(Unofficial Translation: for reference only)

Feb 12, 2020

Announcement of the commencement of a Tender Offer for the shares of Yamaha Motor Robotics Holdings Co., Ltd. (Securities code 6274)

A resolution was passed at the Yamaha Motor Co., Ltd. (hereinafter the "The Tender Offeror") Board of Directors' meeting held on February 12, 2020, that the company will acquire the common shares (hereinafter "Target Company Shares") of Yamaha Motor Robotics Holdings Co., Ltd. (Securities code: 6274, listed on the first section of the Tokyo Stock Exchange, Co., Inc. (hereinafter "Tokyo Stock Exchange") (hereinafter the "Target Company") through a Tender Offer (hereinafter "this Tender Offer") in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948; including its subsequent revisions; hereinafter the "Act"), details of which are found below:

Note

1. Purpose of Purchase

(1) Overview of this Tender Offer

The Tender Offeror, as of today, possesses 26,178,100 of the shares of the Target Company, which is listed on the first section of the Tokyo Stock Exchange (ownership ratio (Note 1): 58.99%), based on which the Target Company constitutes a consolidated subsidiary of the Tender Offeror. The Tender Offeror passed a resolution in the Board of Directors' meeting held on February 12, 2020 to carry out this Tender Offer as part of a set of transactions (hereinafter the "Transactions") designed to acquire all of the Target Company Shares (except for the Target Company Shares owned by the Tender Offeror, and treasury stocks owned by the Target Company), and make the Target Company one of the Tender Offeror's wholly-owned subsidiaries.

(Note 1) The "ownership ratio" is calculated as a ratio to the difference between (1) the total number of issued shares as of December 31, 2019 mentioned in the "Summary of Consolidated Financial Accounts for the Fiscal Year Ending December 31, 2019 (Japanese Accounting Standards)"announced on February 12, 2020 by the Target Company (hereinafter the "Target Company's Summary of Consolidated Financial Accounts"), and (2)the number of treasury stocks owned by the Target Company as of the same day (46,225,600 - 1,852,035 = 44,373,565) - rounded to second decimal places. Hereinafter the same will be used for all instances of the ownership ratio.

The Tender Offeror has set a minimum number of shares to acquire in this Tender Offer at 3,404,300 (an ownership ratio of 7.67%); if the total number of shares tendered. in this Tender Offer ("tendered shares.") is smaller than the minimum number, the Tender Offeror will not carry out a purchase for all of the tendered shares. In addition, the minimum number of shares to acquire, which is 3,404,300 (an ownership ratio of 7.67%) is the number of shares calculated as the difference after subtracting 26,178,100), which is the number of Target Company Shares owned by the Tender Offeror as of today, from 29,582,400, which is the number of shares obtained by rounding up a number that is equivalent to two thirds of the difference between the total number of Target Company Shares issued as of December 31, 2019 mentioned in the Target Company's Summary of Consolidated Financial Accounts Report (46,225,600) and the number of treasury stocks owned by the Target Company as of the same day (1,852,035), which is 29,582,377, to the nearest whole number unit (100). On the other hand, the Tender Offeror is intending to acquire all of the Target Company Shares (except for the Target Company Shares owned by the Tender Offeror and the treasury stocks owned by the Target Company), and whereby to make the Target Company its wholly-owned subsidiary, therefore no maximum number of shares to acquire has been set up for this Tender Offer. If the total number of the tendered share certificates is or above the lower limit (3,404,300 shares), all of the tendered share certificates will be purchased.

If the Tender Offeror is unable to acquire all of the Target Company Shares in this Tender Offer (except for the Target Company Shares owned by the Tender Offeror and the treasury stocks owned by the Target Company), the Tender Offeror is planning to implement a set of procedures to make the Target Company Shares owned only by the Tender Offeror (hereinafter the "Squeeze-Out Procedures") as described in the following "(4) Policy of Organizational Restructuring after the Tender Offer (i.e. matters relating to a two step acquisition)"after this Tender Offer has been completed.

Note that According to the "Announcement Regarding Expression of Our Opinions and Recommendations in Support of the Tender Offer by Our Controlling Stockholder Yamaha Motor Co., Ltd." announced on February 12, 2020 by the Target Company (hereinafter the "Target Company Press Release", the Target Company has stated that "the Tender Offer unit price per Target Company share in this Tender Offer (hereinafter the "Tender Offer Unit Price" and other conditions relating to this Tender Offer are reasonable for all shareholders, and that this transaction will be conducted in a reasonable manner for all concerned including minority shareholders." In addition to this, at the Board of Directors' meeting held on February 12, 2020, support was expressed for the offer, and therefore a resolution has been made to recommend to the shareholders to make the application. In terms of details of the said resolution of the Board of Directors of the Target Company, please refer to the Target Company Press Release and "(v) All independent directors in the Target Company (including statutory auditors)"of "Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer" in"② Overview of the Tender Offer" in "(4) Background of Valuation" as shown below.

(2) Background, purpose and decision-making process that led to the decision to implement the Tender Offer, and the management policy to be implemented after the Tender Offer has taken place

① Background, purpose and decision-making process that led to the decision to implement the Tender Offer

In July 1955, the Tender Offeror became a spin off from Nippon Gakki Seizo Kabushiki Kaisha [Nippon Musical Instruments Manufacturing Co., Ltd.] (currently Yamaha Corporation), and was established in Hamamatsu City, Shizuoka Prefecture. It has continued the production and sale of motorcycles that it had been manufacturing before the Spin-off. Subsequently, the company started sales of boats and outboard motors and others., and in September 1961 was listed on the first section of the Tokyo Stock Exchange. The Tender Offeror has 134 consolidated subsidiaries, four companies accounted for by the equity method, and 31 affiliates accounted for by the equity method (as of December 31, 2019; hereinafter the "The Tender Offeror Group" including the Tender Offeror). Its principle businesses are in the land mobility, marine, robotics, and finance segments.

