tender Offer. Therefore, the premiums of the Tender Offer Price cannot be said extraordinary low compared with other companies’ cases considering the rise in the share price immediately before today in the Transaction;
- (iii) it can be determined that consideration is given to the interests of minority shareholders in light of the fact that measures to avoid the conflicts of interest set out in “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below and other measures have been taken;
- (iv) the Tender Offer Price is determined after such measures to avoid conflicts of interest have been taken and discussions and negotiations have been conducted several times between the Company and the Tender Offeror that are comparable to those to be conducted in an arm’s length transaction; and
- (v) the Special Committee was substantially involved in the process of negotiations regarding the transaction terms and conditions by taking actions such as stating opinions as well as giving instructions and making requests to the board of directors of the Company with respect to the negotiations regarding the terms and conditions of the Transactions based on timely reports on the status thereof from the Company.

The Tender Offer Price is lower than the net asset value per share calculated based on the net book value of the Company’s assets as of December 31, 2020 (865 yen). However, considering the difficulties in selling assets and the like and the possibility that additional costs would be incurred in the liquidation, it is generally assumed that the net book value would not be realized in full. Further, since net asset value indicates a company’s liquidation value and does not reflect the future profitability, the Company believes that it is not reasonable to place importance on such value when calculating the corporate value of the Company as a going concern.

Based on the above, the Company reached the conclusion that becoming a wholly-owned subsidiary of the Tender offeror will be the best way to maximize business and cost synergies because, in the midst of the business environment in which increasingly intense competition is expected, in order for the Company to achieve sustainable

development, it will be necessary to strengthen its revenue base and business competitiveness by becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions and combining the customer base, global network, and ability to pioneer new areas of products and services of the Tender Offeror with the technical support and product development capabilities of the Company, and becoming a wholly-owned subsidiary of the Tender Offeror will contribute to the continual and sustainable enhancement of the corporate value of the Company from a medium- to long-term perspective.

During the process of such discussions and consideration, the Company appointed SMBC Nikko Securities as a third-party appraiser and financial advisor in early February 2021 and Nagashima Ohno & Tsunematsu as a legal advisor in late January 2021, both of which are independent from the Company, the Prospective Tendering Shareholders, and the Tender Offeror, and also established the Special Committee as described above. Remuneration for SMBC Nikko Securities includes contingent fees to be paid subject to the completion or the like of the Transactions including the Tender Offer, but the Company appointed SMBC Nikko Securities as its third-party appraiser and financial advisor based on this remuneration system after taking into consideration customary practices in similar kinds of transactions.

Under this structure, the Company carefully discussed and considered the possibility of the Transactions from perspectives such as whether the Transactions would contribute to enhancing the corporate value of the Company and whether the terms and conditions of the Transactions, including the Tender Offer Price, are appropriate based on the matters stated in the share price valuation report dated April 8, 2021 obtained from SMBC Nikko Securities (the “**Company Share Price Valuation Report**”) and legal advice from Nagashima Ohno & Tsunematsu on the matters to be noted when making decisions on the Transactions, including the Tender Offer, and giving the highest degree of respect to the matters stated in the report submitted by the Special Committee (the “**Report**”).

Based on the above, 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 shareholders of the Company tender their shares in the Tender Offer based on its determination that realizing the Transactions and forming a capital and business alliance between the Company and the Tender Offeror will enable the Company to achieve medium- to long-term growth and enhance its corporate value. For details of the resolution by the board of directors of the Company, please refer to “(E) Approval of All Disinterested Directors of the Company and Opinion of All Company Auditors that They Have No Objection” of “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

(3) Matters Relating to Valuation

(A) Name of Appraiser and its Relationship with the Company and the Tender Offeror

In examining the Tender Offer Price presented by the Tender Offeror and determining its opinion on the Tender Offer, the Company requested SMBC Nikko Securities to

evaluate the share price of the Company Shares as a third-party appraiser independent from the Tender Offeror, the Company, and the Prospective Tendering Shareholders and obtained the Company Share Price Valuation Report from SMBC Nikko Securities as a measure to ensure the fairness. The Company did not obtain an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko Securities. In addition, SMBC Nikko Securities is not a related party of the Tender Offeror, the Company, or the Prospective Tendering Shareholders and has no material interests in the Tender Offer.

(B) Outline of Valuation

SMBC Nikko Securities considered the methods to be used for calculating the share value of the Company from among multiple share value calculation methods and ultimately calculated it using the following methods: (i) the market price method, since the Company Shares are listed on the Second Section of the TSE and the market price is available, (ii) the comparable company comparison method, since analogical inference of the share value based on comparable companies is possible, and (iii) the DCF Method to reflect the future status of business operations in the valuation. The following are the ranges of values per Company Share that were calculated by using each of these calculation methods:

Market price method: 512 yen to 524 yen

Comparable company comparison method: 361 yen to 471 yen

DCF Method: 522 yen to 716 yen

In the market price method, the value range of 512 yen to 524 yen per Company Share was derived from the following figures quoted on the Second Section of the TSE as of the evaluation reference date of April 8, 2021: 524 yen, which was the simple average closing price for the most recent one-month period; 512 yen, which was the simple average closing price for the most recent three-month period; and 513 yen, which was the simple average closing price for the most recent six-month period.

In the comparable company comparison method, the share value of the Company was calculated by comparing the market price of shares and financial indicators representing profitability of multiple listed companies conducting similar businesses as those conducted by the Company, and was valued to be in the range of 361 yen to 471 yen per Company Share.

In the DCF Method, the value range of 522 yen to 716 yen per Company Share was derived by evaluating the Company's enterprise and share values, which were calculated by discounting to the present value at a certain discount rate the free cash flow that the Company is expected to generate after the fiscal year ending December 2021 based on the Company's business plans for the period from the fiscal year ending December 2021 until the fiscal year ending December 2024 submitted by the Company. In calculating the terminal value in the DCF Method, the perpetual growth method and the multiple method were used. The discount rate is 4.73% to 7.10% and the Weighted Average Cost of Capital (WACC) is used as the discount rate. In calculating the WACC, the market data of the Company and other information is used and the shareholder equity and liability costs of the Company calculated by using the Capital Asset Pricing Model (CAPM) is average weighted by the capital structure of the Company.

