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Securities Code: 7905

November 15, 2023

To our shareholders:

Masanori Okuda
Representative Director, President
DAIKEN CORPORATION
1-1, Inami, Nanto-shi, Toyama
(Operational Headquarters: 3-2-4,
Nakanoshima, Kita-ku, Osaka)

Notice of the Extraordinary General Meeting of Shareholders

We are pleased to announce the Extraordinary General Meeting of Shareholders of DAIKEN CORPORATION (the “Company”), which will be held as indicated below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company’s website:

<https://www.daiken.jp/ir/generalmeeting.html> (in Japanese)

Website for posted informational materials for the general meeting of shareholders:

<https://d.sokai.jp/7905/23053856/> (in Japanese)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “Daiken Corporation” in “Issue name (company name)” or the Company’s securities code “7905” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the Meeting in person, you may exercise your voting rights via the Internet, etc., or in writing (by mail). Please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights by 5:45 p.m. on Thursday, November 30, 2023 (JST).

1. **Date and Time:** Friday, December 1, 2023, at 10:00 a.m. (JST)
2. **Venue:** Head Office of the Company
1-1, Inami, Nanto-shi, Toyama

3. **Purpose of the Meeting**

Matters to be resolved:

Proposal No. 1 Consolidation of Shares

Proposal No. 2 Amendment to the Articles of Incorporation

4. **Decisions on Convocation of the Meeting (Information on the Exercise of Voting Rights)**

- (1) If exercising your voting rights in writing (by mail), any proposals for which you do not indicate your approval or disapproval will be treated as an indication of approval.
- (2) If you exercise your voting rights more than once via the Internet, etc., the last vote will be treated as the valid vote.
- (3) If you exercise your voting rights both via the Internet, etc., and in writing, we will treat the exercise of voting rights via the Internet, etc. as the valid vote, regardless of the arrival time.
- ◎ If attending the meeting, you are kindly requested to present the voting form sent out with this notice at the reception.
- ◎ If revisions to the matters for which measures for providing information in electronic format are to be taken arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the aforementioned Internet websites.

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Consolidation of Shares

1. Reasons for consolidation of shares

As described in “Notice concerning expressing opinion expression of agreeing and recommendations to tender regarding a tender offer for company’s shares by BP Investment Godo Kaisha” dated on August 10, 2023 and announced by the Company (the “Opinion Expression Press Release”) and “Notice concerning results of a tender offer for company’s shares by BP Investment Godo Kaisha and changes in the parent company, other related companies, and the largest shareholder which is the major shareholder” dated on October 11, 2023 and announced by the Company, BP Investment Godo Kaisha (the “Tender Offeror” and collectively with ITOCHU Corporation, “ITOCHU et al.”), the wholly owned company of ITOCHU Corporation (“ITOCHU”), as part of a deal aiming at acquiring all of the Company’s ordinary shares (the “Company Shares”) (excluding the Company Shares owned by ITOCHU et al. and the treasury shares held by the Company) and conducting going private to reduce the Company’s shareholders only to ITOCHU et al. (the “Deal”), conduct a tender offer for the Company Shares from August 14, 2023 to October 10, 2023 (the “Tender Offer”). As a result, as of October 17, 2023 (the date of commencing settlement of the Tender Offer), ITOCHU et al. owned 22,778,386 shares of the Company Shares (ratio of voting rights owned (Note): 87.43%).

(Note) The “ratio of voting rights owned” means the ratio to the number of voting rights (260,523), which is obtained from the number of voting rights (270,535) corresponding to the number of shares (27,053,500) obtained by deducting the number of shares less than one unit (26,543) as of September 30, 2023 from the total number of shares issued by the Company (27,080,043) by deducting the number of voting rights (10,012) corresponding to the number of shares without voting rights (total (1,001,224) of the number of treasury shares held by the Company (999,424) and the number of cross-held shares (1,800)) (these figures are rounded off to the second decimal place. The same applies hereinafter unless otherwise another handling is specified). The same applies hereinafter.

As described in the Opinion Expression Press Release, after being approached by ITOCHU to start considering going private on a full-fledged basis in late November 2022, the Company accepted the proposal of ITOCHU. On December 20, 2022, from ITOCHU, the Company received a legally non-binding initial written proposal on going private through a tender offer. With this event as a start, in late December, the Company selected Daiwa Securities Co. Ltd. (“Daiwa”) as the Company’s financial advisor and third-party valuation independent from ITOCHU et al. and the Company and NAKAMURA, TSUNODA & MATSUMOTO as the Company’s legal advisor, respectively.

In considering the Deal and conducting discussions and negotiations regarding the Deal with ITOCHU et al., the Tender Offer was not a tender offer by controlling shareholders. Still, the ownership ratio of ITOCHU, the wholly owned parent company of the Tender Offeror, was 36.33% of the Company Shares (Note). ITOCHU was the Company’s principal and largest shareholder, and the Company was an affiliate of ITOCHU. Considering these facts, the Company could not definitively say that in the process of assessing the Deal in the Company, there were no structural conflict-of-interest issues and non-asymmetric information issues among general shareholders. Therefore, after that, the Company received advice from these advisors and immediately started building structures to negotiate and judge from a position independent from ITOCHU et al. to respond to these issues and ensure fairness of the Deal.

(Note) The “ownership ratio” means the ratio in the number of shares (26,080,619 shares) calculated by deducting the number of treasury shares owned by the Company (999,424 shares) as of September 30, 2023, from the number of shares issued by the Company (27,080,043 shares) as of September 30, 2023. The same applies hereinafter.

Specifically, as described below in “[3] Formation of an independent special committee in the Company and acquisition of a special committee’s report” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion),” from late December 2022, the

Company started preparing for forming a special committee (the “Special Committee”). Then, by a resolution in the board meeting on December 26, 2022, the Company formed the Special Committee, which consisted of the following three members; Shingo Ishizaki (the Company’s independent Outside Director who is an Audit and Supervisory Committee Member), Yuko Asami (the Company’s independent Outside Director who is an Audit and Supervisory Committee Member) and Kiyoshi Mukohara (the Company’s independent Outside Director who is an Audit and Supervisory Committee Member) (for matters such as the background of matters such as the formation of the Special Committee, the process of considerations and the details of judgments, see “[3] Formation of an independent special committee in the Company and acquisition of a special committee’s report” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion)” below). The Company consulted the Special Committee about the following matters; (i) whether or not the purposes of the Deal would be regarded to be justifiable and reasonable (including whether or not the Deal would contribute to improving the Company’s corporate value); (ii) the fairness and adequacy of terms and conditions of the Deal (including prices such as an offer price in the Tender Offer) would be ensured; (iii) in the Deal, whether or not sufficient attention to the interests of the Company’s shareholders would be paid through fair procedures; (iv) in addition to items (i) - (iii) above, whether or not the Deal would be believed to be disadvantage against the Company’s minority shareholders; (v) whether or not it would be acceptable if the Board of Directors would express opinions of agreeing the Tender Offer and recommending tenders to the Company’s shareholders; and (vi) in addition to above, any matters the Board of Directors or the Representative Director would consider necessary to consult regarding the Deal, given the intent of forming the Special Committee (collectively, the “Consultation Matters”). When resolving the formation and consultations of the Special Committee, the Company’s Board of Directors resolved that it would position the Special Committee as a conference organization independent from the Company’s Board of Directors, respect the opinions of the Special Committee to the greatest extent possible in expressing opinions on the Tender Offer, and disagree the Deal if the Special Committee would judge that the Deal would not be adequate. The Board of Directors also resolved to authorize the Special Committee to, for example, (i) at the expense of the Company, conduct investigations related to its duties (including asking the Company’s officers or employees who would be related to the Deal or the Company’s advisors in relation to the Deal about questions required under its duties to provide explanations or advice); (ii) if necessary, at the expense of the Company, select its own attorneys, valuation firms, certified account public accountants and other advisors; (iii) appoint the Company’s advisors or request their changes in relation to the Deal and also give them necessary instructions; and, (iv) if necessary, request the Company to select persons who would help its duties (for resolution methods in the board meeting, see “[3] Formation of an independent special committee in the Company and acquisition of a special committee’s report” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion)” below.) As described below in “[3] Formation of an independent special committee in the Company and acquisition of a special committee’s report” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion),” based on the authority above, the Special Committee selected Mori Hamada & Matsumoto as its legal advisor.

As described below in “[3] Formation of an independent special committee in the Company and acquisition of a special committee’s report” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion),” in the Special Committee, the Company confirmed that there were no issues on independence and expertness of Daiwa, the Company’s third-party valuation firm and financial advisor, and NAKAMURA, TSUNODA & MATSUMOTO, the Company’s legal advisor. Then, the Company was approved by the Special Committee for their selection.

In addition, as described below in “[3] Formation of an independent special committee in the Company and acquisition of a special committee’s report” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the

appropriateness of provisions concerning a share consolidation proportion),” the Company built in-house structures in order to consider, negotiate and judge matters regarding the Deal from a position independent from ITOCHU et al. (including the ranges and duties of the Company’s officers and employees involved in considering, negotiating and judging matters regarding the Deal). The Company was approved by the Special Committee that there were no issues with the consideration structures in terms of independence and fairness.

After that, from Daiwa, the Company received a report on the results of the valuating value of the Company Shares, advice on policies for negotiations with ITOCHU, and other advice in terms of finance. From NAKAMURA, TSUNODA & MATSUMOTO, the Company also received guidance and other legal advice on the response required to ensure the fairness of procedures in the Deal. Based on these, the Company had been carefully considering the merits and demerits of the Deal and the adequacy of the deal terms and conditions.

After receiving the initial written proposal from ITOCHU on December 20, 2022, as the Company heard opinions from the Special Committee and received its approval and instructions/requests, the Company and ITOCHU conducted detailed discussions and considerations regarding the meaning and purposes of the Deal and implemented discussions and negotiations several times on matters such as management structure/business policies after the Deal and various terms and conditions in the Deal. Specifically, the Company sent written inquiries on the Deal to ITOCHU on February 7, 2023, and March 23, 2023, respectively, and received answers for each written inquiry from ITOCHU on February 27, 2023, and June 20, 2023, respectively. In addition, the Company was also explained in detail orally, checked the intent, and asked additional questions.

On June 14, 2023, after receiving from ITOCHU the initial proposal, which included the price for purchase, etc., of ¥2,450 per Company Share in the Tender Offer (the “Tender Offer Price”), based on opinions given by the Special Committee (in forming the opinions, the Special Committee received advice from Mori Hamada & Matsumoto, its advisor, and Daiwa and NAKAMURA, TSUNODA & MATSUMOTO, the Company’s advisors) and advice from Daiwa and NAKAMURA, TSUNODA & MATSUMOTO, the Company had discussed and negotiated continuously with ITOCHU regarding the terms and conditions of the Deal including the Tender Offer Price.