The main businesses and products/services of the Tender Offeror Group are as follows.

Main Businesses	Major Products and Services
Land Mobility Business	Motorcycles, intermediate parts, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles (Note 1), snowmobiles, electrically power assisted bicycles
Marine Business	Outboard motors, water vehicles (Note 2), boats, pools, fishing boats, Utility boats
Robotics Business	Surface mounters (Note 4), semiconductor manufacturing equipment, industrial robots, industrial use unmanned helicopters
Financial Services Business	Sales finance and leasing related to Yamaha Motor products
Other Products	Golf cars, generators, multi-purpose engines, snow throwers, automobile engines, automobile components, electric wheelchairs

(Note 1) Recreational off-highway vehicles are off-road vehicles with a capacity of at least two occupants that can drive on rough terrain and unsealed roads, and are used in a variety of fields including leisure sports and agricultural operations, and others.

(Note 2) Water vehicles, also known as personal watercraft/watercraft, are propelled by a small engine which draws water from the bottom of the craft and expels it from the stern, instead of using a propeller.

(Note 3) Japanese-style boats are small aquaculture work boats made of FRP (Fiberglass Reinforced Plastics) that are propelled by outboard motors.

(Note 4) Surface mounters are robots that mount electronic components on the printed circuit boards contained in the electrical components of mobile phones and automobiles.

The Tender Offeror announced its "Long-Term Vision" and "New Medium-Term Management Plan (2019 - 2021)" in December 2018. In its long-term vision, it introduced the slogan "ART for Human Possibilities" and proposed a growth strategy heading for 2030. With increasingly diversifying values of human and environment surrounding societies under its "Long Term Vision," the Tender Offeror will implement its growth strategies while promoting solutions to address social issues based on its own historical values. While maintaining the earning power of existing businesses, the Tender Offeror will allocate resources to strategic growth areas such as new businesses, and work toward achieving a target consolidated net sales of 2 trillion yen and consolidated operating income of 180 billion yen in the New Medium-Term Management Plan (2019-2021)

In addition, as announced in the Notification of Business Integration between Yamaha Motor Co., Ltd., SHINKAWA LTD., and APIC YAMADA CORPORATION dated February 12, 2019 (APIC YAMADA CORPORATION to become a wholly-owned subsidiary of SHINKAWA LTD., SHINKAWA LTD. to become a subsidiary of Yamaha Motor Co., Ltd., and transition of SHINKAWA LTD. into a joint holding company structure by corporate separation) (hereinafter the "Press Release of February 12, 2019," and the business integration between the Tender Offeror, SHINKAWA LTD., and APIC YAMADA CORPORATION, [hereinafter "APIC YAMADA"] is hereinafter the "Three-Party Integration"), the Tender Offeror made the Target Company a consolidated subsidiary on June 24, 2019 by subscription to third-party share allotment capital increase by the Target Company to the Tender Offeror (number of new shares issued: 26,178,100 Target Company Shares (the ownership ratio as of June 24, 2019 after the third-party share allotment capital increase: 59.00%

(Note 5) The ownership ratio after the Third-Party Share Allotment Capital Increase as of Jun 24, 2019 is a ratio to 44,366,811, which is the number of shares calculated by subtracting 1,858,789, which is the number of treasury stocks owned by the Target Company as of September 30, 2018 as recorded in the 61st Second Quarter Report submitted by the Target Company on November 14, 2018, from 46,225,600, which is the total number of issued Target Company Shares as of June 24, 2019 - rounded to two decimal places. This differs from the ownership ratio as of today because the number of treasury stocks owned by the Target Company has changed between June 24, 2019 and now.

The Target Company, on the other hand, was founded as Shinkawa Seisakusyo Co., Ltd. in August 1959 for the purpose of secondary processing of transistor parts in Mitaka City, Tokyo. Subsequently, in order to change the par value of Shinkawa Seisakusyo's shares, it merged February 1, 1980 with the dormant company Nakamaru Trading Co., Ltd.; the latter was the surviving company, which changed its trading name to SHINKAWA LTD. on the same date. The Target Company listed on the Tokyo Stock Exchange Second Section in September 1988, then changed its market to the Tokyo Stock Exchange First Section in September 2000. In addition, the Target Company became one of the Tender Offeror's consolidated subsidiaries on June 24, 2019 through the Third-Party Share Allotment Capital Increase, and then shifted itself into a joint holding company structure and changed its trading name to the current name on July 1, 2019. As of December 31, 2019, the Target Company has 21 subsidiaries and three affiliate companies, which together with the Target Company are known as the "Target Company Group." The Target Company Group working mainly in the development, manufacturing, and sales of semiconductor manufacturing equipment and electronic component mounting equipment for semiconductor manufacturers and electronic component manufacturers. The Group has also expanded into maintenance services related to these areas of business.

The main businesses and products of the Target Company are as follows.

Main Businesses	Main Products
Semiconductor Manufacturing Equipment and Electronic Component Mounting Equipment	Wire Bonders, Die Bonders, Flip Chip Bonders, Active Alignment Devices, Blank Mounting Machines, FPD Inspection Devices
Semiconductor Assembly Equipment	Molding Equipment, Lead Processing Machines, Molding Casts, Test Handlers, and other automation equipment
Electronic Components	Lead Frames, LED Pre-molded Boards (LPS), Electronic Communication Parts
Others	Lead Processing Casts, Lead Frame Casts

The semiconductor manufacturing process is broadly divided into front-end and back-end processes. The former consists of the process until circuits such as transistors and metal wirings are formed on the sliced discoidal-shaped silicon wafers using the principle of photographic photosensitivity. The latter consists of the process until IC chips are cut out from silicon wafers, the chips are fixed to the package, wired, and sealed in ceramic or resin to assemble them into semiconductor products.