The consolidated business plans prepared by the Company that formed the basis of the DCF Method analysis by SMBC Nikko Securities were as follows. In the Company's business plans, which were the basis of the DCF Method calculation above, considerable increases in profits are expected in certain fiscal years. Specifically, from the fiscal year ended December 2020 until the fiscal year ending December 2021, though up-front investments, such as in establishing the 5G-related business and other new businesses will be continued and selling and general expenses will increase, sales for the design service and solutions businesses, which are profitable, will increase, and increased operating profit for the fiscal year ending December 2021 (a 180.8% increase over the previous fiscal year) is expected. In addition to this increased profit rate, from the fiscal year ending December 2022 until the fiscal year ending December 2023, sales that have been reduced due to the COVID-19 pandemic will be recovered because (i) sales of the design consignment and ODM business in the design service business will be recovered, (ii) sales of video transmission and paper packaging systems in the solutions business will be steady, and (iii) new businesses for 5G-related matters will be established, and increased operating profit for the fiscal year ending December 2023 (a 53.2% increase over the previous fiscal year) is expected. The expected synergies through the Transaction are not taken into account in the business plans because it is difficult to estimate those synergies at the moment.

(unit: million yen)

	Fiscal year ending December 2021	Fiscal year ending December 2022	Fiscal year ending December 2023	Fiscal year ending December 2024
Sales	29,600	32,267	35,418	36,759
Operating profit	485	463	709	731
EBITDA	487	469	709	728
Free cash flow	1,288	(559)	(28)	58

Note: In calculating the value of the Company Shares, SMBC Nikko Securities used the information provided by the Company and the publicly available information on an as-is basis in principle, and assumed that such materials and information are all accurate and complete. It did not independently verify the accuracy or completeness of such materials and information. Further, it has not conducted an independent evaluation or assessment, nor has it made any requests to a third-party institution for any appraisal or assessment in connection with any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Company. In addition, SMBC Nikko Securities assumed that information regarding the financial forecasts of the Company has been reasonably prepared based on the best forecasts and judgements available to the management of the Company as of today.

(4) Prospects and Reasons for Delisting

The Company Shares are currently listed on the Second Section of the TSE as of today. However, since the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, the Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria, depending on the results of the

Tender Offer. Also, if the Tender Offer is completed, even in the case that the delisting criteria are not met upon completion of the Tender Offer, the Tender Offeror intends to subsequently hold all of the Company Shares (excluding treasury shares held by the Company) in accordance with applicable laws and regulations and the Squeeze-Out Procedures described in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the ‘Two-Step Acquisition’)” below, in which case the Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria. If the Company Shares are delisted, they will no longer be traded on the Second Section of the TSE.

(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)

As stated in “A. Outline of the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above, the Tender Offeror will conduct the Tender Offer as part of the Transactions to make the Company a wholly-owned subsidiary of the Tender Offeror. In addition, if the Tender Offeror is unable to obtain all of the Company Shares (excluding the Company Shares held by the Tender Offeror and treasury shares held by the Company) through the Tender Offer, the Tender Offeror intends, after the completion of the Tender Offer, to implement the procedures for making the Company a wholly-owned subsidiary of the Tender Offeror through the following methods.

(A) Demand for Share Cash-Out

If, as a result of the completion of the Tender Offer, the total number of voting rights in the Company held by the Tender Offeror becomes 90% or more of the number of the voting rights of all shareholders of the Company, and the Tender Offeror becomes a special controlling shareholder as provided for in Article 179, Paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; the same applies below), the Tender Offeror intends to, promptly after the completion of the settlement of the Tender Offer, demand that all of the shareholders of the Company (excluding the Tender Offeror and the Company; the same applies below) sell all of the Company Shares they hold (the “**Demand for Share Cash-Out**”) in accordance with the provisions of Section 4-2 of Chapter II of Part II of the Companies Act. In the Demand for Share Cash-Out, the Tender Offeror intends to determine that it will deliver to each shareholder of the Company an amount equivalent to the Tender Offer Price as consideration for one Company Share. In this case, the Tender Offeror will notify the Company to that effect and request the Company to approve the Demand for Share Cash-Out. If the Company approves the Demand for Share Cash-Out by a resolution of the board of directors of the Company, the Tender Offeror will acquire from all of the shareholders of the Company all of the Company Shares held by them on the acquisition date determined in the Demand for Share Cash-Out in accordance with the procedures prescribed in the relevant laws and regulations without any individual approval of the shareholders of the Company. Then, the Tender Offeror will deliver an amount equivalent to the Tender Offer Price to each shareholder as consideration for one Company Share held by that shareholder.

Further, if the Company receives from the Tender Offeror a notice regarding the fact that the Tender Offeror intends to make the Demand for Share Cash-Out and regarding a matter in any item of Article 179-2, Paragraph (1) of the Companies Act, it will

approve the Demand for Share Cash-Out at a meeting of the board of directors of the Company.

In accordance with the provisions of the Companies Act that aim to protect the rights of minority shareholders in relation to the Demand for Share Cash-Out, including Article 179-8 of the Companies Act, and other relevant laws and regulations, the shareholders of the Company will be able to file a petition with a court for a determination of the sale price for their Company Shares. If such petition is filed, the sale price will be finally determined by the court.

(B) Share Consolidation

If, after the completion of the Tender Offer, the total number of voting rights pertaining to the Company Shares held by the Tender Offeror is less than 90% of the number of the voting rights of all shareholders of the Company, the Tender Offeror will, pursuant to Article 180 of the Companies Act, request the Company to hold an extraordinary shareholders' meeting of the Company promptly after the settlement of the Tender Offer at which proposals for a share consolidation with respect to the Company Shares (the "**Share Consolidation**") and an amendment to the Company's Articles of Incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation becomes effective will be submitted (the "**Extraordinary Shareholders' Meeting**"), and the Company has agreed in the Capital and Business Alliance Agreement to provide the necessary cooperation, including holding the Extraordinary Shareholders' Meeting. Although the timing of holding the Extraordinary Shareholders' Meeting will depend on the date of the completion of the Tender Offer, the Tender Offeror currently intends to hold the Extraordinary Shareholders' Meeting in July 2021. The Tender Offeror intends to approve the above proposals at the Extraordinary Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Company will, on the effective date of the Share Consolidation, hold the number of Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, the number is a fraction less than one, each shareholder of the Company who holds such fractional shares will receive an amount of cash obtained by selling the Company Shares equivalent to the total number of fractional shares less than one share (with such aggregate sum rounded down to the nearest whole number; the same applies below) to the Company or the Tender Offeror as per Article 235 of the Companies Act and other relevant laws and regulations. The purchase price for the aggregate sum of fractional shares less than one share in the Company Shares will be valued so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Tender Offeror and the Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder. The Tender Offeror intends to request the Company to file a petition to a court for permission to purchase such Company Shares on this basis.