Specifically, the Company received the proposal above from ITOCHU on June 14, 2023. On June 15, 2023, the Company requested ITOCHU to reconsider the Tender Offer Price because the economic conditions in the proposal above were unacceptable. In response, on June 20, 2023, the Company received a proposal from ITOCHU on the Tender Offer Price of ¥2,700 per share. On June 22, 2023, the Company requested ITOCHU to reconsider the Tender Offer Price because the price failed to reach a level that would enable the Company to agree on the Deal in light of the Company’s most recent share price in a market and premium rates in other comparable deals (going private examples contemplated to acquire 100% ownership). In response, on June 30, 2023, the Company received a proposal from ITOCHU on the Tender Offer Price of ¥2,800 per share. On July 6, 2023, the Company requested ITOCHU to reconsider the Tender Offer Price because the price failed to reach a level that would enable the Company to agree on the Deal due to reasons including the following. There were differences in the assumption of recognizing the probability of achieving business plans. The price did not incorporate just part of the synergies through the Deal. In addition, the price appeared not to reflect even the stand-alone growth potential of the Company sufficiently. After the request, on July 10, 2023, the Company received a written proposal from ITOCHU that ITOCHU wanted to have opportunities for discussing with the Company and the Special Committee because there were gaps in the way of thinking about the Tender Offer Price. In response, on July 11, 2023, the Company sent a written request to ITOCHU to make written proposals because the Company believed that even if providing opportunities for discussions, they would be highly likely to differ from one another and remain on different tracks, possibly resulting in a longer price negotiation period. In response, on July 12, 2023, the Company received a proposal from ITOCHU on the Tender Offer Price of ¥2,900 per share. On July 13, 2023, the Company requested ITOCHU to reconsider to set the Tender Offer Price of ¥3,200 because the proposed price still failed to be a sufficient level in light of interests of minority shareholders when comprehensively considering factors such as results of valuating the Company’s equity value on a trial basis by a discounted cash flow method (the “DCF Method”) based on trends in the Company’s market share price and premium rates in other comparable deals (going private examples contemplated to acquire 100% ownership), and the level of a P/B ratio of 1 time requested most recently by Tokyo Stock Exchange, Inc. (“TSE”) to improve. In response, on July 18, 2023, the Company received a proposal from ITOCHU on the Tender Offer Price of ¥2,950 per share. On July 21,

2023, the Company requested ITOCHU to reconsider to set at least ¥3,000 of the Tender Offer Price and a lower limit of the planned purchase volume in the Tender Offer that would be equal to a so-called “majority of minority” (“Majority of Minority Condition”) because the economic conditions in the fifth proposal were not a sufficient price yet in terms of recommending tenders to the Company’s minority shareholders in the Tender Offer when comprehensively considering the perspectives such as that (i) premium levels in other comparable deals (going private examples contemplated to acquire 100% ownership and considered to be possibly comparable to the Deal, given factors such as the percentage of voting rights of tender offerors as of commencing tender offers), (ii) trends in the Company’s market share price, (iii) results of valuating the Company’s equity value on a trial basis by the DCF Method, and (iv) the level of a P/B ratio of 1 time requested most recently by TSE to improve and also taking into account the perspective of fairly distributing synergies to be created by the Deal to minority shareholders.

On July 24, 2023, the Company received a final proposal on the terms and conditions of the Deal, including the Tender Offer Price from ITOCHU (the proposal which would set a Majority of Minority Condition on a lower limit of the planned purchase volume in the Tender Offer and the Tender Offer Price of ¥3,000 per share). On July 24, 2023, the Company replied to ITOCHU that the Company and the Special Committee would coordinate toward expressing opinions of agreeing the Deal and opinions of recommending tenders with the terms and conditions of the final proposal, on the condition that the Company would possibly renegotiate the terms and conditions of the Deal including the Tender Offer Price if the Company’s market share price would change significantly from July 24, 2023, to August 10, 2023. From July 24, 2023, to August 10, 2023, there were no significant changes in the Company’s market share price.

In the consideration and negotiation process above, the Special Committee was reported by the Company and the Company’s advisors as-needed and conducted actions such as checks, approval, and opinion expression appropriately. Specifically, regarding the reasonability of the content, important conditions precedent, preparation background, and others of the Company’s business plan (the “Business Plan”), which was a basis in Daiwa’s valuating value of the Company Shares as an independent valuation firm, the Company was checked and approved by the Special Committee and then presented the Business Plan to ITOCHU. In negotiating with ITOCHU, Daiwa, the Company’s financial advisor, followed the negotiation policies, which were deliberated and then decided in advance by the Special Committee. Whenever Daiwa received proposals on the deal terms and conditions, including the Tender Offer Price from ITOCHU, Daiwa made reports to the Special Committee immediately, received from the Special Committee opinions, instructions, requests, and others regarding the policies for negotiations with ITOCHU and other matters, and followed them to take actions.

From the Special Committee, the Company received a special committee report dated August 9, 2023 (the “Special Committee Report”), which contained the followings; (i) the Deal was believed to contribute to improving the Company’s corporate value and the purposes of the Deal were believed to be justifiable and reasonable; (ii) the justifiability and reasonability of the terms and conditions of the Deal including the Tender Offer Price were believed to be ensured; (iii) in the Deal, sufficient attention to the interests of the Company’s shareholders was believed to be paid through fair procedures; (iv) the Deal was believed not to be disadvantage against the Company’s minority shareholders; and, (v) the Board of Directors’ expressing opinions of agreeing the Tender Offer and opinions of recommending tenders to the Company’s shareholders were believed to be appropriate (for the overview of the Special Committee Report, see “[3] Formation of an independent special committee in the Company and acquisition of a special committee report” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion)” below).

Under the background above, in the board meeting on August 10, 2023, the Company discussed and considered carefully whether or not the Deal, including the Tender Offer, would contribute to improving the Company’s corporate value and whether or not the deal terms and conditions of the Deal including the Tender Offer Price would be adequate. These were conducted based on legal advice from NAKAMURA, TSUNODA & MATSUMOTO, advice from Daiwa in terms of finance, and the content of a written equity value valuation

dated August 9, 2023, which reported results of valuating the value of the Company Shares (the “Company Valuation Report”), as the Company respected the content of the judgments made and provided by the Special Committee in the Special Committee Report at a maximum.

As a result, the Board of Directors reached the conclusion that through the Deal and initiatives to be taken after that, the Company would also be able to expect the creation of synergies among ITOCHU Group (Note), and the Deal would contribute to improving the Company’s corporate value.

(Note) “ITOCHU Group” means the corporate group (excluding the Company Group) consisting of ITOCHU and its 190 subsidiaries and its 81 affiliates, including the Company (as of June 30, 2023). The “Company Group” collectively means the Company and its subsidiaries (23 companies) and its affiliates (2 companies). The same applies hereinafter.

a. Acceleration of business expansion in non-housing sectors

In the domestic market, new housing starts have decreased because of the declining population in the mid-to-long term. This is a challenging outlook for the Company, whose main products are building materials. Therefore, in the Long-Term Vision “GP25 (Grow/Glow Plan 25),” the Company positions the “public and commercial building sector” as one of the priority markets and has been investing managerial resources actively in order to develop businesses in not only housing sectors but also non-housing sectors.

Meanwhile, the Company thinks ITOCHU Group has a strong business relationship with clients such as developers and construction companies in non-housing sectors.

The Company thinks that going private through the Deal to reduce the Company’s shareholders only to ITOCHU et al. will allow the Company to actively utilize the relationship with clients and knowledge about non-housing sectors which the ITOCHU Group has, which in turn, will enable the Company to increase sales of existing products and existing businesses in non-housing sectors, and also upgrade products and expand the business scope to adjacent businesses such as consulting operations, space design and interior work for project owners such as developers. In addition, the Company also thinks it will be able to expect the use of more products of the Company when constructing development/sale real estate and others in ITOCHU Group.

The Company thinks that the efforts above to be made after the Deal will allow the Company to accelerate business expansion in its priority non-housing sectors.

b. Enhancement of profitability in the domestic housing business

As stated in a. above, new housing starts have decreased in the domestic market because of the declining population in the mid-to-long term. This is a challenging outlook for the Company, whose main products are building materials. However, the Company thinks that the Deal will allow the Company to enhance competitiveness and increase profitability through efforts such as decreasing the cost of goods and selling general and administrative expenses through utilizing knowledge, know-how, and resources of ITOCHU Group to enhance supply chains to optimize inventories and logistics and utilizing procurement capabilities and sharing resources in the Group’s network.

In addition, the Company thinks that the ITOCHU Group’s good relationship with developers will allow the Company to quickly obtain information on market trends and users’ needs and reflect products, thereby enabling the Company to differentiate from other companies and enhance the competitiveness of the building material business.

c. Acceleration of business enhancement and expansion in overseas markets, mainly in North America

As stated in item an above, in the domestic market, the Company expects that new housing starts will decrease in the mid-to-long term. On the contrary, the U.S. market, the world’s largest wooden housing market, is expected to have stable new housing starts in the future because immigration policies would increase the population. Therefore, in the Long-Term Vision “GP25 (Grow/Glow Plan 25),” the Company also positions “overseas markets,” mainly in North America, as one of the priority markets and aims for business growth.

In this regard, the Company’s North American business has already been driven by a collaboration structure with ITOCHU. The Company plans to conduct various initiatives toward growth through collaboration

between the Company, which excels in product development and plant operations as a manufacturer, and ITOCHU, which has conducted business for many years and has already built sales networks in North American markets. However, the current collaboration structure has certain constraints in sharing information, managerial resources, human resources, know-how, and others, and it is challenging to receive necessary and sufficient resources from ITOCHU Group to accelerate business growth in North American markets.

As a general trading company that represents Japan, ITOCHU Group has conducted housing-related business long in the United States and has global networks and financial resources all over the world. The Company thinks that going private through the Deal to reduce the Company's shareholders only to ITOCHU et al. will allow the Company to utilize the knowledge, global networks, and financial resources of ITOCHU Group.

The Company thinks that the efforts above to be made after the Deal will allow the Company to accelerate business enhancement and expansion in its priority overseas markets, mainly in North America.

d. Further enhancement of human resource foundation

In the Long-Term Vision "GP25 (Grow/Glow Plan 25)," the Company sets the "Enhancement of the Management Foundation with Sustainability as the Key Axis" as one of its basic policies. To enhance the human resource foundation, the Company has worked on "creating the workplace environment and culture where diverse human resources can be active," "developing human resource that supports the growth and can respond to changes," "establishing the system and mechanism that admire and support challenges," and "building of the balanced human resource foundation."

On the other hand, ITOCHU Group's management team is committed to creating a company that is challenging but rewarding to work for. With maximizing the "individual capabilities" of its workforce as an important management strategy, the Group has steadily improved labor productivity by enhancing the health and motivation of each employee and strengthening their sense of participation in business management.

The Company thinks that going private through the Deal to reduce the Company's shareholders only to ITOCHU et al. will allow the Company to vitalize personnel exchanges between ITOCHU Group and the Company Group and share more knowledge and know-how actively. In addition, the Company thinks that enhancing capital ties between the Company Group and ITOCHU Group through the Deal will allow the Company to improve educational systems through utilizing human resource development programs of ITOCHU Group and upgrade welfare and others to levels of ITOCHU Group, thereby enabling the employees of the Company Group to improve skills, and improve and realize more stable living foundations.

Furthermore, while the Company is shorthanded in overseas business bases, ITOCHU Group has business bases globally. The Company thinks that personnel exchanges with ITOCHU Group and personnel dispatch from ITOCHU Group will allow the Company to improve these human resources short in the Company, realize the diversity of human resources, and even enhance organizational capabilities.

The Company thinks that the efforts above to be made after the Deal will allow the Company Group to further enhance its human resource foundation, which will be essential to its future sustainable growth.

e. Further enhancement of business foundation, financial foundation, and governance

In the Long-Term Vision "GP25 (Grow/Glow Plan 25)," the Company sets the "Enhancement of the Management Foundation with Sustainability as the Key Axis" as one of the basic policies and has worked on enhancing the business foundation, financial foundation, and governance.