The Target Company Group works mainly in Back-end processes, particularly in the development, manufacturing, and sale of industrial precision robots used in a process called bonding, which conducts the internal wiring for semiconductor packages containing IC chips. Examples of bonding products include wire bonders, which wire and connect the electrical circuits of IC chips and printed circuit boards using thin gold and copper wires, die bonders, which fix IC chips to printed circuit boards, and flip chip bonders, which directly connect the electrical circuits of IC chips and printed circuit boards without the use of wires.

In June 2018, the Target Company acquired all shares of Pioneer FA (now PFA Corporation) - which has over 38 years' experience in the field of factory automation production facility development and sales. After making PFA a subsidiary, the Target Company has expanded into the electronic component mounting equipment business, which has high technological complementarity with the Target Company's existing bonding equipment and is also closely matched to clients' needs. In addition, in June 2019, the Target Company made a Tender Offer for common shares of APIC YAMADA CORPORATION (listed on the Tokyo Stock Exchange Second Section at the time; hereinafter "APIC YAMADA"), whose main business is, similarly to the Target Company, electronic component assembly equipment for semiconductor back-end processes, electronic components, and other manufacturing and sales, to make the company a subsidiary, according to the plan announced in the Press Release of February 12, 2019."

The target group will integrate technologies such as bonders (devices that connect IC chips and electric circuits on printed circuit boards), molders (package resin encapsulation devices), and FA (factory automation, systems that automate production processes in factories). As a result, as a "Turn-Key provider in the field of semiconductor back-end-processing and electronic component mounting (Note 6)," we will provide total solutions that exceed client's expectations. In addition, "A company that creates and disseminates new process technology from Japan" and aims for sustainable growth by aiming for the world's top market share in the semiconductor back-end-process manufacturing and electronic component assembly equipment market.

(Note 6) To provide a set of manufacturing process equipment for the series of semiconductor back-end-processing and electronic component manufacturing processes.

Furthermore, to propose and provide overall optimization solution for the entire process when the multiple manufacturing processes are recognized as a single process.

In May 2015, the Tender Offeror and the Target Company announced that they had concluded a cooperative selling agreement, under which the Tender Offeror applied its mounter device [manufacturing] technology to develop and manufacture flip chip bonder products for the semiconductor market, which were sold under the Target Company Group's own brand. This arrangement continued, with the Target Company selling the Tender Offeror-made products to semiconductor manufacturers. The aim of this sales alliance was to respond to changes in the business environment, such as a recent global trend to stronger technological integration across industries and erosion of the defining differences of each industry, and, in overseas markets in particular, the ability to deliver total solutions having a greater impact on business competitiveness. Demand on device manufacturers is growing for technological total solutions which span both the electronic component mounting industry (which includes the robotics business, one of the Tender Offeror's main business segments, in which one of its main products is mounter equipment for mounting semiconductors and electronic parts on printed circuit boards), and the semiconductor back-end-processing industry (in which the Target Company is engaged).

In addition, the Tender Offeror made the Target Company a consolidated subsidiary on June 24, 2019 through subscription to the third-party share allotment in order to further strengthen the partnership with the Target Company Group, according to the plan announced in the Press Release of February 12, 2019.

By the time the Target Company is decided to be a consolidated subsidiary on February 12, 2019, the Tender Offeror will not be able to cooperate with the Target Company, including making the Target a wholly owned subsidiary. In addition, there are considerations taking place for the management method including the unification of various internal systems and rules, including personnel and payroll systems, as well as the procedures and preparation time required to make it a wholly owned subsidiary.

In making the Target Company a wholly owned subsidiary, the Tender Offeror and the Target Company need to unify the various internal systems and rules mentioned above in order to systematically integrate the Target Company and the Target Company Group. However, where there is no capital relationship between the Tender Offeror and the Target Company, the contents of the internal systems and regulations of both companies are to be fully understood, and recognition that it would take a certain amount of time and money to unify internal systems and regulations while giving due consideration, and prioritized limited human resources to cooperate in business functions such as sales, development, and procurement. Investing in the Tender Offeror and the Target Company Group are considered to contribute to enhancing the corporate value of the Tender Offeror and the Target Company Group as early as possible.

After making the Target Company a consolidated subsidiary, subsequently, the Tender Offeror set function-specific working groups with the Target Company Group for sales, development and procurement, which have been discussing PMI's for each function.

In addition, the Target Company Group formulated a Medium-term Management Plan for up to the year ending on December 31, 2021 (hereinafter the "Target Company's Medium-term Management Plan"), and announced its plan to recover its financial power and strengthen its money-making power as key strategies, in the "Announcement Regarding Medium-term Management Planning "dated August 7, 2019. Then in the "Announcement Regarding the Implementation of Structural Reformation" dated the same date, the Target Company announced its plan to (i) consolidate production locations, (ii) restructure overseas sales locations, (iii) transfer some development functions, (iv) optimize human resources, and (ⅴ) unify procurement - as part of its structural reformation based on the Target Company's Medium-term Management Plan.