Although the ratio of the Share Consolidation of the Company Shares has not been determined as of today, it is intended that shareholders (excluding the Tender Offeror and the Company) who hold shares in the Company and do not tender in the Tender Offer will have their shares classified as fractional shares less than one share in order

for the Tender Offeror to become the only owner of all of the Company Shares (excluding treasury shares held by the Company).

In the interest of protecting the rights of minority shareholders in circumstances involving the Share Consolidation, the Companies Act provides that if the Share Consolidation occurs and there are fractional shares less than one share as a result thereof, each shareholder of the Company who does not tender its shares in the Tender Offer (excluding the Tender Offeror and the Company) may request that the Company purchase all such fractional shares less than one share at a fair price, and such shareholders may file a petition to a court to determine the price of the Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If such petition is filed, the purchase price will be finally determined by the court.

With regard to the procedures described in (A) and (B) above, it is possible that, depending on circumstances such as amendments to or the implementation and interpretation of the relevant laws and regulations by authorities, it will require time to implement the procedures or the methods of implementation may be altered. However, even in such a case, upon completion of the Tender Offer, it is intended that a method will be used whereby the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company) will ultimately receive cash consideration equal to the number of Company Shares held by such shareholder multiplied by the Tender Offer Price in exchange for their shares.

The specific details and expected timing for the procedures described above will be determined through consultation with the Tender Offeror and then promptly announced by the Company.

It is further noted that the Tender Offer is not intended to solicit shareholders of the Company to agree to the proposals at the Extraordinary Shareholders' Meeting. All shareholders of the Company are solely responsible for seeking advice from a certified tax accountant or other specialists with regard to the tax consequences of tendering their shares in the Tender Offer or the procedures outlined above.

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

As of today, the Tender Offeror only holds one Company Share, and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, the Transactions including the Tender Offer do not constitute a so-called "management buy-out (MBO) transaction." However, taking into consideration matters such as that the total ownership ratio of the Prospective Tendering Shareholders, who have executed the Tender Offer Agreements, is 38.82%, of which all of the shares (ownership ratio: 33.41%) held by Mr. Tadahito Takahashi, the Representative Director and President of the Company, and Endeavor Co., Ltd., which is the asset management company of Mr. Tadahito Takahashi would be tendered in the Tender Offer or a tendering agreement would be executed with respect to those shares and that the Tender Offer will be implemented as part of the Transactions, the purpose of which is to make the Company a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror and the Company implemented the following measures in order to ensure the fairness of the Tender Offer

Price, eliminate arbitrariness and possible conflicts of interest in the decision-making process leading to the decision to conduct the Tender Offer, and ensure the fairness and transparency of the decision-making process. Among the statements below, matters relating to the measures implemented by the Tender Offeror are based on the explanations given by the Tender Offeror.

In addition, in light of the facts that the interests of minority shareholders of the Company have been fully considered through the measures set out in (A) through (F) below and that the Company is highly independent from the Tender Offeror, the Tender Offeror has not set the minimum number of Share Certificates, Etc. to be purchased to the so-called “majority of minority” and has set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer to 7,293,700 shares (the number of shares resulting from multiplying the number of voting rights of all shareholders of the Company (109,399) by 66.67% and then multiplying the product thereof (72,937) (rounded up to the nearest whole number) by 100 shares).

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

When deciding the Tender Offer Price, the Tender Offeror requested Daiwa Securities Co. Ltd. (“**Daiwa Securities**”), its financial advisor, to evaluate the share price of the Company as a third-party appraiser independent from the Tender Offeror, the Company, and the Prospective Tendering Shareholders. In addition, Daiwa Securities is not a related party of the Tender Offeror, the Company, or the Prospective Tendering Shareholders and has no material interests in the Transactions, including the Tender Offer.

Having considered the method of calculation in the Tender Offer, assuming that the Company is a going concern, and considering it appropriate to evaluate the value of the Company Shares from various perspectives, Daiwa Securities calculated the value of the Company Shares by using (i) the market price method in order to take trends in the Company’s share price on the market into account and (ii) the DCF Method in order to take the current and expected business results of the Company into account, and the Tender Offeror obtained from Daiwa Securities a share price valuation report (the “**Tender Offeror Share Price Valuation Report**”) on April 8, 2021. The Tender Offeror has not obtained from Daiwa Securities a written opinion on the fairness of the Tender Offer Price (a fairness opinion).

According to the Tender Offeror Share Price Valuation Report, the methods used and the ranges of the per-share value of the Company Shares calculated based on those methods are as follows.

Market price method: 512 yen to 566 yen

DCF Method: 502 yen to 735 yen

In the market price method, the value range of 512 yen to 566 yen per Company Share was derived based on the following figures quoted on the Second Section of the TSE as of the evaluation reference date of April 8, 2021: 566 yen, which was the closing price of the Company Shares as of the reference date; 524 yen, which was the simple average

closing price for the most recent one-month period; 512 yen, which was the simple average closing price for the most recent three-month period; and 513 yen, which was the simple average closing price for the most recent six-month period.

In the DCF Method, the value range of 502 yen to 735 yen per Company Share was derived by evaluating the Company's enterprise value and share value, which were calculated by discounting to the present value at a certain discount rate the free cash flow that the Company is expected to generate from the fiscal year ending December 2021 until the fiscal year ending December 2024 based on various factors such as the Company's business plans from the fiscal year ending December 2021 until the fiscal year ending December 2024 prepared by the Company, the Company's performance trends up to present, the results of the due diligence on the Company conducted by the Tender Offeror, expected synergies, and publicly disclosed information. The Company's business plans from the fiscal year ending December 2021 until the fiscal year ending December 2024 that Daiwa Securities used for the DCF Method are based on the assumption that the Transactions will be conducted, and take the expected synergies through the Transactions into account. In the Company's business plans, considerable operating profit increases are expected in some fiscal years. It is expected that, from the fiscal year ending December 2020 until the fiscal year ending December 2021, sales for the design service business and the solution business, which are profitable, will increase, and from the fiscal year ending December 2022 until the fiscal year ending December 2023, sales that have been reduced because of the COVID-19 will be recovered because (i) sales of the design consignment and ODM business in the design service business will be recovered, (ii) sales of video transmission system and paper packaging system in the solution business will be steady and (iii) new business for 5G related matters will be established, and the operating profit increases are expected.

The Tender Offeror comprehensively considered the results of the due diligence on the Company conducted by the Tender Offeror, the prospects for the support for the Tender Offer by the Company's board of directors, the estimated number of shares to be tendered in the Tender Offer, and the Tender Offer Price being within the range of calculation in the calculation result in the Tender Offeror Share Price Valuation Report, which takes the expected synergies through the Transactions into account, and in light of the results of discussions and negotiations with the Company, the Tender Offeror finally decided on the Tender Offer Price of 680 yen by a resolution of the board of directors meeting held today.