The Company thinks that going private through the Deal to reduce the Company's shareholders only to ITOCHU et al. will allow the Company to decrease costs and improve the efficiency of management structures through efforts such as sharing corporate functions and system infrastructure of human resources, legal, and others of ITOCHU Group and enhancing governance structures by ITOCHU Group. The Company also thinks that enjoying group finance from ITOCHU Group will allow the Company to realize flexible and stable financing.

The Company has worked on the "offensive/defensive digital strategy" in order to enhance its business foundation. The Company thinks that going private through the Deal to reduce the Company's shareholders only to ITOCHU et al. will allow the Company to expect, for example, to utilize knowledge and know-how that ITOCHU Group has accumulated in its system development business, share the latest technologies and

new system information and evaluations that ITOCHU Group has, decrease costs by introducing the latest technologies as part of ITOCHU Group, and introduce platforms into data analysis utilizing managerial know-how of ITOCHU.

The Company thinks that the efforts above to be made after the Deal will allow the Company to further enhance its business foundation, financial foundation, and governance essential to its future sustainable growth.

On the other hand, as the Company's potential disadvantages and adverse impact due to the Deal, the Company thinks that delisting could make it difficult for the Company Group to continue hiring excellent personnel and could demotivate employees to leave their jobs. However, the Company thinks that dis-synergies due to the Deal will be limited because of efforts including the following. In order to improve the treatment of employees of the Company Group, as soon as possible after completing the Deal, the Company and ITOCHU et al. plan to enhance profitability through efforts such as realizing synergies of the Deal. As stated in item d above, the Company believes that becoming part of ITOCHU Group will allow Company Group to improve educational systems through utilizing human resource development programs of ITOCHU Group and upgrade welfare and others to levels of ITOCHU Group, thereby enabling the employees of the Company Group to improve skills and improve and realize more stable living foundations, instead. Therefore, dis-synergies from this transaction are expected to be limited.

The Company assumes the advantages of delisting, such as allowing the Company to increase the flexibility and degrees of freedom of decision-making and eliminating listing costs. As a challenging managerial environment is projected, the Company thinks it will be important to ensure the flexibility and degrees of freedom of decision-making, among other things, in early starting fundamental reforms contemplated in the Company Group.

Currently, the Company is an affiliate of ITOCHU while the Company keeps listing. The Company recognizes that this current status has certain constraints for sharing information, managerial resources, human resources, know-how, and others and structural issues such as conflict-of-interest risks among ITOCHU and the Company's general shareholders. The Company itself has felt certain limitations to accelerate collaboration further on the condition of the current capital ties. After the Deal, the Company's shareholders will be ITOCHU et al. only. The Company thinks that this will allow the Company to avoid constraints in order to prevent conflicts of interest among ITOCHU Group and the Company's general shareholders and limitations for ensuring independence, quickly and smoothly conduct collaboration with ITOCHU Group and utilization of efficient use of managerial resources that will require in terms of mid-to-long term growth, and contribute to improving mid-to-long term corporate value of ITOCHU Group including the Company Group at the same time.

As described below in "(3) Matters concerning the amount of money expected to be delivered to shareholders due to fraction treatment and the appropriateness of the amount" of "3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion)," the Company judged that the Tender Offer Price of ¥3,000 per share was an adequate price that would ensure profits to be enjoyed by the Company's general shareholders and that the Tender Offer would give the Company's general shareholders a reasonable opportunity to sell the Company Share with proper premiums.

The Tender Offer Price is slightly below a P/B ratio of 1 time (a P/B ratio of 0.94 times on the basis of consolidated book value net assets of the Company as of March 31, 2023). However, the Company thinks that the Tender Offer Price, which is slightly below a P/B ratio of 1 time, will not deny the reasonability of the Tender Offer Price because of reasons including the following. A P/B ratio of 1 time is the theoretical liquidation value, and the issue in the Deal is the Company's evaluation as a going concern. Specifically, liquidating the Company would bear additional liquidation-associated costs such as soil contamination investigations and disposals in manufacturing plants and accrue considerable damages to less versatile machinery, equipment, and manufactured vehicles based on the Company's unique standards. The total amount of net assets would not convert into cash (the Company does not plan liquidation and, therefore, does not take actions on the condition of liquidation, such as obtaining estimates and specific trial valuations). The market share price has been shaped as it has incorporated the amount of net assets disclosed. In the building

materials industry, including the Company, the market does not value future profitability and growth potential due to the projected decline in domestic new housing starts, and P/B ratios below 1x have become the norm. Given this, we believe that the fact that the Tender Offer Price is slightly below the 1x P/B ratio does not negate the reasonableness of the Tender Offer Price.

In addition, as described below in “[8] Assuring of objective situations for fairness of the Tender Offer” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion),” the Company thinks that the terms and conditions of the Deal except for the Tender Offer Price pay attention to assuring fairness of the Tender Offer and are adequate given factors including the followings. The Tender Offeror has no agreements with the Company that contain conditions to restrict contact between the Company and counter-bid offerors, such as agreements that contain deal protection clauses for banning contact with these counter-bid offerors and do not preclude opportunities such as countertender offers. The tender offer period is a more extended 40 business-day period than a legal shortest period of 20 business days. As described in “[9] Setting of a lower limit to meet a Majority of Minority Condition” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion),” a lower limit that satisfies a Majority of Minority Condition is set.

Based on the above, the Company judged that the Deal would contribute to improving the Company’s corporate value and that the terms and conditions of the Deal, including the Tender Offer Price, would be adequate. In the Company’s board meeting on August 10, 2023, the Board of Directors resolved that the Company would express its opinions of agreeing on the Tender Offer and recommend tenders to the Tender Offer to the Company’s shareholders.

For resolution methods in the board meeting, see “[7] Approval of all of the Directors (including Directors who are Audit and Supervisory Committee Members) without interest relationships in the Company” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” of “3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion)” below.

After that, as stated above, the Tender Offer was successfully concluded. However, the Tender Offeror could not acquire all of the Company Shares (excluding the Company Shares owned by ITOCHU et al. and the treasury shares owned by the Company) through the Tender Offer. ITOCHU et al. also failed to own 90% or more of the voting rights of all of the Company’s shareholders. As requested by ITOCHU and based on factors such as the successful conclusion of the Tender Offer as part of the Deal, the Company decided to conduct a share consolidation (the “Share Consolidation”) that would consolidate 4,737,650 shares of the Company Shares into one share on the condition of gaining approval of shareholders at the Extraordinary General Meeting of Shareholders, in order to reduce the Company’s shareholders (excluding the Company) only to ITOCHU et al., as announced in the Opinion Expression Press Release.

After the Share Consolidation, the number of the Company Shares owned by shareholders other than ITOCHU et al. will be a fractional share.

2. Matters listed in Article 180, paragraph (2), each item of the Companies Act (details of share consolidation)

(1) Proportion of consolidation

The Company will consolidate 4,737,650 shares of the Company Shares into one share.

- (2) Date when the Share Consolidation becomes effective (effective date)

December 25, 2023

- (3) Total number of authorized shares on the effective date

20 shares

3. Matters concerning the appropriateness of provisions concerning the particulars listed in Article 180, paragraph (2), items (i) and (iii) of the Companies Act (matters concerning the appropriateness of provisions concerning a share consolidation proportion)

For the consolidation proportion in the Share Consolidation, the Company will consolidate 4,737,650 shares of the Company Shares into one share. As described in “1. Reasons for consolidation of shares” above, the Company judges that the consolidation proportion in the Share Consolidation is appropriate because the Share Consolidation will be conducted for the purpose of reducing the Company’s shareholders (excluding the Company) only to ITOCHU et al., the Tender Offer conducted as part of the Deal was successfully concluded after the background described in “1. Reasons for consolidation of shares” above, and each matter below exists.

- (1) Matters to be given due consideration so as not to harm the interests of the Company’s shareholders, excluding the parent company and other parties if there is a parent company, etc.

As part of the Deal, the Share Consolidation will be conducted as a second-step procedure of a so-called two-step acquisition after the Tender Offer. On the date of announcing the Tender Offer, the Company was not a subsidiary of ITOCHU et al. The Tender Offer was not a tender offer by controlling shareholders. However, ITOCHU’s ownership ratio, the Tender Offeror’s parent company, was 36.33% of the Company Shares. ITOCHU was the Company’s primary and largest shareholder, and the Company was an affiliate of ITOCHU. Given these facts, the Company could not definitively say that in the process of considering the Deal in the Company, there were no structural conflict-of-interest issues and non-asymmetric information issues among general shareholders. In terms of assuring fairness of the Tender Offer, eliminating arbitrariness of decision-making related to the Deal, ensuring fairness, transparency, and objectivity of the decision-making process in the Company, and avoiding suspicious conflicts of interest, the Company and ITOCHU et al. conducted the measures described in “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” below.

- (2) Matters concerning fraction treatment methods

- [1] Whether or not treatment is planned under any provisions of Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 235, paragraph (1) or (2) of the Act, and the reasons

As described in “1. Reasons for consolidation of shares” above, after the Share Consolidation, the number of the Company Shares owned by shareholders other than ITOCHU et al. will be a fractional share.

For the fractional share to be produced as a result of the Share Consolidation, the Company will sell the number of shares equivalent to its total sum (in cases where the total sum includes a fractional share, such fractional share will be rounded down) and deliver the proceeds from the sale in proportion to shareholders in proportion to the fractional share attributed to them. For the sale, because the Company Shares will be delisted on December 21, 2023, and become shares without a market price, auctions will hardly look for buyers. Given factors including these, the Company plans to obtain the permission of a court and then sell the share to BP Investment Godo Kaisha (the Tender Offeror) under provisions of Article 234, paragraphs (2) of the Companies Act (Act No. 86 of 2005, including revisions thereafter; the same applies hereinafter) as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act.

For a price for the sale, if obtaining the court's permission above as planned, the Company plans to set a sale price that will allow the Company to deliver to each shareholder the money equivalent to the amount calculated by multiplying ¥3,000, the same price as the Tender Offer Price, by the number of the Company Shares of shareholders registered or recorded in the Company's final shareholder registry on December 22, 2023, the date before the effective date of the Share Consolidation.

- [2] Names or designations expected to become purchasers for shares to be sold

BP Investment Godo Kaisha

- [3] Means by which persons expected to become purchasers for shares to be sold will be used to secure funds for delivering proceeds from the sale and appropriateness of the methods

BP Investment Godo Kaisha (the Tender Offeror) says that they plan to use money that will be contributed by ITOCHU Treasury Corporation to pay the amount for acquiring the Company Shares equivalent to the total sum of the fractional share to be produced by the Share Consolidation.

The Company judges that the methods used by BP Investment Godo Kaisha (the Tender Offeror) to secure funds for paying the amount for purchasing the fraction-equivalent share are appropriate because of reasons including the followings: (a) the Company confirmed how to secure funds by the Tender Offeror by checking a Tender Offer Statement submitted by the Tender Offeror on August 14, 2023; (b) according to ITOCHU, there have been no events that hinder the payment above and it does not recognize the possibility of occurring these events in the future; and, (c) according to ITOCHU, there have been no events that hinder the loan of source money for the payment above and it does not recognize the possibility of occurring these events in the future.