In addition, for the purpose of creating synergies between the two companies and achieving the Medium-term Management Plan, the Tender Offeror and the Target Company Group have been promoting initiatives for the Target Company's structural reform through (1) preparing for integrating the Target Company Group's production or sales locations in Thailand and China, (2) preparing to establish a Taiwan lab (a show room with a demonstration function for clients) as a joint project between the Tender Offeror's robotics business and the Target Company's business in Taiwan and (3) transferring some of the Target Company Group's production locations and development functions to Hamamatsu City, Shizuoka Prefecture, Japan, in which there are the development base and most of the Tender Offeror's production functions to improve geographical proximity, whereby to develop an environment where technological and human resource aspects can interact with each other.
However, the environment surrounding the semiconductor manufacturing equipment industry has exceeded the level assumed by the Tender Offeror and the Target Company Group compared to when the offer The Tender Offeror chose to make the Target a consolidated subsidiary. We are beginning to be exposed to the risk of business fluctuations due to the sharp deterioration of the tone of the related industries in general.
The semiconductor manufacturing device industry (in which the Target Company Group belongs) will likely continue to enjoy solid growth in the mid to long-term on the back of increasing demand for in-vehicle semiconductors. However, the business environment looks to remain stagnant amid so-called the US-China trade war which has, since its onset in 2018, brought forth (1) seemingly unending tariff increases by the U.S., and (2) the U.S. placing tariffs on more items, and increasing its tariff rates, followed by China introducing wider-ranging counter-measures including retaliative tariffs - since the Tender Offeror began considering and announced its plan to make the Target Company Group a consolidated subsidiary.
In addition, now that China, which is a major trade partner, is experiencing a slower economy, the current situation surrounding this industry poses a very significant risk of worsening business results.
World Semiconductor Trade Statistics has forecast a rapid worsening of the semiconductor market due to drops in memory product prices which began in 2018. The Fall 2018 Forecast (announced in November 2018) estimated prices to be up by 15.9% for 2018 on the previous year, and up by 2.6% for 2019 on the previous year. However, the Fall 2019 Forecast (announced in December 2019) calculated the actual result for 2018 to be up 13.7% on the previous year (down by 2.2% from the previous forecast), and forecast the 2019 figure to be down by 12.8% (down by 15.4% from the previous forecast) (Note 7).
Against this background, it has become obvious that buying semiconductor manufacturers are forced to cut back inventory and slow down capital investment since the beginning of 2019. This impact looks to continue for a while, which may lead to a prolonged stagnation of the business environment.
(Note 7) Source: Japan Electronics and Information Technology Industries Association "World Semiconductor Trade Statistics (WSTS)"
In this business environment, the Tender Offeror believes that it is necessary, in order for the Target Company to maintain and improve its competitiveness, for the two companies to work closely together to steadily implement the Target Company's Medium-term Management Plan and structural reformation, and build a framework that allows for flexible responses to changes in the immediate environment surrounding the semiconductor manufacturing device industry in a timely manner. However, even after the Tender Offeror made the Target Company a consolidated subsidiary, the Target Company still runs its business as an independent, listed company. Because of this, not only does it take time to make decisions including for the development of product, technology and business strategies, but it also places limitations on joint business management with the Tender Offeror, especially the mutual utilization of clients bases, business/technology bases, and financial bases. For this reason, the Tender Offeror believes that the two companies are currently unable to press on forward speedily as one group.
The Tender Offeror is of the view that more and more clients business data is being digitized including as IoT (Internet of Things), AI (Artificial Intelligence), and data that provides useful business insight ("big data"), and the current shift in investment means that more is being spent on the use of the latest technology to strengthen business competitiveness than on traditional counterparts to simply make business more efficient.
Also, the technology required specifically for semi-conductors such as downsizing, and material/design/process improvements is becoming more advanced, complex and diverse, and the industry map is constantly changing with the forming and dissolution of alliances among companies, and the development of new technology.
The Tender Offeror anticipates that technology investment in further company value improvements will exceed the speed and investment values of the existing technology/product development.
In order to meet these requirements for higher functionality, the Tender Offeror believes that it is necessary to eliminate any barriers to the mutual utilization of the two companies' client/business/technology/financial bases, upsize the advanced development area that merges the Tender Offeror and Target Company Group technologies, and build a structure that allows for the improvement of their ability to provide total solutions that stride across processes through

HR interactions between the companies, by making the Target Company one of the Tender Offeror's wholly-owned subsidiaries.
Also, in recent years, while many overseas semi-conductor manufacturers have risen, the presence of Japanese semi-conductor manufacturers has weakened (Six of the 10 semiconductor manufactures in the world with the most market share were Japanese in 1990, compared to just one in 2018). This has resulted in major clients for semiconductor manufacturing devices (in which industry the Tender Offeror and the Target Company Group are involved) have shifted overseas.