The Tender Offer Price (680 yen) represents (a) a premium of 20.14% on 566 yen, the closing price of the Company Shares on the Second Section of the TSE as of April 8, 2021, which is the business day immediately preceding the announcement date of the Tender Offer, (b) a premium of 29.77% on 524 yen, which is the simple average closing price for the most recent one-month period, (c) a premium of 32.81% on 512 yen, which is the simple average closing price for the most recent three-month period, and (d) a premium of 32.55% on 513 yen, which is the simple average closing price for the most recent six-month period.

On April 1, 2021, the Tender Offeror acquired from Endeavor Co., Ltd. one Company Share for 524 yen (the closing price of the Company Shares on the Second Section of the TSE on March 31, 2021) through an off-market transaction with an implementation date of April 1, 2021 in accordance with the share purchase agreement executed with Endeavor Co., Ltd. There is a difference (156 yen) between the Tender Offer Price

(680 yen) and the acquisition price (524 yen per share) because of a stock price increase of the Company Shares (the rate of increase from the time of acquisition to today: 8.02%) after the time of the acquisition and because the Tender Offer Price includes the premium described above (a premium of 20.14% on 566 yen, the closing price of the Company Shares on the Second Section of the TSE as of April 8, 2021, which is the business day immediately preceding the announcement date of the Tender Offer).

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

In order to eliminate arbitrariness in the decision-making process by the Company with respect to the Tender Offer Price proposed by the Tender Offeror and ensure the fairness of the Tender Offer Price, the board of directors of the Company requested SMBC Nikko Securities, its financial advisor as a third-party appraiser independent from the Tender Offeror, the Company, and the Prospective Tendering Shareholders, to evaluate the share price of the Company Shares and obtained the Company Share Valuation Report from SMBC Nikko Securities. For an outline of the Company Share Valuation Report, please refer to “(B) Outline of Valuation” in “(3) Matters Relating to Valuation” above.

(C) Establishment of, and Obtainment of the Report from, the Special Committee by the Company

As stated above, although the Transactions do not constitute an acquisition of a subsidiary by a controlling shareholder or an MBO transaction, based on the circumstances such as the intention that, of the total ownership ratio of the Prospective Tendering Shareholders (38.82%), all of the shares (ownership ratio: 33.41%) held by Mr. Tadahito Takahashi, the Representative Director and President of the Company, and Endeavor Co., Ltd., which is the asset management company of Mr. Tadahito Takahashi would be tendered in the Tender Offer, or a tendering agreement would be executed with respect to those shares, and that the Tender Offer will be conducted as part of the Transactions, the purpose of which is to make the Company a wholly-owned subsidiary of the Tender Offeror, in order to eliminate arbitrariness in the decision-making process with respect to the Tender Offer and to ensure the fairness, transparency, and objectivity of the decision-making process, the Company, in order to exercise the utmost prudence, established on March 11, 2021 the Special Committee comprising three members who are independent from the Company, the Tender Offeror, and the Prospective Tendering Shareholders and outside directors of the Company, namely, Mr. Kazutaka Muraguchi, Mr. Kazuya Sawada, and Mr. Takafumi Tsuji. Among the members of the Special Committee, Mr. Kazuya Sawada and Mr. Takafumi Tsuji were not outside directors of the Company at the time of the establishment of the Special Committee. However, because it had been decided by a resolution of the board of directors of the Company that they would become outside directors of the Company following approval at the annual general meeting of shareholders to be held on March 27, 2021, they became members of the Special Committee when it was initially established, and the members of the Special Committee have not been changed since then. In addition, Mr. Kazutaka Muraguchi was elected as the chairperson of the Special Committee from among its members. Furthermore, remuneration for the members of the Special Committee will be paid in a fixed amount as consideration for their duties regardless of the matters reported by them, and the Company has not adopted a contingent fee system where the payment of remuneration is conditioned upon the announcement, completion, or the like of the Transactions.

The board of directors of the Company resolved on March 11, 2021 to seek advice from the Special Committee on the following matters (the “**Consulted Matters**”) with respect to the Transactions in order to use the advice as a reference when passing a resolution expressing an opinion on, or in relation to, the Transactions:

- (a) whether or not the Transactions are legitimate as transactions that contribute to the enhancement of the corporate value of the Company; and
- (b) whether or not the Transactions, including the Tender Offer, are disadvantageous to the minority shareholders of the Company based on its consideration of (i) the appropriateness of the Tender Offer Price and other terms and conditions for the Tender Offer on the assumption that the Transactions will be executed and (ii) the fairness of the process of negotiations leading to the Transactions and other related procedures.

The board of directors of the Company also resolved that, as a policy for the Special Committee’s involvement in the process of negotiations with the Tender Offeror, while direct negotiations will be handled by the persons responsible for negotiations among the directors or the financial advisor of the Company, the Special Committee is able to be substantially involved in the process of negotiations regarding the transaction terms and conditions by taking actions such as confirming the policy for negotiations with the persons responsible for negotiations in advance, receiving timely reports on the status of negotiations, providing opinions on the negotiations about the terms and conditions of the Transactions, and giving instructions and making requests to the board of directors of the Company.

The Special Committee held eight meetings in total during the period from March 15, 2021 to April 8, 2021 and carefully discussed and considered the Consulted Matters.

Specifically, the Special Committee reviewed the materials and the like submitted by the Company and received explanations from, and held question-and-answer sessions with, the Company with respect to matters such as the purpose of and background leading to the Transactions, the specific synergies to be realized by the Transactions, expected impacts of the Transactions on the Company’s businesses, and the process of preparation of the business plan. The Special Committee also sent a document containing questions about matters such as the purpose of the Transactions in advance to the Tender Offeror and then received explanations from, and held question-and-answer sessions with, the Tender Offeror with respect to matters such as the purpose of and background leading to the Transactions, the advantages and disadvantages of the Transactions, the details and degree of other impacts of the Transactions, and the management policy for the Company after the Transactions. Furthermore, the Special Committee received explanations from, and held question-and-answer sessions with, SMBC Nikko Securities, who is a third-party appraiser and financial advisor of the Company, with respect to the process of negotiations about the terms and conditions of the Transactions and the like and matters related to the evaluation of the share price of the Company. In addition, the Special Committee received explanations from, and held question-and-answer sessions with, Nagashima Ohno & Tsunematsu, who is a legal advisor of the Company, with respect to measures to ensure the fairness of the procedures for the Transactions, the methods and process of decision-making by the board of directors of the Company, and the details of other measures to avoid conflicts of interest regarding the Transactions.