- [4] Prospects for a sale period and a period for delivering sale proceeds to shareholders

Targeting mid-January 2024 after the Share Consolidation becomes effective, the Company plans to request a court to permit the sale of the Company Shares equivalent to the total sum of the fractional share to be produced as a result of the Share Consolidation under provisions of Article 234, paragraphs (2) of the Companies Act as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act. The period to obtain the permission may be changed due to situations of the court and other reasons. After obtaining the permission of the court, the Company plans to sell the Company Shares as a target period from late January 2024 to early March 2024. After that, the Company plans to conduct preparations required to deliver the sale proceeds to shareholders and do so subsequently within a target period of about one month from the permission.

Considering the period required from the effective date of the Share Consolidation to a series of procedures for the sale, the Company judges that it could expect the sale of the Company Shares equivalent to the total sum of the fractional share to be produced as a result of the Share Consolidation and also expect the delivery of the sale proceeds to shareholders in the respective periods, as stated above.

- (3) Matters concerning the amount of money expected to be delivered to shareholders due to fraction treatment and the appropriateness of the amount

As described above in "[1] Whether or not treatment is planned under any provisions of Article 234, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 235, paragraph (1) or (2) of the Act, and the reasons" of "(2) Matters concerning fraction treatment methods" above, the amount of money expected to be delivered to shareholders after treatment of the fraction to be produced by the Share Consolidation will be the amount calculated by multiplying ¥3,000, the same price as the Tender Offer Price, by the number of the Company Shares of shareholders registered or recorded in the Company's final shareholder registry on December 22, 2023, the date before the effective date of the Share Consolidation.

The Company judges that the Tender Offer Price of ¥3,000 is an adequate price that ensures profits to be enjoyed by the Company's general shareholders for reasons including the following. (i) After the measures

for assuring fairness of the terms and conditions of the Deal, including Tender Offer Price, were taken sufficiently, which were described below in “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest,” under substantive involvement of the Special Committee, the Price was an agreed price as a result of sufficient negotiations with ITOCHU. (ii) Among the results of Daiwa’s valuing value of the Company Shares in the Company Valuation Report as described below in “[2] Company’s acquisition of equity value valuation reports from independent third party valuation firms” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest,” the Price exceeded the range of valuation results by a market share price method. It was within the range of valuation results by the DCF Method. (iii) The following premiums were added to the Price: a premium of 28.37% against the closing price of ¥2,337 in the TSE Prime Market (the “Prime Market”) on August 9, 2023, the business date before the date of announcing the implementation of the Tender Offer, a 29.59% against the simple average of closing price of ¥2,315 for the most recent one month from August 9, 2023, a premium of 30.72% against the simple average of closing price of ¥2,295 for the most recent three months from August 9, 2023, and a premium of 31.64% against the simple average of closing price of ¥2,279 for the most recent six months from August 9, 2023. Among the tender offers for domestic listing companies announced in and after 2020, in light of premium levels for the eight tender offers in which offerors and their special related persons had 20%-50% of voting rights before the tender offers (excluding examples such as management buyout cases, cases where share prices of targeted companies soared due to leakage to the media, cases where total market values of targeted companies as of announcement dates fell below their cash and deposit balance as of the most recent quarter end) (median value [29.4%] of the premiums against closing prices on business dates prior to announcement dates, median value [35.9%] of the premiums against the simple average of closing prices in the most recent one month, median value [36.9%] of the premiums against the simple average of closing prices in the most recent three months, and median value [42.5%] of the premiums against the simple average of closing prices in the most recent six months), when compared to the premium levels against the simple average of closing prices in the past one month, three months and six months, the levels were slightly below those of the tender offer examples above. However, when compared to the premium level against the closing price on the business date prior to the announcement date, which represents the current evaluation of the Company Shares by general shareholders, the Price was comparable favorably in light of the tender offer examples above and regarded as a reasonable level. (iv) As described in “[3] Formation of an independent special committee in the Company and acquisition of a special committee’s report” of “(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest” below, the Special Committee Report from the Special Committee judged that the fairness and adequacy were believed to be ensured.

The Company also confirms that there were no material changes in various conditions that were the basis of the Company’s judging the Tender Offer Price for the period from the board meeting on August 10, 2023, when the Board of Directors resolved that the Company would express its opinions of agreeing the Tender Offer and recommend tenders to the Tender Offer to the Company’s shareholders to the board meeting on October 17, 2023 when the Board of Directors decided and resolved that the Extraordinary General Meetings of the Shareholders would be convened.

Based on the above, the Company judges that the amount of money expected to be delivered to shareholders after the treatment of the fraction to be produced by the Share Consolidation is appropriate.

(4) Measures for assuring fairness of the Deal and avoiding conflicts of interest

The Share Consolidation will be conducted as a second-step procedures of a so-called two-step acquisition after the Tender Offer. From the phase of the Tender Offer, in terms of assuring fairness of the Tender Offer, eliminating arbitrariness of decision-making related to the Deal, ensuring fairness, transparency, and objectivity of the decision-making process in the Company and avoiding suspicious conflicts of interest, ITOCHU et al. and the Company have taken the following measures. Of the descriptions below, the measures and others taken in ITOCHU et al. are based on their explanations.

[1] Tender Offeror's acquisition of equity value valuation reports from independent third party valuation firms

(i) Names of valuation firms and relationships with the Company and ITOCHU et al.

According to ITOCHU et al., in order to assure the fairness of the Tender Offer Price, ITOCHU requested the JPMorgan Securities Japan Co., Ltd. ("JPMorgan Securities"), ITOCHU's financial advisor, to value the equity value of the Company Shares as third party valuation firm independent from ITOCHU et al. and the Company.

JPMorgan Securities is not a related party of ITOCHU et al. and the Company and does not have an important relationship in relation to the Deal, including the Tender Offer. ITOCHU did not obtain evaluations for fairness of the Tender Offer Price (fairness opinions) from JPMorgan Securities because ITOCHU planned to judge and decide the Tender Offer Price after comprehensively considering various elements and conducting discussions and negotiations with the Company.

(ii) Grounds and reasons for valuations

According to ITOCHU et al., JPMorgan Securities considered how to value the equity value of the Company Shares among several equity value valuation methods. As a result, JPMorgan Securities valued the equity value of the Company Shares by using the following: a market share price average method considering the trend of the Company's market share price; a comparable company method because there were several listing companies that may be comparable to the Company and the method could analogize equity value of the Company Shares; and, the DCF Method to reflect the situations of the Company's future business activities into the valuations. ITOCHU obtained an equity value valuation report dated August 10, 2023 (the "Offeror Valuation Report") from JPMorgan Securities.

The Offeror Valuation Report showed the methods used and the range of equity value per the Company Share valued by these methods as follows:

Market share price average method:	¥2,279 - ¥2,337
Comparable company method:	¥1,199 - ¥2,510
DCF Method:	¥2,384 - ¥4,309

According to ITOCHU et al., in a market share price average method, JPMorgan Securities based on public information and used a base date of August 9, 2023. JPMorgan Securities analyzed the range of equity value per Company Share from ¥2,279 to ¥2,337, based on the closing price of the Company Shares of ¥2,337 in the Prime Market on the base date, the simple average of closing price of ¥2,315 in the past one month until the base date, the simple average of closing price of ¥2,295 in the past three months until the base date, and the simple average of closing price of ¥2,279 in the past six months until the base date.

In a comparable company method, JPMorgan Securities used a base date of August 9, 2023. JPMorgan Securities selected the listing companies of which business details and others were not completely comparable but were comparable to those of the Company for analysis purposes, compared their financial indicators that showed market share prices, growth potential, profitability, and others, and analyzed the range of equity value per the Company Share from ¥1,199 to ¥2,510.

In the DCF Method, based on the Company's business plans and financial forecasts from the fiscal year ending March 31, 2024, to the fiscal year ending March 31, 2028, which JPMorgan Securities obtained acceptance from ITOCHU to use, profits and investment plans in the Company's business plans, results of interviews and due diligence to ITOCHU and the Company, and various elements such as publicly announced information, JPMorgan Securities discounted the Company's free cash flow expected to be created in and after the fiscal year ending March 31, 2024, at discount rates in a

particular range to the current value and valuated equity value, and thereby analyzed the range of equity value per the Company Share from ¥2,384 to ¥4,309.

The Company's business plans and financial forecasts used as assumptions of analysis by the DCF Method did not expect a significant profit increase or decrease. The Company's business plans and financial forecasts, which JPMorgan Securities used as assumptions of analysis by the DCF Method, did not assume the implementation of the Deal. According to ITOCHU et al., as it is difficult to specifically estimate the synergic effects expected to be realized by conducting the Deal as of today, these effects did not consider the effects and others of various initiatives after conducting the Deal. Supplemental explanations concerning the Offeror Valuation Report and the conditions precedent for the equity value valuations of the Company Shares, which were the basis of the report, the matters considered, and restrictions on consideration were as described in (Note).

According to ITOCHU et al. ITOCHU was based on the valuation content and results described in the Offeror Valuation Report from JPMorgan Securities, comprehensively considered matters such as results of due diligence done against the Company from late December 2022 to late May 2023, agreement or disagreement on the Tender Offer by the Company's Board of Directors, market share price trends of the Company Shares for the past five years (the highest closing price of ¥2,541 and the lowest closing price of ¥1,355), the future forecasts of domestic and oversea businesses including the Company's business performance forecasts, and expectations for tenders to the Tender Offer, and reflected matters such as results of discussions and negotiations with the Company. On August 10, 2023, ITOCHU decided the Tender Offer Price of ¥3,000 per share, the price which was above the upper limits of the valuation ranges based on a market share price average method and a comparable company method and was within the valuation range based on the DCF Method.

The Tender Offer Price of ¥3,000 per share was the amount to which the following respective premiums were added: a premium of 28.37% against the closing price of ¥2,337 in the Prime Market on August 9, 2023, the business date before the date of announcing the implementation of the Tender Offer; a premium of 29.59% against the simple average of closing price of ¥2,315 for the past one month until August 9, 2023; a premium of 30.72% against the simple average of closing price of ¥2,295 for the past three months until August 9, 2023; and, a premium of 31.64% against the simple average of closing price of ¥2,279 for the past six months until August 9, 2023.

According to ITOCHU et al., from April to November 2020, ITOCHU acquired the Company Shares at the then market price through a method of market trading (the average acquisition price of ¥1,770 per Company Share from April to November 2020), which caused a difference of ¥1,230 between the acquisition price and the Tender Offer Price. This was because the closing price of ¥2,337 in the market on August 9, 2023, the business date before August 10, 2023, when ITOCHU decided to commence the Tender Offer, was the price that increased by 32.03% from the average acquisition price of ¥1,770 through the method of market trading. In addition, the Tender Offer Price was decided by adding a premium of 28.37% to the closing price.