The Tender Offeror and the Target Company Group have been establishing overseas locations, and actively promoting the building of their clients bases independently. However, now that it is becoming more important to acquire new business from overseas semiconductor manufacturers, it is also becoming necessary to further develop clients/overseas business bases through the utilization of the Tender Offeror's brand power by the Target Company, mutually promote sales of the Tender Offeror and the Target Company Group products, and utilize corporate clients information, in order to have an advantage over semiconductor manufacturing device manufacturers that can compete with the Tender Offeror and the Target Company Group, by making the Target Company one of the Tender Offeror's wholly-owned subsidiary.
Please note that the Tender Offeror had, at the time of considering making the Target Company a consolidated subsidiary, already gained a degree of recognition of (1) the need for business promotion as one unified company group in a speedy manner mentioned above, (2) the need for building a structure that would enable the enhancement of the ability to provide total solutions, and (3) the need for further development of clients/overseas business bases through the utilization of the Tender Offeror's brand power by the Target Company, and the Tender Offeror's and the Target Company Group's mutual sales promotion and corporate clients information utilization. However, it was while the Tender Offeror actually managed the business of the Target Company as a consolidated subsidiary that the Tender Offeror began to fully recognize these needs, and it was not until the Tender Offeror began to operate the Target Company's business as a consolidated subsidiary that the Tender Offeror began to realize the need for joint business operations between the Target Company and the Tender Offeror, and eliminating the restrictions on the mutual utilization of client/business/technology/financial bases, which will be necessary to make the above a reality.
In addition, the Tender Offeror, as stated above, was also aware that it would need to unify various in-house systems/rules of the Tender Offeror and the Target Company if it were to make the Target Company a wholly-owned subsidiary, even when it was considering making the Target Company a consolidated subsidiary. Then, as the Tender Offeror managed the business of the Target Company as a consolidated subsidiary, the Tender Offeror deepened its understanding of the Target Company's various in-house systems and rules, the Tender Offeror can now see the course of action required for unifying these in-house systems and rules. In order to accelerate the unification of in-house systems and rules going forward, it is necessary to enhance the organizational merger between the Tender Offeror and the Target Company, and fully utilize their mutual human resources. This has had an influence on the Tender Offeror's decision to make the Target Company a wholly-owned subsidiary.
As for the aforementioned management challenges/limitations recognized by the Tender Offeror, there is an increasing awareness that early responses need to be made, in response to a prolonged stagnant business environment even after the Tender Offeror made the Target Company one of its consolidated subsidiaries, and amid PMI discussions taking place in early December 2019 in respective function-specific working groups for sales, development, and procurement.
Also, the Tender Offeror has been considering the rationality of maintaining the Target Company as a listed company since mid-August 2019, from the view point of capital efficiency and maximization of the Tender Offeror Group's corporate value, to determine, among other things, whether the Target Company Group's semiconductor manufacturing device business (except for the Target Company Group's) is in alignment with the Tender Offeror Group's business, based on “Guideline for Group Governance System Activities” formulated in June 2019 by the Ministry of Economy, Trade and Industry.
As a result of considering these matters, in early December 2019 the Tender Offeror concluded that although initiatives are well underway toward the achievement of the Medium-term Management Plan announced by the Target Company, it is necessary to strengthen the coordination between the two companies and integrate management resources, to respond to the environment surrounding the worsening semiconductor manufacturing device industry at faster speed than initially anticipated when the Tender Offeror was considering making the Target Company a consolidated subsidiary, and for the Target Company to surely implement the Medium-term Management Plan in the future. To this end, the Tender Offeror came to believes that it will be urgently necessary to make the Target Company a wholly-owned subsidiary and began considerations soon after that point.
Specifically, the Tender Offeror has come to believe that making the Target Company the Tender Offeror's wholly-owned subsidiary will enable swift and flexible decision-making, and mutual utilization of management resources such as business, technology, and financial bases that are restricted under the current capital arrangement; the company hopes that creating more business synergy as described in (i) to (iv) below in a more swift manner will result in the company corporate value of the Tender Offeror Group (including the Target Company Group) being improved.

(i) Further expansion of the client's base through construction of a seamless in-group collaboration system

While the Tender Offeror and Target Company Group promote a proposal-based business as a "total solution provider," both shall aim to construct a seamless collaboration system that can offer clients a one-stop proposal for different products. For example, in order to make a one-stop proposal that spans the semiconductor manufacturing process required by clients, the Taiwan Lab, which is currently preparing for the opening of its facilities, is planned to become a facility equipped with semiconductor manufacturing devices that span the semiconductor manufacturing process of the Tender Offeror and the Target Company Group, and a system which automates the manufacturing site using industrial robots which the Tender Offeror is capable of working with. However, by the Target Company becoming a wholly-owned subsidiary of the Tender Offeror with the goals of increasing the number of these facilities, not only in Taiwan, but also in various other regions, and constructing a collaborative system which is both faster and more efficient, it is considered that there will be a need to plan for the mutual utilization of existing buildings, and the simplification and truncation of contract procedures for land and buildings. Further, while the Tender Offeror and Target Company Group each carry out business through different legal entities and organizations in Thailand and China, going forward, there are plans to expand the clients base by moving ahead with further integration and unification through mutual sales promotions of the Tender Offeror and Target Company Group's products, and the utilization of corporate clients information.

(ii) Maximizing the management resources and know-how of the Tender Offeror Group
Since the Tender Offeror and Target Company Group are each independent listed companies, there are certain restrictions in place between the Tender Offeror and the Target Company Group on the mutual use and utilization of sensitive technical information, such as source code, the use by the Target Company of the Tender Offeror's proprietary management control system, and the use by the Target Company of shared service companies which are subsidiaries of the Tender Offeror. By becoming a wholly-owned subsidiary of the Tender Offeror, The Target Company is freed from these restrictions, and through the construction of a system which allows for the use by the Tender Offeror and the Target Company Group of mutual management infrastructure (specifically, this refers to the strengthening of management control systems through the use of a shared system, the use of services provided by shared service companies, including human resource development programs, mutual technological development capabilities and intellectual property, sales networks, financial bases, and development of new products utilizing brands.), management resources and know-how will be maximized.

(iii) Simplification of decision-making based on the management strategy of the Tender Offeror Group
As there are various restrictions placed on governance by the parent company because of the potential conflict of interest though to exist between the parent company as the controlling shareholder, and general shareholders due to the so-called parent-child listing, there is currently a need for an appropriate amount of time and process between the Tender Offeror and the Target Company for the promotion of a common management strategy, and there is a certain degree of restriction on the allocation of management resources within the Group. As mentioned above, with the digitization of clients' businesses advancing, represented by fields such as IoT (the Internet of Things), AI (Artificial Intelligence), and data used to derive knowledge useful for business (Big Data), technological revolutions in the semiconductor field, including miniaturization, and improvements in materials/design/construction methods, are becoming more sophisticated, more complex, and more diversified. In order to achieve further corporate value improvement in such an environment, it is important to make decisions in business operations such as selecting a technology investment field with a view to the future and speeding up product development and others. The Tender Offeror will simplify the decision-making process between the Tender Offeror and the Target Company Group through the Transactions and strengthen the organization's management to enable rapid response to clients' needs from various functional perspectives such as sales, development, and procurement.