Concurrently, during the periods in between meetings of the Special Committee, the Special Committee carefully and repeatedly conducted consideration and discussions through emails and other means based on timely reports received from the Company on the process, details, and the like of discussions and negotiations between the Company and the Tender Offeror regarding the Transactions, and throughout the process of negotiations with the Tender Offeror regarding the Tender Offer Price set out in “(C) Process of and Reasons for the Company’s Decision to Support the Tender Offer” of “(2) Grounds and Reasons for the Opinion” above until the Company received a proposal from the Tender Offeror to set the Tender Offer Price at 680 yen, the Special Committee was involved in the negotiations with the Tender Offeror by taking actions such as providing opinions to the Company on multiple occasions to the effect that the Company should request the Tender Offeror to increase the Tender Offer Price.

As a result of careful and repeated discussions and consideration regarding the Consulted Matters through the above process, on April 9, 2021, the Special Committee submitted to the board of directors of the Company the Report containing its opinions on the Consulted Matters described below with the unanimous approval of all member of the Special Committee.

- (a) Whether or not the Transactions are legitimate transactions that contribute to enhancing the corporate value of the Company

The Transactions are considered to be legitimate transactions that contribute to enhancing the corporate value of the Company for the following reasons:

- As stated in “(a) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer” of “B. Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer[, and Management Policy After the Tender Offer]” under “(2) Grounds and Reasons for the Opinion” above, the Company and the Tender Offeror share the same recognition about the management environment surrounding the Company that, due to the accelerating trend of large-scale restructurings in the semiconductor manufacturing industry and the assumption in certain cases that small-scale trading companies will have to reduce their business scale when such industry restructurings occur, there is the risk that the Company will find it difficult to respond to the changing environment on a standalone basis and need to implement drastic reforms, including by means of forming a capital and business alliance with a counterparty that is expected to bring about synergies with the Company.
- The Company and the Tender Offeror explained that the following are expected synergies from the Transactions: (a) expansion of global business, (b) expansion of domestic business and improvement of business efficiency, (c) strengthening of competitiveness of businesses conducted by each company, (d) improvement of productivity through business streamlining, and (e) strengthening of the management base for growth. On the other hand, the Company and the Tender Offeror also explained that a possible impact on business with the suppliers of existing products for the Company Group (the so-called risk of *shouken-hakuraku* (customer defection)) due to the Company becoming a part of the Tender Offeror Group may be a disadvantage of the Transactions, but this issue will be possible to deal with by taking measures such as segregating corporations and establishing firewalls, and thus it is not a material disadvantage. These explanations by the

Company and the Tender Offeror were provided with certain details, and the Special Committee did not find any discrepancy or significant difference of recognition in their explanations.

- Therefore, the synergies are considered to be greater than the disadvantages of the Transactions, and thus it can be determined that the Transactions will contribute to enhancing the corporate value of the Company.
- (b) Whether or not the Transactions, including the Tender Offer, are disadvantageous to the minority shareholders of the Company

The Transactions, including the Tender Offer, are not considered to be disadvantageous to the minority shareholders of the Company for the following reasons:

- (i) Appropriateness of the Tender Offer Price and other terms and conditions of the Tender Offer on the assumption that the Transactions will be executed
 - The Company negotiated the Tender Offer Price based on the advice of SMBC Nikko Securities, and the Special Committee received detailed explanations from responsible persons at the Company and SMBC Nikko Securities regarding the process of those negotiations. Also, the Special Committee expressed its opinions on the Tender Offer Price in the same negotiations, which resulted in the Company being able to reasonably increase the initially presented Tender Offer Price (590 yen) to the final Tender Offer Price (680 yen).
 - With respect to the results and the methods of the share value calculation by SMBC Nikko Securities who is independent from the Company and the Tender Offeror, the market price method (simple average closing price), comparable company comparison method, and the DCF Method are considered to be customary and reasonable calculation methods in light of current practice. The Tender Offer Price (a) exceeds the range of results of calculations using the market value method, (b) exceeds the maximum value of the results of calculations using the comparable company comparison method, and (c) is within the range and above the intermediate value, of the results of calculations using the DCF Method. Further, the premium of the Tender Offer Price cannot be said to be extraordinary low compared with other companies' cases considering that the premium of the Tender Offer Price is secured at around the level of 30% except with respect to the closing price on the business day immediately preceding the announcement date of the Tender Offer and, in this Transactions, the share price of the Company rose immediately before the date on which the Report was submitted. The premiums in tender offers of other companies were referred only as reference information and as a result of determination focusing mainly on the results of calculations provided by the third-party appraiser which most accurately calculates the corporate value of the Company, the Tender Offer Price are considered to be appropriate due to the reasons set forth in (a) to (c) above.
 - Although the Tender Offer Price is lower than the net assets per share calculated based on the net assets (book value) of the Company as of December 31, 2020 (865 yen), considering the difficulties in selling assets and the like and the possibility that additional costs would be incurred in the liquidation, it is generally assumed that the net book value would not be realized in full. The amount of net assets indicates the liquidation value of a company and does not reflect the future

profitability, therefore it is not reasonable to place importance on such value when calculating the corporate value of the Company as a going concern.

- Therefore, the Tender Offer Price and other terms and conditions of the Tender Offer on the assumption that the Transactions will be executed are considered to be appropriate.
- (ii) Fairness of the process of negotiations leading up to the Transactions and other related procedures
 - The Company has established the Special Committee to examine and make decisions on the Transactions from the perspective of increasing the Company's corporate value and ensuring the interests of its minority shareholders in the capacity independent from the Tender Offeror. In the Transactions, when the Company consulted with the Tender Offeror on the Tender Offer Price, it confirmed with the Special Committee prior to or after such consultation. Accordingly, it is ensured that the Special Committee is able to exercise substantial influence on the process of negotiating the terms and conditions by receiving timely reports on the status of negotiations, expressing its opinions on material situations, and giving instructions or demands.
 - Given that Mr. Tadahito Takahashi, the Representative Director and President of the Company, intends to execute the Tender Offer Agreement with the Tender Offeror with respect to all of the shares held by Mr. Tadahito Takahashi (ownership ratio: 0.77%) and all of the shares held by Endeavor Co., Ltd. (ownership ratio: 32.64%), which is his asset management company, seemingly the possibility cannot be denied that Mr. Tadahito Takahashi may give priority to securing the opportunity to sell the shares over increasing the Tender Offer Price. Therefore, from the perspective of increasing the fairness, transparency and objectivity of decision-making at the board of directors' meetings of the Company regarding the Tender Offer, and avoiding conflicts of interest, Mr. Tadahito Takahashi has not participated in any deliberations or resolutions, including any resolutions in support of the Tender Offer, at any of those meetings, or in any discussions or negotiations with the Tender Offeror in his capacity as the Company's representative.
 - The Company has received legal advice from Nagashima Ohno & Tsunematsu as a legal advisor independent from the Company, the Tender Offeror and the Prospective Tendering Shareholders. The Company has received financial advice from SMBC Nikko Securities appointed as a financial advisor and third-party appraiser independent from the Company, the Tender Offeror and the Prospective Tendering Shareholders, and obtained the Company Share Price Valuation Report on April 8, 2021.
 - By setting a comparatively long tender offer period of 30 business days, the Tender Offeror secures an appropriate opportunity for the shareholders of the Company to make a decision in regard to tendering shares in response to the Tender Offer while also securing an opportunity for parties other than the Tender Offeror to make counter-offers, and the Tender Offeror ensures the fairness of the Tender Offer.
 - In the Tender Offer, the minimum number of shares to be purchased by the so-called "majority of minority" will not be set but, if it is set, the probability of completing the Tender Offer decreases and will have an adverse effect on the mergers or