(Note) When JPMorgan Securities calculated the equity value of the Company Shares, which was the basis of the Offeror Valuation Report, JPMorgan Securities assumed that all of the matters such as public information, information provided by ITOCHU et al. or the Company or information discussed with ITOCHU et al. or the Company and any other information considered by JPMorgan Securities or considered for JPMorgan Securities were accurate and exact. JPMorgan Securities did not examine their accurateness and completeness independently (JPMorgan Securities did not bear responsibilities or obligations to examine these independently). JPMorgan Securities did not evaluate or assess any assets and liabilities of ITOCHU et al. or the Company. JPMorgan Securities was not offered such evaluations or assessments. Furthermore, JPMorgan Securities did not assess the credibility of the Tender Offeror or the Company under applicable laws and regulations concerning bankruptcy, inability to pay debts,

or matters similar thereto. When JPMorgan Securities relied on the financial analysis or forecasts that were submitted by ITOCHU et al. and the Company or calculated based on these, JPMorgan Securities assumed that these were prepared reasonably based on the best estimates and judgments of the management of ITOCHU et al. and the Company as of the date of the Offeror Valuation Report regarding the future business performance and financial situations of ITOCHU et al. and the Company in relation to these analysis or forecasts. JPMorgan Securities did not express any views regarding these analyses or forecasts or the assumptions that were grounds for these analyses or forecasts. JPMorgan Securities assumed that other deals intended by ITOCHU et al. including the Tender Offer, would be conducted as contemplated and that there would be all the effects that were explained on materials provided by ITOCHU et al. In terms of matters such as regulations by authorities, tax affairs, and accounting, JPMorgan Securities relied on judgments of the advisor of ITOCHU et al., not on experts in these fields. JPMorgan Securities also assumed that all of the important consent or licensing/permissions would be obtained from governments, regulators, or other persons without adversely impacting the benefits expected by ITOCHU et al. or the Company or from the implementation of the Tender Offer. The Offeror Valuation Report and the results of the equity value valuations of the Company Shares, which are the basis of the report were inevitably based on information obtained by JPMorgan Securities as of the date of the Offeror Valuation Report and the economical, market, and other situations as of the same date. Although events after the same date may affect the Offeror Valuation Report and the results of the equity value valuations of the Company Shares, which are the basis of the report, JPMorgan Securities will not be obligated to modify, change, or reconfirm the analysis. The Offeror Valuation Report and the results of the equity value valuations of the Company Shares, which are the basis of the report, neither recommended a specific tender offer price to ITOCHU et al. or its Boards of Directors nor recommended that a specific tender offer price be only a proper tender offer price. Although JPMorgan Securities is a financial advisor for ITOCHU regarding the Tender Offer and will receive fees from ITOCHU as consideration of operations as the financial advisor, a certain portion of the fees will be paid only if the Tender Offer is conducted. According to ITOCHU et al., ITOCHU agrees that it will compensate JPMorgan Securities for certain liabilities that may be caused by these operations. For two years until the date of the Offeror Valuation Report, JPMorgan Securities and its affiliates did not conduct important financial advisory operations, commercial banking operations, or investment banking operations for ITOCHU et al. or the Company. JPMorgan Securities and its affiliates have less than 1% of respective shares issued/equity of ITOCHU et al. and the Company from their own accounts. JPMorgan Securities and its affiliates may trade the bonds or shares issued by ITOCHU et al. or the Company in their normal operations from their own accounts or on behalf of clients and therefore could own long or short positions of these securities at any time. Regarding the Company's financial forecasts used by JPMorgan Securities as assumptions (the "Financial Forecasts") in analyzing the equity value of the Company Shares, JPMorgan Securities obtained acceptance of ITOCHU to use these. ITOCHU has not announced the Financial Forecasts publicly, and the Financial Forecasts are not prepared for the purpose of announcing publicly. The Financial Forecasts are essentially uncertain and rely on many variables and conditions precedent that the management of ITOCHU et al. or the Company cannot manage or control (including but not limited to factors related to the general economy, competitive conditions, and current interest rates). Actual business performance could differ significantly from these financial forecasts. The results of the valuation of the equity value of the Company Shares, which are the basis of the Offeror Valuation Report above, and the descriptions concerning the overview of the valuation methods do not include all of the analysis implemented or data referred by JPMorgan Securities. The Offeror Valuation Report was prepared through complex processes, and the described portions or summaries of the analysis results do not always represent all of the analysis content accurately. The analysis results of JPMorgan Securities are required to be considered as a whole. If only the portions or summaries are referred to without considering the analysis results as a whole, the processes that are the basis of the analysis of JPMorgan Securities cannot always be understood correctly. When conducting the analysis, JPMorgan Securities considered each analysis and factor comprehensively and totally. JPMorgan Securities did not place special weight on specific analyses or factors. JPMorgan Securities did not express opinions on whether or not each separately considered analysis or

factor was used as a ground for the analysis of JPMorgan Securities or how much JPMorgan Securities grounded the analysis or factor. Each comparable company considered at the time of analysis was selected because of a listing company involved in businesses deemed comparable to those of the Company (in some cases) for the purpose of analysis by JPMorgan Securities. However, it was not wholly the same as business sectors or subsidiaries of the Company. Therefore, according to ITOCHU et al., analysis of JPMorgan Securities inevitably contains complex considerations and judgments regarding differences in financial and business features of the companies considered comparable to the Company and other factors that may affect these companies.

[2] Company's acquisition of equity value valuation reports from independent third party valuation firms

(i) Names of valuation firms and relationships with the Company and ITOCHU et al.

In expressing opinions on the Tender Offer, in order to assure fairness in the process of the decision-making on the Tender Offer Price proposed by the Tender Offeror, the Company request Daiwa, a financial advisor independent from the Company and ITOCHU et al. and third party valuation firm, to value value of the Company Shares. The Company obtained the Company Valuation Report dated August 9, 2023. Daiwa is not a related party of the Company and ITOCHU et al. and does not have an important relationship in relation to the Deal, including the Tender Offer. The Company did not obtain evaluations for fairness of the Tender Offer Price (fairness opinions) from Daiwa because ITOCHU et al. and the Company took measures to ensure fairness of the Deal and avoid conflicts of interest. Fees for Daiwa include incentive fees that will be paid on the condition of the conclusion of the Deal and others. Still, the Company also considered general practice affairs and others in similar kinds of deals and then selected Daiwa as the financial advisor and third-party valuation firm based on the fee system above.

(ii) Grounds and reasons for valuations

According to Daiwa, Daiwa considered how to value the equity value of the Company Shares among several equity value valuation methods. As a result, Daiwa valued the equity value of the Company Shares by using a market share price method considering the trend of the Company's market price and the DCF Method to reflect the situations of the Company's future business activities in the valuations.

According to Daiwa, given constraints in the comparability of the business content and profitability to the Company, Daiwa did not use a comparable company method as a final valuation method. The Company obtained the Company Valuation Report dated August 9, 2023.

The Company Valuation Report showed the methods used and the range of equity value per the Company Share valued by these methods as follows:

Market share price method:	¥2,279 - ¥2,337
DCF Method:	¥2,206 - ¥3,477

In a market share price method, Daiwa based public information and used a base date of August 9, 2023. Daiwa analyzed the range of equity value per the Company Share from ¥2,279 to ¥2,337, based on the closing price of the Company Share of ¥2,337 in the Prime Market on the base date, the simple average of closing price of ¥2,315 in the past one month until the base date, the simple average of closing price of ¥2,295 in the past three months until the base date, and the simple average of closing price of ¥2,279 in the past six months until the base date.

In the DCF Method, based on the Company's business plans and financial forecasts from the fiscal year ending March 31, 2024, to the fiscal year ending March 31, 2028, which Daiwa obtained acceptance from the Company to use, profits and investment plans in the Company's business plans, results of interviews and due diligence to the Company, and various elements such as publicly

announced information, Daiwa discounted the Company's free cash flow expected to be created in and after the fiscal year ending March 31, 2024, at discount rates in a certain range to the current value and valuated equity value, and thereby analyzed the range of equity value per the Company Share from ¥2,206 to ¥3,477.

The Business Plan, which is the basis of the valuation of the DCF Method above, includes the business years in which the Company expects a significant profit increase or decrease from previous business years. Specifically, in the fiscal year ending on March 31, 2025, the Company expects to increase operating profit by ¥4,000 million (53.33%) and EBITDA by ¥4,510 million (31.07%) from the previous fiscal year, respectively, because of the followings; price increases to respond to soaring material prices, which are expected to continue due to causes such as a prolonged Russia's invasion of Ukraine and significant devalued yen, are anticipated to be penetrated; in addition, effects of rationalization and capital investment in new products and new businesses are expected to materialize and create profit; furthermore, businesses in North America are expected to boost their business performance due to demand recovery, as a decrease in new housing starts due to increased policy interest rates is taking a round. In the fiscal year ending on March 31, 2026, the Company expects to increase free cash flow by ¥2,109 million (80.36%) from the previous fiscal year because, in addition to the ongoing trend of business performance improvement including boosting business performance in North America from the last fiscal year, the completion of large-scale capital investments in North American businesses in the previous fiscal year will decrease the amount of capital investment.

The Company's business plans and financial forecasts, which were provided to Daiwa and Daiwa used as assumptions of analysis by the DCF Method, did not consider the effects and others of various initiatives after conducting the Deal, as it is difficult to specifically estimate the synergic effects expected to be realized by conducting the Deal as of today.

[3] Formation of an independent special committee in the Company and acquisition of a special committee's report

(i) Background for formation and others

As described in "1. Reasons for consolidation of shares" above, the Company formed the Special Committee based on the resolution in the board meeting on December 26, 2022. Prior to the formation of the Special Committee, from late December 2022, for the purpose of building structures in order to consider, negotiate and judge matters regarding the Deal from a position independent from ITOCHU et al. in terms of improving the Company's corporate value and ensuring profit of the Company's general shareholders, while the Company was advised by NAKAMURA, TSUNODA & MATSUMOTO, the Company provided explanations including the followings to each of the Company's independent Outside Directors who are Audit and Supervisory Committee Members without important relationships with ITOCHU et al.; the Company received an initial written proposal from ITOCHU that ITOCHU was considering going private of the Company through a tender offer and wanted to start considerations and discussions toward conducting the Deal; and, in doing considerations, negotiations and others, it was necessary to take sufficient measures to assure fairness of the deal terms and conditions of the Deal including formation of a special committee. In parallel with that, while the Company was advised by NAKAMURA, TSUNODA & MATSUMOTO, the Company checked the independence, eligibility, and other matters for the Company's independent Outside Directors who are Audit and Supervisory Committee Members and candidates for special committee members. The Company also checked that they did not have important interest relationships with ITOCHU et al. and did not have important interest relationships different from general shareholders regarding successful conclusion or non-conclusion of the Deal. Then, with advice from NAKAMURA, TSUNODA & MATSUMOTO, the Company selected the following three persons in order to ensure the Special Committee has balanced knowledge, experience, and abilities as a whole and a proper size. Shingo Ishizaki has engaged in the investment banking business of securities companies over many years and has extensive knowledge about finance gained through that experience (the independent Outside Director who is an Audit and Supervisory Committee Member of the Company; President and Representative Director of SI Management Co., Ltd.; and Advisor of Asahi Broadcasting Group Holdings Corporation). Yuko Asami is a Professor at Faculty of Economics,

Gakushuin University, and has been serving as a committee member at the Ministry of Finance and the Financial Services Agency, and has more than sufficient knowledge about the finance and accounting fields (the independent Outside Director who is an Audit and Supervisory Committee Member of the Company, Professor of Faculty of Economics, Gakushuin University; Chairperson and Professor for Graduate School of Management, Gakushuin University; Member of the Certified Public Accountants and Auditing Oversight Board, Financial Services Agency; temporary member of the Business Accounting Council, Financial Services Agency; Councilor for the Japan Industrial Management & Accounting Institute Foundation; Member of Accounting Standards Advisory Council, Financial Accounting Standards Foundation; Auditor of Ibaraki University, Outside Director, Audit and Supervisory Committee Member of Sprix, Ltd.; and, Member of Land Appraisal Committee, Ministry of Land, Infrastructure, Transport and Tourism). Kiyoshi Mukohara has been involved in the management of financial institutions for many years, and he has extensive knowledge about finance and management cultivated through his experience (the independent Outside Director who is an Audit and Supervisory Committee Member of the Company and Advisor of Sumitomo Mitsui Trust Research Institute Co., Ltd.). (Shingo Ishizaki became a chairperson of the Special Committee. The members of the Special Committee have not been changed since its formation).