(iv) Efficient allocation of investment capital and stable creation of future cash
With regard to PMI, announced in a press release dated February 12, 2019, and which is currently under way as part of the business integration of the Tender Offeror and the Target Company, while the Target Company is making all efforts towards its profitability in 2021, the Tender Offeror believes that growth investment based on the stable creation of cash in the future will be important in view of growth investments such as further research and development expenses and expansion of equipment following the achievement of profitability. Looking at expenditures on the other hand, moving ahead with the adjustment and organization of places in which strengthened business areas overlap for both the Tender Offeror Group excluding the Target Company Group, and the Target Company Group, is an exceedingly important issue from the viewpoint of efficiently allocating finite investment capital. As the Tender Offeror and the Target Company are separate listed companies, investment capital cannot be allocated efficiently between the Tender Offeror and the Target Company Group. By eliminating overlapping areas within the Tender Offeror Group, the Tender Offeror, with the Target Company as a wholly-owned subsidiary of the Tender Offeror, in addition to efficiently allocating investment capital, will create stable future cash through sales expansion via the sharing of clients bases facilitated by reductions in spending and the construction of a seamless collaboration system via reduced investment in facilities, and reallocation of human resources.

Accordingly, in early December 2019, having appointed Mizuho Securities Co., Ltd. (hereinafter "Mizuho Securities") as a financial adviser and third-party valuation organization independent of the Tender Offeror Group, including the Tender Offeror and the Target Company, and having appointed Mori Hamada & Matsumoto as legal advisors, the Tender Offeror, in addition to beginning specific considerations relating to the Transactions, and informed the Target Company of their desire to begin discussions on the implementation of the Transactions with the aim of increasing the corporate value of both companies. Subsequently, the Tender Offeror presented the Target Company with a proposal document regarding the Transactions on December 23, 2019. Additionally, following the submission of the proposal, the Tender Offeror and the Target Company began specific discussions/consideration of the Transactions following the establishment of the Special Committee (defined below as "(2) decision-making processes and reasons within the Target Company) in the Target Company. Specifically, since submission of the proposal in late December 2019, the Tender Offeror has carried out discussions and explanations of the significance and purpose of the Transactions, including the Tender Offer, with the Target Company. Furthermore, in parallel to the Tender Offeror carrying out due diligence to examine the feasibility of this transaction from early January 2020 to early February the same year, the Tender Offeror carried out more detailed discussions and considerations with the Target Company regarding the significance and aims of this transaction, as well as several discussions and considerations regarding the management system and business policy after this transaction, and the various conditions of this transaction. As a result, the Tender Offeror determined in mid-January 2020 that making the Target Company a wholly owned subsidiary will help to avoid the possibility of future conflicts of interest between the Tender Offeror and the minority shareholders of the Target Company due to different listings among the companies within the Group, to help them to flexibly utilize without restrictions management resources such as business foundations and financial bases, and to rapidly make decisions within the management strategy of the Tender Offeror Group including the Target Company Group, thus being extremely beneficial to increase the corporate value of the entire The Tender Offeror Group, including the Target Company Group.

In addition, although the Tender Offeror made a formal offer which included a Tender Offer unit price of 650 yen to the Target Company on January 21, 2020, the Target Company requested that the Tender Offeror reconsider the details of the proposal on the grounds that the proposal did not fully reflect the corporate value of the Target Company. Based on this request from the Target Company to reconsider the details of the proposal, the Tender Offeror made subsequent proposals on February 3, 2020 and February 5, 2020 with Tender Offer unit prices of 690 yen and 720 yen respectively. However, because the Tender Offeror rebuffed both of the proposals on the grounds they did not offer a fair value, the Tender Offeror made a proposal on February 7, 2020 with a Tender Offer unit price of 750 yen. Subsequently, as a result of the discussions and negotiations concerned, on February 10, 2020 the Tender Offeror and the Target Company agreed on a unit price in the Tender Offer of 750 yen per share. Through acceptance of the Third-Party Share Allotment Capital Increase, on June 24, 2019, the Tender Offeror obtained 26,178,100 shares of the Target Company at 382 yen per share. A difference of 368 yen has arisen between this price and the price of this Tender Offer (750 yen), but this is because while the purchase price via the Third-Party Share Allotment Capital Increase is determined by the simple average (382 yen) of closing prices of Target Company shares on the first section of the Tokyo Stock Exchange over the one month (January 9, 2019 to February 8, 2019) until resolution relating to the Third-Party Share Allotment Capital Increase, by comparison, the purchase price via this Tender Offer represents - compared to the closing price (508 yen) of Target Company shares on the first section of the Tokyo Stock Exchange on the business day (February 10, 2020) before the date the Board of Directors' meeting at which carrying out this Tender Offer was held - a 32.98% (rounded to two decimal places) increase on the simple average value concerned, and in addition, the Tender Offer Price includes a premium (a premium of 47.64% compared to the closing price (508 yen) of Target Company shares on the first section of the Tokyo Stock Exchange on February 10, 2020, 39.41% compared to the simple average of closing prices for the one month before the date concerned, 32.51% compared to the simple average of closing prices for the three months before the date concerned, and 46.48% compared to the simple average of closing prices for the six months before the date concerned).

As a result of these considerations, discussions, and negotiations, the Tender Offeror and the Target Company agreed that making the Target Company a wholly-owned subsidiary was the optimal method to respond to changes in the business environment surrounding the Tender Offeror and the Target Company, and contribute to the improvement of the corporate value of both companies, based on which the Tender Offeror decided at the Board of Directors' meeting held on February 12, 2020 to carry out the Tender Offer.

(2) Decision-making process and reasons in the Target Company

On the other hand, according to a Target Company Press Release, the Target Company anticipates, apart from the synergies listed in "① Background, purpose and decision-making process that led to the decision to implement the Tender Offer" above, the synergy effects as the Target Company becomes a wholly-owned subsidiary of the Tender Offeror, including cost reductions and improvements in net sales mainly as below.