acquisitions that may contribute to increasing the corporate value. Even if such minimum condition is not set, it is not necessarily considered to be insufficient as measures ensuring fairness.

- The Company has fully disclosed information about the Special Committee and the share price valuation report and other information and is considered to be fully disclosing information to the minority shareholders.
- Since information about the Squeeze-out Procedures of the Transactions are fully disclosed, measures to eliminate the coercion are considered to be taken.
- Therefore, the process of negotiations leading up to the Transactions and other related procedures is considered to be fair.

(D) Obtainment by the Company of Advice from Independent Law Firm

In order to eliminate arbitrariness in the decision-making process by the Company with respect to the Transactions, including the Tender Offer, and to ensure the fairness, transparency, and objectivity of the decision-making process, the Company appointed Nagashima Ohno & Tsunematsu as a legal advisor independent from the Tender Offeror and the Prospective Tendering Shareholders, and subsequently received legal advice from Nagashima Ohno & Tsunematsu on the measures to be taken to ensure the fairness of the procedures for the Transactions, including the Tender Offer, procedures for the Transactions, the methods and process of decision-making by the board of directors of the Company regarding the Transactions, and other points to be noted when making decisions on the Transactions, including the Tender Offer, in order to ensure the fairness, transparency, and objectivity of the decision-making process by the board of directors of the Company with respect to the Transactions, including the Tender Offer. Nagashima Ohno & Tsunematsu has no material interests in the Transactions, including the Tender Offer.

(E) Approval of All Disinterested Directors of the Company and Opinion of All Company Auditors that They Have No Objection

The Company carefully deliberated on and considered the terms and conditions of the Transactions based on the matters stated in the Company Share Price Valuation Report received from SMBC Nikko Securities as a third-party appraiser and legal advice from Nagashima Ohno & Tsunematsu, giving the highest degree of respect to the matters stated in the Report obtained from the Special Committee. As a result, as stated in “(C) Process of and Reasons for the Company’s Decision to Support the Tender Offer ” of “(2) Grounds and Reasons for the Opinion” above, the Company determined that it will be possible to achieve medium to long-term growth and enhance the corporate value of the Company by realizing the Transactions and forming a capital and business alliance with the Tender Offeror and resolved at the meeting of the board of directors of the Company held today to express its opinion in support of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer with the unanimous approval of all eight directors of the Company excluding Mr. Tadahito Takahashi. All of the three company auditors of the Company participated in the above meeting of the board of directors, and all of the company auditors who attended the meeting expressed the opinion that they have no objection to the resolution described above.

Mr. Tadahito Takahashi, the Representative Director and President of the Company, did not participate in any deliberations or resolutions at the meetings of the board of the directors of the Company, nor did he participate in the discussions and negotiations with the Tender Offeror regarding the Transactions on behalf of the Company because he intended to execute the Tender Offer Agreement with the Tender Offeror regarding all of the Company Shares held by him and it was intended that Endeavor Co., Ltd., which is the asset management company of Mr. Tadahito Takahashi, would execute the Tender Offer Agreement with the Tender Offeror regarding all of the Company Shares held by Endeavor Co., Ltd., and thus there is a possibility that there is considered to be a conflict of interest between him and the Company with respect to the Transactions.

(F) Measures Taken by the Tender Offeror for Securing Opportunities for Purchase by Other Tender Offerors

Although the shortest tender offer period in a tender offer under laws and regulations is 20 business days, the Tender Offeror has set the Tender Offer Period in the Tender Offer to 30 business days. By setting a comparatively long tender offer period, the Tender Offeror secures an appropriate opportunity for the shareholders of the Company to make a decision in regard to tendering shares in response to the Tender Offer while also securing an opportunity for parties other than the Tender Offeror to make counter tender offers with respect to the Company Shares, and the Tender Offeror thereby intends to ensure the fairness of the Tender Offer.

In addition, the Tender Offeror and the Company have not entered into any agreement that restricts the Company from contacting persons making counter tender offers, including any agreement containing a transaction protection clause that forbids the Company from contacting such counter tender offerors. Together with the setting of a comparatively long tender offer period as stated above, this secures opportunities for counter tender offers, thereby giving consideration to ensuring the fairness of the Tender Offer.

4. Matters regarding Important Agreements relating to the Tender Offer

(1) The Capital and Business Alliance Agreement

The Company entered into the Capital and Business Alliance Agreement with the Tender Offeror on April 9, 2021. An outline and other information regarding the Capital and Business Alliance Agreement is as follows.

(i) Purpose

The Tender Offeror and the Company will form a capital and business alliance (the “**Capital and Business Alliance**”) for the purposes of establishing and maintaining a partnership based on a relationship of mutual trust and enhancing the corporate value of both companies.

(ii) Matters regarding the Tender Offer and the Squeeze-out Procedures

(a) Agreement by the Tender Offeror and the Company on the Tender Offer and the Squeeze-out Procedures

The Tender Offeror and the Company agree that the Tender Offeror will conduct the Tender Offer and that the Squeeze-out Procedures will be implemented after the completion of the Tender Offer.

(b) Support of and recommendation for the Tender Offer by the Company

If the Tender Offeror resolves to conduct the Tender Offer at its board of directors meeting, the Company will resolve at its board of directors meeting to support the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer (the "**Resolution to Express Opinion**") and publish the details of that resolution on the conditions that the special committee of the Company has expressed its opinion supporting or recommending tendering in the Transactions and that such opinion has not been changed or withdrawn.