Then, as described in “1. Reasons for consolidation of shares” above, the Company formed the Special Committee based on the resolution at the board meeting on December 26, 2022, and consulted the Special Committee about the Consultation Matters. When resolving the formation and consultations of the Special Committee, the Company’s Board of Directors resolved that it would position the Special Committee as a conference organization independent from the Company’s Board of Directors, respect the opinions of the Special Committee to the greatest extent possible in expressing opinions on the Tender Offer, and disagree the Deal if the Special Committee would judge that the Deal would not be adequate. The Company’s Board of Directors also resolved that in negotiating the deal terms and conditions of the Deal and other matters with ITOCHU, the Company would report the situations to the Special Committee timely and receive its opinions, instructions, and requests in important phases. Furthermore, the Board of Directors resolved to authorize the Special Committee to, for example, (a) at the expense of the Company, conduct investigations related to its duties (including asking the Company’s officers or employees who would be related to the Deal or the Company’s advisors in relation to the Deal about questions required under its duties to provide explanations or advice); (b) if necessary, at the expense of the Company, select its own attorneys, valuation firms, certified account public accountants and other advisors; (c) appoint the Company’s advisors or request their changes in relation to the Deal and also give them necessary instructions; and, (d) if necessary, request the Company to select persons who would help its duties.

In the board meeting above, among nine Directors of the Company (including Directors who are Audit and Supervisory Committee Members), Takeshi Nagata had a position as an employee of ITOCHU in the past. Masatoshi Maki concurrently serves as the President of General Products & Realty Company as an executive officer of ITOCHU. Considering these facts, in terms of eliminating potential impact by structural conflict-of-interest issues in the Deal and assuring fairness of the Deal, seven Directors (including Directors who are Audit and Supervisory Committee Members), excluding the two Directors above deliberated and made the resolutions above unanimously.

Each member of the Special Committee shall be paid a fixed amount of compensation in consideration of its duties regardless of the content of reports. The compensation does not include incentive fees to be paid on the condition of the successful conclusion of the Deal.

(ii) Background of considerations

From January 5, 2023, to August 8, 2023, the Special Committee held 19 meetings in total (about 21 hours in total). All three members attended all of the meetings (however, as it was difficult to coordinate the schedules of all the members for the 15th and 16th meetings, these meetings were held with the attendance of two members. After that, the content deliberated in the meetings was shared separately with the absent members. The member has heard its intention). In addition, the Special Committee performed its duties related to the Consultation Matters through actions such as reporting, information sharing, deliberations, and decision-making through means such as e-mails as necessary between each meeting period. Specifically, the Special Committee considered independence, expertness, actual results, and others first. Then, on January 5, 2023, the Special Committee decided

to select Mori Hamada & Matsumoto as its legal advisors independent of ITOCHU et al. and the Company. The Special Committee confirmed that Mori Hamada & Matsumoto was not a related party of ITOCHU et al. and the Company, the firm did not have an important relationship in relation to the Deal, including the Tender Offer, and there were also no issues on independence in the Deal.

The Special Committee confirmed that Daiwa, the Company's financial advisor and third-party valuation firm, and NAKAMURA, TSUNODA & MATSUMOTO, the Company's legal advisor, had no issues with independence, expertness, actual results, and others, and then approved their selection.

Furthermore, the Special Committee confirmed that the Company's in-house consideration structures for the Deal (including the ranges and duties of the Company's officers and employees involved in considering, negotiating, and judging matters regarding the Deal) had no issues in terms of independence and fairness, and then approved the structures.

Then, based on legal advice from Mori Hamada & Matsumoto and opinions from NAKAMURA, TSUNODA & MATSUMOTO, the Special Committee considered measures to be taken to ensure the fairness of procedures in the Deal.

Regarding matters such as the background for the proposal on the Deal, recognition of the Company's current situations, meaning and synergies of the Deal, initiatives to be conducted after the Deal, and various terms and conditions of the Deal, the Special Committee was explained by ITOCHU and asked and answered questions.

From the Company, the Special Committee heard the Company's views and related information regarding matters such as the Company's managerial situations, managerial issues, meaning of the Deal, synergies and dis-synergies, periods to conduct, and asked and answered questions regarding these.

In addition, while the Special Committee grounded advice from Daiwa in terms of finance, the Special Committee was explained by the Company regarding matters such as the content of the Company's Business Plan, important conditions precedent and background for the preparation, asked and answered questions, and then confirmed and approved reasonability of these. Then, as described in "[2] Company's acquisition of equity value valuation reports from independent third party valuation firms" above, Daiwa valued the value of the Company Shares on the assumptions of the content of the Business Plan. The Special Committee explained by Daiwa regarding the valuation methods for Daiwa's valuating value of the Company Shares, the reasons for using the valuation methods, the content and important conditions precedent, asked and answered questions, conducted deliberations and considerations, and then confirmed the reasonability of these matters.

Regarding negotiations of the deal terms and conditions, including the Tender Offer Price between the Company and ITOCHU, the Special Committee was reported by the Company and the Company's advisors as-needed, conducted deliberations and considerations based on advice including advice from Mori Hamada & Matsumoto from a legal perspective, and expressed necessary opinions adequately. Specifically, from the Company, the Special Committee obtained the report that on June 14, 2023, the Company received an initial proposal including the Tender Offer Price of ¥2,450 per share from ITOCHU and that on June 15, 2023, the Company requested ITOCHU to reconsider the Tender Offer Price because it was challenging to start negotiations due to such a price. After that, the Company reported to the Special Committee that on June 20, 2023, the Company received a proposal on the Tender Offer Price of ¥2,700 per share from ITOCHU. The Special Committee deliberated it and expressed to the Company the opinion that the Company should request ITOCHU to reconsider the Tender Offer Price because the price failed to reach an appropriate price in light of matters such as the Company's most recent market share price and premium rates for other comparable deals (going private examples contemplated to acquire 100% ownership). After that, the Company reported to the Special Committee that on June 30, 2023, the Company received a proposal on the Tender Offer Price of ¥2,800 per share from ITOCHU. The Special Committee deliberated it and expressed to the Company that the Company should request ITOCHU to reconsider the Tender Offer Price because the price failed to reach a level that would enable the Company to agree on the Deal. There were differences in the assumption of recognizing the probability of achieving business plans. The price did not incorporate just part of the synergies through the Deal. In addition, the price appeared not to reflect even the stand-alone growth potential of the Company sufficiently. After that, the Company reported to the Special Committee that on July 12, 2023, the Company received a proposal on the Tender Offer

Price of ¥2,900 per share from ITOCHU. The Special Committee deliberated it and expressed to the Company the opinion that the Company should request ITOCHU to reconsider setting the Tender Offer Price of ¥3,200 per share because the proposed price did not reach an appropriate price in light of matters such as not incorporating synergies by the Deal sufficiently and not reaching a sufficient level in light of premium rates for other comparable deals (going private examples contemplated to acquire 100% ownership). After that, the Company reported to the Special Committee that on July 18, 2023, the Company received the fifth proposal on the Tender Offer Price of ¥2,950 per share from ITOCHU. The Special Committee deliberated it and expressed to the Company the opinion that the Company should request ITOCHU to reconsider setting the Tender Offer Price of at least ¥3,000 per share and a Majority of Minority Condition because of reasons including the followings: the proposed price did not reach an appropriate price in light of matters such as not incorporating synergies by the Deal sufficiently and not reaching a sufficient level in light of premium rates for other comparable deals (going private examples contemplated to acquire 100% ownership and considered to be possibly comparable to the Deal, given factors such as the percentage of voting rights of tender offerors as of commencing tender offers).

As a result, on July 24, 2023, the Company received a final proposal on the terms and conditions of the Deal, including the Tender Offer Price from ITOCHU (the proposal which would set a lower limit of the planned purchase volume in the Tender Offer that would be equal to a so-called Majority of Minority Condition and the Tender Offer Price of ¥3,000 per share). On July 24, 2023, the Company replied to ITOCHU that the Company and the Special Committee would coordinate toward expressing opinions of agreeing on the Deal and opinions of recommending tenders with the terms and conditions of the final proposal, on the condition that the Company would possibly renegotiate the terms and conditions of the Deal including the Tender Offer Price if the Company's market share price would change significantly from July 24, 2023, to August 10, 2023. Therefore, the Company received the final proposal from ITOCHU on increasing the Tender Offer Price to ¥3,000, 22.45% (the figure is rounded off to the second decimal place) higher than the initially proposed price, and setting a Majority of Minority Condition in the Tender Offer. From July 24, 2023, to August 10, 2023, there were no significant changes in the Company's market share price.

Furthermore, the Special Committee was explained by NAKAMURA, TSUNODA & MATSUMOTO several times regarding the content of the draft of this press release to be announced in relation to the Tender Offer. The Special Committee confirms that the Company will disclose information substantially as it will be advised by Mori Hamada & Matsumoto.

(iii) Details of judgements

(a) Details of reports

- The Deal is believed to contribute to improving the Company's corporate value, and the purposes of the Deal are considered to be justifiable and reasonable.
- The justifiability and reasonability of the terms and conditions of the Deal, including the Tender Offer Price, are believed to be ensured in the Tender Offer.
- In the Deal, sufficient attention to the interests of the Company's shareholders is believed to be paid through fair procedures.
- The Deal is not considered a disadvantage against the Company's minority shareholders.
- The Board of Directors' opinions of agreeing to the Tender Offer and recommending tenders to the Company's shareholders are considered appropriate.

(b) Reasons for reports

- i. From the following points, the Deal is believed to contribute to improving the Company's corporate value, and the purposes of the Deal are considered to be justifiable and reasonable.
 - Regarding the business environment surrounding the Company and its managerial issues described in "1. Reasons for consolidation of shares" above, there are no differences from the recognition of the Special Committee.
 - Especially in the domestic housing market, which is expected to shrink primarily in the mid-to-long term, in order to improve corporate value further, it is urgent to improve a lean, efficient, and highly profitable structure. In order to enhance the Company's competitiveness regarding the use of wood in interior finishing in the domestic non-housing market and the overseas markets where growth is expected in the future, it is believed that the Company will be required to work on fundamental reforms with a sense of speed, not as an extension of conventional initiatives. Considering the business environment surrounding the Company and its managerial issues, enhancing businesses and improving management in the domestic housing market, non-housing sectors, and overseas markets can be considered urgent, important initiatives.
 - As a stand-alone company, the Company has implemented growth strategies and gained certain achievements. However, as mentioned above, considering the company's harsh business environment and the necessary levels for efforts such as urgently required managerial improvement, capabilities to work on such issues as improving management on a stand-alone basis are not always sufficient.
 - On the other hand, if ITOCHU et al. invests appropriate human and physical resources through the Deal, even with a certain uncertainty, each important initiative above is regarded as feasible. Reducing the Company's shareholders only to ITOCHU et al. will allow the Company to utilize managerial resources and optimize them and thereby flexibly work on fundamental reforms with a sense of speed, which the Company can also reasonably expect improvement to its organizational structure, implementing effective initiatives quickly.
 - Furthermore, for ITOCHU et al. to invest appropriate human and physical resources and take bold initiatives, parties recognize that it is necessary to conduct going private and work on fundamental collaboration in a mid-to-long term perspective after the Deal. The recognition can also be said to be reasonable.
 - In addition, regarding developing the Company's officers and employees through personnel exchanges with ITOCHU et al., making more efficient management, and reforming management fundamentally by reducing the Company's shareholders only to ITOCHU et al., each matter has specific feasibility.
 - As described in "1. Reasons for consolidation of shares" above, the Company explains that the Company thinks dis-synergies from delisting the Company Shares will be limited. The explanation can also be said to be reasonable.
- ii. From the following points, the justifiability and reasonability of the terms and conditions of the Deal, including the Tender Offer Price, are believed to be ensured.
 - Regarding the use of a market share price method and the DCF Method in the Company Valuation Report prepared by Daiwa, the financial advisor and third-party valuation firm independent from the Company and ITOCHU et al., and matters such as valuation grounds for discount rates and perpetuity growth rates when using the DCF Method, no particular unreasonable points are found in explanations of Daiwa.
 - According to Daiwa, given constraints in the comparability of the business content and profitability to the Company, Daiwa did not use a comparable company method as a final valuation method. This explanation of Daiwa is not unreasonable.
 - The draft business plans of the Company, which are the assumptions of valuations by the DCF Method, adjusted the periods to achieve sales figure goals in the situation where potential impact