(i) Synergies related to cost reductions

With the Target Company and The Tender Offeror in a parent-child listing relationship and conscious of conflicts of interest in both parties pertaining to the decision making of the Target Company, there is a restriction that mandates consideration of the interests of general shareholders of the Target Company. However, this restriction is rescinded by becoming a wholly-owned subsidiary. The Target Company expects to tighten its links with the Tender Offeror to reduce costs, which will enable implementation of the required cost-cutting measures. In specific terms, because of the expectation of joint purchases with the Tender Offeror, sharing of parts for semiconductor manufacturing equipment, integration of logistics, integration of IT systems, and integration of overseas sales businesses, and others., there is an expectation that the Target Company will be able to reduce the cost of sales and cut costs associated with SG&A expenses and others.

(ii) Synergies related to net sales improvement

As with synergies related to cost reductions, the aforementioned restriction is rescinded when the Target Company becomes a wholly-owned subsidiary of the Tender Offeror. The Target Company is expected to tighten links with the Tender Offeror to improve net sales. Specifically, joint product development with the Tender Offeror, integration of technical businesses, use of sales routes held by the Tender Offeror, and receiving the skills and knowledge held by the Tender Offeror can be expected, which will enable improvements in the net sales of the Target Company.

In order to maximize the synergies stated above in ① Background, purpose and the decision-making process that led to the decision to implement the Tender Offer and the expression of these synergistic effects, it is believed that the Target Company becoming a wholly-owned subsidiary of the Tender Offeror will enable the construction of a system for making prompt decisions, making it easier to implement close cooperation and structural reforms, and accelerating the realization of these synergies. For this reason, it has been determined that the Transaction on February 12, 2020 will contribute to the further growth and development of the Target Company, as well as to further improvements in corporate value.

In addition, having received early approaches regarding the Transactions from the Tender Offeror since early December 2019, the Target Company received a formal proposal from the Tender Offeror on December 23, 2019. To determine the fairness of said early approaches, in mid-December 2019, the Target Company appointed Plutus Consulting Co., Ltd. (hereinafter "Plutus") as a financial advisor and third-party valuation organization independent of the Target Company and The Tender Offeror, and Sato Sogo Law Office as legal advisers, and that based on the legal advice received from the legal advisers at Sato Sogo Law Office regarding points of caution in the decision-making process, method, and other decision-making relating to the Transaction, the Target Company passed a resolution at the Regular Board of Directors' Meeting held on December 23, 2019 for the establishment of the Special Committee (hereinafter "the Special Committee") to determine the appropriateness of the formal proposal received on December 23, 2019. (For the history, composition, and specific activities of the Special Committee, please refer to "(iv) Establishment of an independent Special Committee in the Target Company and obtaining its report" under "(Measures to ensure the fairness of the price of the Tender Offer and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer)" under "(4) Background of Valuation" under "2. Overview of the Tender Offer"), and in addition to the same-day establishment of the Special Committee, the Target Company gave consideration to whether (a) in addition to expressing agreement with the Tender Offer, a resolution should be passed on issuing a recommendation to the Target Company's shareholders that they make applications to the Tender Offer, and (b) whether the Squeeze-Out Procedures and a decision to recommend that shareholders of the Target Company to make an application following expressions of opinions on agreeing to the Tender Offer would disadvantage minority shareholders of the Target Company, as well as questions regarding the statement of opinions to the Board of Directors' meeting of the Target Company (collectively referred to hereinafter as "the Terms of Reference") To discuss the Terms of Reference of (a), the Target Company will (1) make considerations and decisions regarding the pros and cons of the Transactions from the perspective of whether they will help improve the corporate value of the Target Company and (2) ask questions to consider and decide the propriety of terms and conditions and the fairness of proceedings from the perspective of the interest of general shareholders of the company.)

Furthermore, at the Board of Directors' meeting of the Target Company convened on February 5, 2020, a resolution regarding making decisions about the Transactions at Board of Directors' meetings was passed. This resolution stated that the matters decided by the Special Committee, including the decision for or against the Transactions, would carry the most weight, and that if the Special Committee decided that the terms and conditions were unfair, the Tender Offer would not be approved.).

Under such a system, it is understood that the Target Company has carried out multiple discussions with the Target Management Team based on the contents of the proposal of the Tender Offeror pertaining to the Transaction, on the content of the Target Company's business, the business environment, and the content of the existing business plan, and has given extended consideration to the impact of the Transaction on the Corporate Value of the Target Company. Additionally, after receiving the first proposal for the Tender Offer Price from the Tender Offeror of 650 yen per share in the Target Company on January 21, 2020, the Target Company then received in turn offers of a Tender Offer Price of 690 yen on February 3 the same year, and a Tender Offer Price of 720 yen on the 5th of the same month, however the Target Company indicated each time that a reasonable price had not been reached, requesting reconsideration of the content, receiving on February 7, 2020 the proposal from the Tender Offeror of 750 yen per share in the Target Company. In response to the Tender Offeror's proposal on February 7, 2020, the Target Company received a Fairness Opinion