During the Tender Offer Period, the Company will not withdraw or change the Resolution to Express Opinion and will not make any resolution at the board of directors meeting that is contrary to the contents of the Resolution to Express Opinion. However, if a third party conducts or proposes a tender offer for the Company Shares at a purchase price higher than the Tender Offer Price without the Company having actively made a proposal in regard thereto, or if there is otherwise a material change in the matters on which the Resolution to Express Opinion was based, the Company may consider changing the Resolution to Express Opinion, and if it reasonably determined taking into account the opinion of the Company's special committee that not changing or withdrawing the Resolution to Express Opinion may breach the directors' duty of care of the Company, the Company may change or withdraw the Resolution to Express Opinion after prior consultation in good faith with the Tender Offeror. For the avoidance of doubt, the provision of the Capital and Business Alliance Agreement will not prohibit the Company from contacting any competing tender offerors.

(c) Implementation of the Squeeze-out Procedures

If the Tender Offeror is unable to acquire all of the Company Shares through the Tender Offer despite the Tender Offer being completed, the Tender Offeror and the Company will implement the Squeeze-out Procedures by the method described in "(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the 'Two-Step Acquisition')" above. If the Tender Offer is completed, the Company will cooperate with the Tender Offeror in any and all measures necessary for the implementation of the Squeeze-out Procedures.

(iii) Details of alliance

The Tender Offeror and the Company will cooperate with and support each other in realizing the following synergies for the purpose of the Capital and Business Alliance after the completion of the Tender Offer:

- (a) Expansion of global business
- (b) Expansion of domestic business and improvement of business efficiency
- (c) Strengthening of competitiveness of businesses conducted by each company
- (d) Improvement of productivity through business streamlining
- (e) Strengthening of management base for growth

(iv) Matters regarding the Company's management, etc.

The Tender Offeror and the Company agree as the matters regarding the Company's management, etc. that (a) after the completion of the Tender Offer, the Tender Offeror will not change the trade name of the Company in the articles of incorporation and the commercial registration in the immediate future, and if there is a possibility to consider a change in the trade name of the Company, the Tender Offeror will promptly notify the management of the Company to that effect, and consult in good faith with, and obtain a consent of, the management of the Company, (b) if the Tender Offer is completed, the Tender Offeror will submit a proposal of appointing one executive director of the Company recommended by the Company (the "**Company Recommendee**") as a candidate for a director of the Tender Offeror at the shareholders' meeting of the Tender Offeror to be held immediately after the completion of the Tender Offer, and if such proposal of appointment is approved at that shareholders' meeting, the Company Recommendee will be appointed as the representative director of the Tender Offeror, (c) after the completion of the Tender Offer, the Tender Offeror will respect the management structure determined by the management of the Company, and if the Tender Offeror intends to change any of the directors or executive officers of the Company, it will consult in good faith with the management of the Company in advance, (d) after the completion of the Tender Offer, if the Tender Offeror conducts a merger or other organizational restructuring acts to which the Company is a party, acts that change the Company's capital relationships, or other acts that materially change the management structure of the Company, it will consult in good faith with the management of the Company in advance, (e) after the completion of the Tender Offer, the Tender Offeror will respect the employment relationships with, and employment conditions of, the employees of the Company and its subsidiaries as of the commencement date of the settlement of the Tender Offer, and if it is necessary to terminate the employment relationships or adversely change the employment conditions for unavoidable reasons, the Tender Offeror will consult in good faith with the management of the Company in advance, and (f) if the Tender Offeror transfers to a third party, or otherwise disposes of, the Company Shares to be acquired through the Transactions, it will consult in good faith with the management of the Company in advance.

(v) Termination of the Capital and Business Alliance Agreement

The Capital and Business Alliance Agreement will terminate (a) if the Tender Offeror and the Company agree in writing to terminate it, (b) if the Tender Offer is withdrawn or is not completed, (c) if the Tender Offeror Group ceases to hold shares equivalent to a majority of the voting rights of all shareholders of the Company, (d) if there is a breach of the obligations under the Capital and Business Alliance Agreement in a material respect, or if the Capital and Business Alliance Agreement is otherwise cancelled due to an event of cancellation set out in the Capital and Business Alliance Agreement, or (e) if the Tender Offeror or the Company dissolves and liquidation is completed.

(2) The Tender Offer Agreements

As described in "A. Outline of the Tender Offer" of "(2) Grounds and Reasons for the Opinion" under "3. Details of and Grounds and Reasons for the Opinion on the Tender Offer" above, upon conducting the Tender Offer, the Tender Offeror entered into the Tender Offer Agreements with the Prospective Tendering Shareholders on April 9, 2021. In the Tender Offer Agreements, the Prospective Tendering Shareholders have agreed to

tender all of the Company Shares held by them (total number of shares held: 4,251,859 shares; ownership ratio: 38.82%) in the Tender Offer.

An outline of the Tender Offer Agreements is as follows.

(i) Obligation to tender

- If the Tender Offeror commences the Tender Offer, the Prospective Tendering Shareholders will tender all of the Company Shares held by the Prospective Tendering Shareholders as of the commencement date of the Tender Offer within a certain period of time from the commencement date of the Tender Offer (however, during the Tender Offer Period) and will not cancel the agreement on the purchase of the Company Shares concluded as a result of tendering shares in the Tender Offer.
- If a third party other than the Tender Offeror commences a tender offer for acquiring the Company Shares at a purchase price higher than the Tender Offer Price (the “**Competing Tender Offer**”) after the execution of the Tender Offer Agreements and before the expiration date of the Tender Offer, the Prospective Tendering Shareholders may request by written notice the Tender Offeror to consult on changing the Tender Offer Price. If (a) the Tender Offeror does not change the Tender Offer Price to an amount higher than the tender offer price in the Competing Tender Offer before the earlier of the day that is 7 business days from the date of such request for consultation or the day immediately prior to the expiration date of the Tender Offer, and (b) the Prospective Tendering Shareholders reasonably determine that there is a high possibility that tendering shares in the Tender Offer or not withdrawing a tender that has been already made may breach the obligations of the Prospective Tendering Shareholders as directors, and if the Prospective Tendering Shareholders give prior notice to the Tender Offeror, the Prospective Tendering Shareholders will not be obligated to tender their shares in the Tender Offer, and if the Prospective Tendering Shareholders have already tendered their shares in the Tender Offer, the Prospective Tendering Shareholders may cancel the agreement on the purchase of the Company Shares concluded as a result of tendering shares in the Tender Offer without being required to pay any money to the Tender Offeror (Note 1) (Note 2).