by structural conflict-of-interest issues is reasonably excluded. The adjustment is based on the Medium-Term Management Plan “GP25 3rd Stage” (fiscals 2022-2025), reflects the most recent business environment, such as the higher energy costs and material prices than expected due to a prolonged Russia’s invasion of Ukraine, an increase in labor costs, a steeper drop in the U.S. market and sharper foreign exchange fluctuations than expected, and incorporates factors such as the progress situations for price increases and rationalization policies, the stagnant Lotone business, postponement of investments in originally-planned new wooden boards and the resulting delay in contribution to sales/profit, and stoppage of M&A deals. No particular unreasonable points are found in the adjustment. They are not plans that are corrected to excessively conservative figure plans. Therefore, the draft business plans are regarded to be reasonable in light of their assumptions, background for the preparation, and the Company’s current status.

- Considering the abovementioned matters, the content of valuations in the Company Valuation Report prepared by Daiwa is considered reasonable. The Tender Offer Price exceeds the upper value in the price range valued by a market share price method and the median value in the price range valued by the DCF Method in the Company Valuation Report, respectively.
- A premium of 28.37% against the closing price in the TSE Prime Market on August 9, 2023, the business date before the date of announcing the implementation of the Tender Offer, was added to the Tender Offer Price. In light of median values of premium levels in deals comparable to the Deal, the premium was slightly below the levels of the comparable deals above when compared to premium levels against the simple average of closing prices in the past one month, three months and six months. However, when compared to the premium level against the closing price on the business date prior to the announcement date, which represents the current evaluation of the Company Shares by general shareholders, was comparable favorably in light of the tender offer examples above and regarded as a reasonable level. According to the Company’s past share price trends and the trading volume analysis for the Company Shares, the level is also believed to be the level at which sufficient attention is paid to long-holding minority shareholders. Considering these factors, the level is regarded to be reasonable.
- In addition, a Majority of Minority Condition will be added to the Tender Offer. Through directly checking that the majority of general shareholders are satisfied with the deal terms and conditions, there will be a judgment opportunity for general shareholders. This point is believed to help ensure fairness and adequacy of the deal terms and conditions.
- Through the Company’s financial advisor, the Company negotiated with ITOCHU et al. When negotiating, the Company followed the opinions, instructions, requests, and others of the Special Committee. As a result of the negotiations, the Company realized an approximate 22.4% price increase from the initially proposed price.
- The Deal will be conducted partly because it is urgently necessary for the Company to fundamentally improve and reform the management, considering unclear outlooks for social and economic circumstances such as prolonged Ukrainian situations and soaring resource prices. Although these social and economic circumstances and their associated uncertainties have already existed for a certain period, these uncertainties cannot be said to make it challenging to judge the fairness of various conditions of the Deal. In the financial summary dated May 11, 2023, for the fiscal year ended on March 31, 2023, the Company announced actual result values that were lower than the previous business performance forecast. The financial summary is said to have been done by a method for using normal accounting closing method. No arbitrariness is found in the judgment of the Company’s management. No involvement of ITOCHU et al. is found in its content and disclosure period. As stated above, no particular unreasonable points are found in the periods to conduct the Deal.
- No particular unreasonable points are found in the method for the Deal, which will be a two-step deal toward reducing the Company’s shareholders only to ITOCHU et al.
- The Tender Offer Price is slightly below a P/B ratio of 1 time. However, the Company thinks that the Tender Offer Price, which is slightly below a P/B ratio of 1 time, will not deny the reasonability of the Tender Offer Price for reasons including the following. A P/B ratio of 1 time is the theoretical liquidation value, and the issue in the Deal is the Company’s evaluation as a going concern.

Specifically, liquidating the Company would bear additional liquidation-associated costs such as soil contamination investigations and disposals in manufacturing plants and accrue considerable damages to less versatile machinery, equipment, and vehicles manufactured based on the Company's unique standards. The total amount of net assets would not convert into cash (the Company does not plan liquidation and, therefore, does not take actions on the condition of liquidation, such as obtaining estimates and specific trial valuations). The market share price has been shaped as it has incorporated the amount of net assets disclosed. A P/B ratio of less than one time has been normal in the building material industry.

iii. From the following points, in the Deal, sufficient attention to the interests of the Company's shareholders is believed to be paid through fair procedures.

- The Company formed the Special Committee, which considers, negotiates, and judges matters regarding the Deal from a position independent from ITOCHU et al. to improve the Company's corporate value and ensure the interests of the Company's general shareholders.
- The Special Committee was involved substantively in the process of negotiating the deal terms and conditions, such as a buyout price between the Company and ITOCHU et al.
- The Company receives legal advice from NAKAMURA, TSUNODA & MATSUMOTO, a legal advisor independent from the Company and ITOCHU et al.
- The Company obtains advice, opinions, and others regarding finance from Daiwa, a financial advisor and third-party valuation firm independent from the Company and ITOCHU et al. In order to ensure the adequacy of the Tender Offer Price, the Company also obtained the Company Valuation Report from Daiwa. The Company and Special Committee did not obtain a so-called fairness opinion from independent third-party valuation firms in the Deal. However, there are sufficient measures for assuring fairness. The Tender Offer Price exceeds the upper value in the price range valued by a market share price method and the median value in the price range valued by the DCF Method, respectively. Considering matters including these, non-acquisition of fairness opinions is believed not to harm the fairness of procedures.
- The Special Committee receives legal advice from Mori Hamada & Matsumoto, a legal advisor independent from the Company and ITOCHU et al.
- After receiving an initial written proposal on the Deal from ITOCHU, the Company formed a project team for considering the Deal and discussing and negotiating with the Tender Offeror. For the team members, the team shall exclude Takeshi Nagata who is the Director, Senior Managing Executive Officer (Responsible for Overseas Business) and was an employee of ITOCHU and Masatoshi Maki who is a Director and was an employee of ITOCHU, and shall be consisted of the Company's officers and employees who do not concurrently serve as officers and employees of ITOCHU et al. and had never positions as officers and employees of ITOCHU et al. The Company has continued this handling. The Company was reported on one executive officer of the Company who had a position as an officer and employee of ITOCHU et al. until March 2020. The person was involved in considering and discussing the initial consideration regarding financing of the Company after the Deal and the use of group finance of ITOCHU et al. and was involved in initial discussions with ITOCHU et al. in relation to these. The person decided to participate in considering and discussing these matters for the following reasons. The person was never involved in other considerations regarding the Deal and will not be interested in these in the future. The person could not be replaced and alternated in the initial consideration and discussions. Regarding the impact of the matters, the potential impact of structural conflict-of-interest issues is believed to be typologically small. The range of the involvement by the person in considering and discussing the matters is limited. Given legal advice from Mori Hamada & Matsumoto, a legal advisor of the Special Committee, opinions of NAKAMURA, TSUNODA & MATSUMOTO, and other matters, the Special Committee confirmed that there were no particular issues regarding the involvement of the executive officer in terms of fairness and others.
- Among the Directors of the Company (including the Directors who are Audit and Supervisory Committee Members), Takeshi Nagata belonged to ITOCHU in the past, and Masatoshi Maki

belongs to ITOCHU currently. They have never participated in deliberating and resolving all of the proposals regarding the Deal. They planned not to participate in reflecting and deciding the proposals regarding the Deal in the board meeting on August 10, 2023. They have not participated in discussions and negotiations with ITOCHU et al. in a position of the Company.

- ITOCHU et al. and the Company have no agreements that contain conditions to restrict contact between the Company and counter-bid offerors, such as agreements that contain deal protection clauses for banning contact with these counter-bid offerors and do not preclude opportunities such as counter-tender offers.
 - ITOCHU et al. plans to set a 40 business-day period for the Tender Offer, a more extended period than the legal shortest period of 20 business days. Indirect market checks are regarded to be conducted. On the other hand, the Company has not conducted active market checks. The Deal can be evaluated that sufficient measures are taken as fairness-assuring measures and adequate attention to the interests of the Company's shareholders is paid through fair procedures. Not conducting active market checks is believed not to harm the fairness of procedures in the Tender Offer.
 - In the Tender Offer, ITOCHU et al. sets the lower limit of the planned purchase volume (8,298,295 shares) as a Majority of Minority Condition. If the total number of tendered shares, etc. (meaning the shares tendered in response to the Tender Offer; the same applies hereinafter) does not reach the lower limit, ITOCHU et al. will not conduct the purchase of all of the tendered shares, etc., or other actions.
 - The Company and ITOCHU et al. will obtain advice from their respective legal advisors to disclose information adequately.
 - In the Deal, attention is paid to avoiding coerciveness issues. The legality of squeeze-out procedures can also be said to be ensured.
 - In discussing, considering, and negotiating matters regarding the Deal, no inferred facts are found that the Company had been affected improperly by ITOCHU et al.
- iv. As stated in item i above, the Deal is regarded to contribute to improving the Company's corporate value, and the purposes of the Deal are considered justifiable and reasonable. As stated in item ii above, the justifiability and reasonability of the terms and conditions of the Deal, including the Tender Offer Price, are regarded to be ensured. As stated in item iii above, sufficient attention to the interests of the Company's shareholders is considered to be paid through fair procedures. Therefore, the Deal is believed not to be a disadvantage against minority shareholders of the Company.
- v. As stated in item i above, the Deal is regarded to contribute to improving the Company's corporate value, and the purposes of the Deal are considered justifiable and reasonable. As stated in item ii above, the justifiability and reasonability of the terms and conditions of the Deal, including the price for purchase, etc., are regarded to be ensured. As stated in item iii above, sufficient attention to the interests of the Company's shareholders is considered to be paid through fair procedures. Furthermore, as stated in item iv, the Deal is regarded not to be a disadvantage against minority shareholders of the Company. Therefore, it is considered appropriate for the Company's Board of Directors to express its opinion supporting the Tender Offer and to express its opinion recommending that the shareholders of the Company tender their shares in the Tender Offer.

[4] Advice from an independent law firm in the Special Committee

In order to obtain professional advice on the fairness of procedures, as described in "[3] Formation of an independent special committee in the Company and acquisition of a special committee's report" above, the Special Committee selected Mori Hamada & Matsumoto as its legal advisor independent from ITOCHU et al. and the Company and received legal advice including advice on measures to be taken for

ensuring fairness of procedures in the Deal, various procedures for the Deal, and methods and processes for deliberations about the Deal in the Special Committee.

Mori Hamada & Matsumoto is not a related party of ITOCHU et al. and the Company and does not have an important relationship in relation to the Deal, including the Tender Offer. Among many other things, for the independence of Mori Hamada & Matsumoto, see “[3] Formation of an independent special committee in the Company and acquisition of a special committee’s report” above.

[5] Advice from an independent law firm in the Company

In order to assure fairness and appropriateness of decision-making in the Board of Directors, the Company selected NAKAMURA, TSUNODA & MATSUMOTO as its legal advisor independent from ITOCHU et al. and the Company, and received legal advice on the Tender Offer, methods, and processes for decision-making in the Board of Directors and points for attention for other decision-making.

NAKAMURA, TSUNODA & MATSUMOTO is not a related party of ITOCHU et al. and the Company and does not have an important relationship in relation to the Deal, including the Tender Offer. Fees for NAKAMURA, TSUNODA & MATSUMOTO are hourly fees only that are paid regardless of the successful conclusion of the Deal and do not include incentive fees to be paid on the condition of the successful conclusion of the Deal.

[6] Building of independent consideration structures in the Company

The Company built the in-house structures that consider, negotiate, and judge matters regarding the Deal from a position independent from ITOCHU et al. Specifically, the Company was approached by ITOCHU to start considering going private on a full-fledged basis in late November 2022. Then, on December 20, 2022, the Company received a legally non-binding initial written proposal on going private through a tender offer from ITOCHU. With this event as a start, the Company formed a project team to consider matters such as the meaning and methods of conducting the Deal and discussing and negotiating with ITOCHU et al. The team members shall consist of the Company’s officers and employees who do not concurrently serve as officers and employees of ITOCHU et al. and never had positions as officers and employees of ITOCHU et al. The Company has continued this handling (the project team has 11 members (including three executive officers) as of October 17, 2023).

An officer/employee (one executive officer) of the Company who had a position as officers and employees of ITOCHU et al. participated in the initial consideration regarding the financing of the Company after the Deal and the use of group finance of ITOCHU et al. was involved in initial discussions with ITOCHU et al. in relation to these. The person belonged to ITOCHU from April 1986 to March 2020 (from April 2019 to March 2020, the person was seconded from ITOCHU to the Company as the Company’s Senior Executive Officer). After that, the person did not belong to the ITOCHU Group. Currently, the person plays an important role in the Company’s finances in the position of the Company’s Senior Executive Officer and Deputy General Manager of Management Strategy. The person could not be replaced and alternated in the initial consideration and discussions for the matters. Regarding the impact of the matters, the potential impact of structural conflict-of-interest issues is believed to be typologically small. The range of the involvement by the person in considering and discussing the matters is limited. Considering reasons including these, the Company decided to have the person involved in the initial considerations and discussions for the matters. In order to assure fairness, after the person was involved in the initial considerations and discussions for the matters, the Company made reports to the Special Committee without delay on the facts and situations of the person’s involvement in the initial consideration and discussions for the matters. The Special Committee expressed the opinion that the committee thought no particular issues were found in the person’s involvement from perspectives such as fairness. Among the Company’s business plans, which are the basis of Daiwa’s valuating value of the Company Shares, Takeshi Nagata, who is the Director, Senior Managing Executive Officer of the Company (Responsible for Overseas Business) and was an employee of ITOCHU until March 2017 was involved in early formulation of portions related to overseas businesses. In terms of assuring independence and fairness from ITOCHU et al., the content of the business plans containing the portions associated with overseas business was deliberated and finalized by the members (excluding Takeshi Nagata) of the investment committee, which is a subcommittee of the Company’s Board of Directors.

Including the handling above, the Company obtained the approval of the Special Committee that there were no issues in the Company's consideration structures (including the ranges and duties of the Company's officers and employees involved in considering, negotiating, and judging matters regarding the Deal) in terms of independence and fairness.

[7] Approval of all of the Directors (including Directors who are Audit and Supervisory Committee Members) without interest relationships in the Company

As described in "1. Reasons for consolidation of shares" above, the Company discussed and considered carefully whether or not the Deal, including the Tender Offer, would contribute to improving the Company's corporate value and whether or not the deal terms and conditions of the Deal including the Tender Offer Price would be adequate. These were conducted based on legal advice from NAKAMURA, TSUNODA & MATSUMOTO, advice from Daiwa in terms of finance, and the content of the Company Valuation Report, as the Company respected the content of the judgments made by the Special Committee in the Special Committee Report at a maximum.

As a result, as stated in "1. Reasons for consolidation of shares" above, the Company judged that the deal terms and conditions concerning the Deal, including the Tender Offer Price, were adequate because of reasons including the following. The Deal would contribute to improving the Company's corporate value because the Company could expect the creation of synergies with ITOCHU et al. as well as limited dis-synergies. The Tender Offer Price was an adequate price that would ensure profits the Company's general shareholders enjoyed. Opportunities such as counter offers were not precluded. The tender offer period was comparatively long. The lower limit that met a Majority of Minority Condition was set. In the board meeting on August 10, 2023, among nine Directors of the Company (including Directors who are Audit and Supervisory Committee Members), seven Directors (including Directors who are Audit and Supervisory Committee Members) participated in deliberations and resolutions. All of them resolved unanimously that the Company would express its opinions of agreeing on the Tender Offer and recommend tenders to the Tender Offer to the Company's shareholders.

In the board meeting above, among nine Directors of the Company (including Directors who are Audit and Supervisory Committee Members), Takeshi Nagata had a position as an employee of ITOCHU in the past. Masatoshi Maki concurrently serves as the President of General Products & Realty Company as an executive officer of ITOCHU. Considering these, in terms of eliminating potential impact by structural conflict-of-interest issues in the Deal and assuring fairness of the Deal, both persons have never participated in discussing and resolving all of the proposals regarding the Deal, including those in the board meeting on August 10, 2023. They have not participated in discussions and negotiations with ITOCHU et al. in a position of the Company.

[8] Assuring of objective situations for fairness of the Tender Offer

According to the Tender Offeror, the Tender Offeror pay attention to assuring fairness of the Tender Offer by the followings. The Tender Offeror has no agreements that could restrict contact between the Company and counter-bid offerors such as content that includes deal protection clauses for banning contacts with these counter-bid offerors. The Tender Offeror does not preclude opportunities such as counter-bid offers.

According to the Tender Offeror, the Tender Offeror sets a 40 business-day Tender Offer period that is longer than the legal shortest period of 20 business days specified by laws and regulations.

[9] Setting of a lower limit that meets a Majority of Minority Condition

The lower limit of the planned purchase volume (8,298,295 shares) in the Tender Offer is the volume equal to most of the Company Shares (8,298,295 shares). This number was calculated as follows: first, from the number of the Company's shares issued (27,080,043 shares) as of June 30, 2023, which is described in the "Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)" announced by the Company on August 10, 2023 (the "Company's Finance Summary"), the number of the treasury shares (1,008,155 shares) which the Company owned as of June 30, 2023, and described on the Company's Finance Summary was deducted; then, from the resulting number of shares (26,071,888 shares), the number of the Company Shares (9,475,300 shares) owned by ITOCHU, a parent company of

the Tender Offeror, as of August 10, 2023, was deducted. Then, most of the resulting number of shares (16,596,588) was calculated. This lower limit of the planned purchase volume equals a majority of the Company Shares owned by the Company's shareholders without interest relationships with ITOCHU et al., a so-called "majority of minority" ("Majority of Minority Condition"). ITOCHU et al. thinks that making the Tender Offer unsuccessful in case of a failure to obtain agreement from a majority of the Company's shareholders without interest relationships with ITOCHU et al. places importance on the intention of the Company's minority shareholders (general shareholders).

4. Disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property after the last day of the most recent business year in the Company

(1) The Tender Offer

As described in "1. Reasons for consolidation of shares" above, the Tender Offeror conducted the Tender Offer from August 14, 2023, to October 10, 2023. As a result of the Tender Offer, on October 17, 2023 (the date of starting settlement of the Tender Offer), ITOCHU et al. owns 22,778,386 shares of the Company Shares (87.43% of voting right ownership ratio).

(2) No payment of year-end dividends

As announced in "Notice concerning revision (no dividends) of expected year-end dividends for the fiscal year ending on March 31, 2024," dated August 10, 2023, the Board of Directors resolved in the board meeting on August 10, 2023, that the Company would not pay year-end dividends for the fiscal year ending on March 31, 2024. For details, see the content of the announcement.

(3) Retirement of treasury shares

On October 17, 2023, the Board of Directors resolved that on December 22, 2023, the Company would retire 999,424 shares of the Company's treasury shares (the number of treasury shares owned by the Company as of September 30, 2023).

This retirement of treasury shares is on the condition that this Proposal will be approved and adopted as originally proposed. The number of the Company's shares issued after the retirement will be 26,080,619 shares.

Proposal No. 2 Amendment to the Articles of Incorporation

1. Reason for the proposal

- (1) If Proposal No. 1, “Consolidation of Shares,” is approved as originally proposed and the Share Consolidation becomes effective, the total number of shares authorized to be issued for the Company Shares will decrease to 20 share(s) in accordance with provisions of Article 182, paragraph (2) of the Companies Act. To clarify this point, the Company proposes to amend Article 6 (Total Number of Shares Authorized to Be Issued) of the current Articles of Incorporation on the condition that the Share Consolidation becomes effective.
- (2) If Proposal No. 1, “Consolidation of Shares,” is approved as originally proposed and the Share Consolidation becomes effective, the total number of the Company’s shares issued will be five (5) shares, and it will be no longer unnecessary to specify the number of shares constituting one unit. Therefore, on the condition that the Share Consolidation becomes effective, in order to abolish the provisions for the number of shares constituting one unit, which specify that the number of shares constituting one unit of shares shall be 100 shares, the Company proposes to delete all of the texts for Article 7 (Number of Shares Constituting One Unit) and Article 10 (Request for Purchasing Shares Constituting Less than One Unit) of the current Articles of Incorporation, and renumber the articles following these articles accordingly.

2. Details of amendments

The details of amendments are as follows. On the condition that Proposal No. 1, “Consolidation of Shares,” is approved as originally proposed and the Share Consolidation becomes effective, the amended Articles of Incorporation regarding this Proposal will become effective on December 25, 2023, the date when the Share Consolidation becomes effective.

(Underlined portions are amended)

Current Articles of Incorporation	Proposed Amendments
<p>Article 6: (Total Number of Shares Authorized to Be Issued)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>seventy-nine million six hundred forty-three thousand six hundred (79,643,600) shares.</u></p> <p>Article 7: <u>(Number of Shares Constituting One Unit)</u></p> <p><u>The number of shares constituting one (1) unit of the Company shall be one hundred (100) shares.</u></p> <p>Article 8: (Text omitted)</p> <p>Article 9: (Text omitted)</p> <p>Article 10: <u>(Request for Purchasing Shares Constituting Less than One Unit)</u></p> <p><u>A shareholder of the Company with shares constituting less than one (1) unit may request the Company to sell that shareholder the specified number of shares, which may include one (1) unit if combined with the shares already held by the shareholder.</u></p> <p>Article 11 to 29: (Text omitted)</p>	<p>Article 6: (Total Number of Shares Authorized to Be Issued)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>twenty (20) shares.</u></p> <p>(Deleted)</p> <p>Article 7: (Unchanged)</p> <p>Article 8: (Unchanged)</p> <p>(Deleted)</p> <p>Article 9 to 27: (Unchanged)</p>