(Note 1): Under the Tender Offer Agreements with Endeavor Co., Ltd. and Tadahito Takahashi, if the purchase price in the Competing Tender Offer is higher than the Tender Offer Price by 20% or more, they may request the Tender Offeror to engage in consultation. If the Tender Offeror does not change the Tender Offer Price to an amount higher than the tender offer price in the Competing Tender Offer before the earlier of the day that is 7 business days from the date of request for consultation or the day immediately prior to the expiration date of the Tender Offer, and if the Prospective Tendering Shareholders give prior notice to the Tender Offeror, the Prospective Tendering Shareholders will not be obligated to tender their shares in the Tender Offer, and if the Prospective Tendering Shareholders have already tendered their shares in the Tender Offer,

the Prospective Tendering Shareholders may cancel the agreement on the purchase of the Company Shares concluded as a result of tendering shares in the Tender Offer without being required to pay any money to the Tender Offeror.

(Note 2): While Endeavor Co., Ltd., which is a Prospective Tendering Shareholder, has created security over 1,470,000 of the Company Shares that it holds (ownership ratio: 13.42%), under the Tender Offer Agreement, Endeavor Co., Ltd. will tender those shares in the Tender Offer after releasing such security interests. Also, the Tender Offeror was informed by Endeavor Co., Ltd. that it would tender its shares in the Tender Offer after releasing those security interests during the Tender Offer Period.

(ii) Conditions precedent for tender

- The tendering by the Prospective Tendering Shareholders of their shares in the Tender Offer is subject to the satisfaction of the conditions that (a) the Tender Offer is commenced and is not withdrawn, (b) there is no material inaccuracy in the representations and warranties (Note 1) of the Tender Offeror set out in the Tender Offer Agreements as of the execution date of the Tender Offer Agreements and the commencement date of the Tender Offer, (c) there is no material breach by the Tender Offeror of the representations and warranties, confidentiality or other obligations of the Tender Offeror set out in the Tender Offer Agreements (for the avoidance of doubt, all of these obligations have been complied with or performed as of today), (d) the Company passed a resolution of the board of directors supporting the Tender Offer with the unanimous consent of all of the directors and company auditors (excluding those who do not participate in the resolution because they have, or are likely to have, a conflict of interests with the Tender Offer) present, such resolution has been published, and the Company has not withdrawn, reserved or changed its opinion in support of the Tender Offer, (e) the Company has expressed its opinion to recommend that its shareholders tender shares in the Tender Offer, (f) the Company has not expressed any opinion in support of a tender offer other than the Tender Offer, and (g) there is no unpublished material fact (meaning a material fact as prescribed in Article 166, Paragraph (2) of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended)) regarding the Company as of the commencement date of the Tender Offer (Note 2). However, the Prospective Tendering Shareholders may waive any of these conditions at their discretion,

(Note 1): The Tender Offeror represented and warranted to the Prospective Tendering Shareholders matters regarding the existence and power of the Tender Offeror, matters regarding the enforceability of the Tender Offer Agreements, matters regarding the acquisition of licenses and approvals by the Tender Offeror, matters regarding the non-existence of conflicts with laws and ordinances, matters regarding the non-existence of legal insolvency proceedings, etc., and matters regarding the non-existence of relationships with anti-social forces.

(Note 2): Items (a) through (f) above are the conditions precedent for the tendering of shares under the Tender Offer Agreements with Endeavor Co., Ltd. and Tadahito Takahashi.

5. Details of Benefits Received from the Tender Offeror or any of its Specially Related Parties

N/A

6. Response Policy with respect to Basic Policies relating to the Control of the Company

N/A

7. Questions to the Tender Offeror

N/A

8. Requests for Extension of the Tender Offer Period

N/A

9. Future Prospects

Please refer to “B. Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” in “(2) Grounds and Reasons for the Opinion,” “(4) Prospects and Reasons for Delisting,” and “(5) Policy for Organizational Restructuring after the Tender Offer (Matters relating to the “Two-Step Acquisition”),” and in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above.

10. Others

The Company released a statement entitled “Announcement of Revision for Earnings Forecasts” as of April 9, 2021. For details, please refer to the content of the announcement.

End

(Reference) “Announcement of Commencement of Tender Offer for Shares in PALTEK Corporation (Securities Code: 7587) and Execution of Capital and Business Alliance Agreement with PALTEK Corporation” as of April 9, 2021 (as attached)

US Regulations

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards provided under the Financial Instruments and Exchange Act of Japan, and those procedures and standards are not always the same as those applicable in the United States. In particular, neither Section 13(e) nor Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the “U.S. Securities Exchange Act of 1934”) or the rules under these sections apply to the Tender Offer; therefore, the Tender Offer is not conducted in accordance with those procedures or standards. The financial information included in this press release do not conform to the U.S. accounting standards and may not be equivalent to the financial statements of a company in the United States. Also, because the Tender Offeror and the Company are corporations incorporated outside the United States and some or all of their directors are non-U.S. residents, it may be difficult to exercise rights or demands against them under the U.S. securities laws. It also may be impossible to bring an action against a company that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. There is also no guarantee that a company that is based outside of the United States or its subsidiaries or affiliates may be compelled to submit themselves to the jurisdiction of a U.S. court.

All procedures regarding the Tender Offer will be conducted in Japanese unless specifically set forth otherwise. All or part of the documents regarding the Tender Offer will be prepared in English. However, if there is any discrepancy between the documents in English and those in Japanese, the documents in Japanese shall prevail.

Before the commencement of the Tender Offer or during the purchase period of the Tender Offer, the Tender Offeror and its affiliate, and the affiliates of the financial advisor of each of the Tender Offeror might purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of the Company Shares on their own account or the account of their client to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations in the scope of their ordinary business and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on a website of the person that conducted that purchase.

Prediction of the Future

This press release includes forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended, the “U.S. Securities Exchange Act of 1933”) and Section 21E of the U.S. Securities Exchange Act of 1934. The actual results may be significantly different from the predictions expressly or impliedly indicated in the forward-looking statements, due to known or unknown risks, uncertainty, or other factors. The Tender Offeror or its affiliates do not guarantee that the predictions expressly or impliedly indicated as the forward-looking statements will turn out to be correct. The forward-looking statements included in this press release were prepared based on the information held by the Tender Offeror as of the date hereof, and unless obligated by laws or regulations or the rules of a financial

instruments exchange, the Tender Offeror, the Company or their affiliates shall not be obligated to update or revise the statements to reflect future incidents or situations.