(hereinafter “the Fairness Opinion”) dated February 10, 2020, from Plutus, which stated that the Tender Offer Price given in the Share Valuation Report (hereinafter “the Target Company’s Share Valuation Report”) acquired from Plutus (details of which are given below in “(ii) Obtaining the Share Valuation Report and fairness opinion from a third-party appraiser independent of the Target Company” under “(Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer)” under “(2) Background of Valuation” under “(4) Basis for evaluating the Tender Offer unit price” under “② Overview of the Tender Offer”) was fair from a financial point of view for the Target's minority shareholders. Additionally, it is understood that the Special Committee created a report dated February 10, 2020, (hereinafter “the Report”), and the submission of the Report was received from the Special Committee on the same day by the Target Company (for an overview of the Report, refer to “(iv) Establishment of an independent Special Committee in the Target Company and obtaining its report” under “(Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer)” under “(2) Background of Valuation” under “(4) Basis for evaluating the Tender Offer unit price” under “② Overview of the Tender Offer”).
It is understood that the Target Company has given serious consideration to the significance and aims of the Tender Offer , their management policies following the Tender Offer, and the conditions of the Tender Offer, while keeping firmly in mind the Target Company’s Share Valuation Report, the Fairness Opinion, and the legal advice received from Sato Sogo Law Office, and given below in “(iii) Legal advice from a law office independent of the Target Company” under “(Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer)” under “(2) Background of Valuation” under “(4) Basis for evaluating the Tender Offer unit price” under “② Overview of the Tender Offer”.
As a result, the Tender Offer Price of 750 yen per share had a value including premium of 47.64% (rounded to two decimal places. Hereinafter, the same for other calculations of the premium rate) of the closing price of 508 yen on the Tokyo Stock Exchange on February 10, 2020, the first business day prior to the public announcement of the Tender Offer, 39.41% of the average closing unit price of 538 yen (Rounded. Hereinafter, the same for other calculations of the average closing unit price) for the one month preceding that date, 32.51% of the average closing unit price of 566 yen for the three months preceding that date, 46.48% of the average closing unit price of 512 yen for the six months preceding that date, and, considering that, of the results of valuations given in the Target Company’s Share Valuation Report, the Tender Offer Price exceeds the upper limit of the results of the valuation made according to the Average Market Price, exceeds the median value of valuation results made according to the discounted cash flow method (hereinafter, “DCF”), after serious consideration of the conditions relating to the Transaction, it was determined that the Tender Offer Price and other conditions of the Tender Offer are appropriate for the shareholders of the Target Company, and that the Tender Offer Price and other conditions of the Tender Offer provide the shareholders of the Target Company, including minority shareholders, with a reasonable opportunity for the sale of stock. At the Target Company Board of Directors’ Meeting to be held on February 12, 2020, a total of five directors excluding Directors Toshizumi Kato, Osamu Ishioka, Hiroyuki Ota, and Hiroshi Ito among the nine directors (of which four are outside directors) of the Target Company participated in the deliberation and the forming of resolution, and by the unanimous approval of all directors present in deliberations, expressed their approval of the Tender Offer, and passed a resolution to recommend that the shareholders of the Target Company tender their shares of the Target Company to the Tender Offer. Of the directors of the Target Company, because Directors Toshizumi Kato and Hiroyuki Ota of the Target Company work concurrently as executives of the Tender Offeror (the former is a director of the Tender Offeror in charge of Solutions and Power Products fields as well as alliance strategy, and the latter is an executive officer and Chief General Manager of Solution Business Operations), and because Osamu Ishioka and Hiroshi Ito, while not currently working as executives or Executive Officers of the Tender Offeror both previously worked for the Tender Offeror, have not participated in the discussions and negotiations regarding the Transactions, nor the relevant deliberation and forming of the resolution in order to avoid the possibility of conflict of interest.

③ The management policy to be implemented after the Tender Offer has taken place
The Tender Offeror, by making the Target Company one of the Tender Offeror’s wholly-owned subsidiaries through the Transactions, plans to speed up cooperation as well as accelerate decision-making within the Tender Offeror Group including the Target Company Group, continue a policy of management aimed at further improvement in corporate value, and conduct management which fully utilizes the characteristics and strengths of the Target Company group even after the Tender Offer has taken place, by doing so strengthening the business of the Target Company.
As of today, while two out of nine directors of the Target Company work concurrently as executives of the Tender Offeror and two previously worked for the Tender Offeror, after the Tender Offer, the current management system of the Target Company will in principle be maintained, and no specific changes have been determined at this time.

(3) Measures to ensure the fairness of the Tender Offer, such as measures to avoid conflicts of interest as well as measures to ensure fairness of the Tender Offer Price

As of today, the Tender Offeror possesses 26,178,100 shares in the Target Company (ownership ratio: 58.99%), based on which the Target Company constitutes a consolidated subsidiary of the Tender Offeror, the Tender Offeror is the controlling shareholder in the Target Company, and this transaction constitutes a signification transaction between the Tender Offeror and the controlling shareholder. In addition, as two out of nine Directors of the Target Company work concurrently as executives of the Tender Offeror and two previously worked for the Tender Offeror, given that a situation of structural conflict of interest may arise in considerations at the Target Company regarding this transaction, following measures have been implemented as measures to ensure the fairness of the price of the Tender Offer and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer.

As is described previously in the paragraph of 1. Purpose of Purchase (1) Overview of this Tender Offer, the Tender Offeror possesses 26,178,100 shares in the Target Company (ownership ratio: 58.99%) as of today, does not set a minimum purchase quantity of so-called majority of minority as the Tender Offeror believes, it may cause instability in the Tender Offer and may hider opportunities for applicants for the Tender Offer. The Tender Offeror also believe that sufficient consideration to meet the interest of the minority shareholders is implemented in below measures.

The descriptions of the measures implemented at the Target Company as follows are based on explanations received from the Target Company.

(1) Obtaining the Share Valuation Report from a third-party appraiser independent of the Tender Offeror
(2) Obtaining the Share Valuation Report and fairness opinion from an independent third-party appraiser
(3) Advice from an external independent law firm regarding Target Company
(4) Establishment of an independent Special Committee at the Target Company and obtaining its report
(5) Approval of all directors of the Target Company without conflicts of interests regarding this Tender Offer (including statutory auditors)
(6) Measures to secure objective environments in order to ensure fairness

For details of the aforementioned matters, please refer to ((Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer)) in ② Background of Valuation in (4) Basis for Evaluating the Tender Offer Unit Price.

(4) Post-Tender Offer Reorganization(s) Policy (matters relating to the so-called two-step acquisition)
If the Tender Offeror is not able to obtain all of the shares of the Target Company as stated in (1) Overview of this Tender Offer (however, this excludes shares of the Target Company owned by the Tender Offeror and treasury stocks owned by the Target Company), once the Tender Offer is complete, the Tender Offeror plans to implement procedures for acquiring all of the common shares of the Target Company.
Specifically,
Upon execution of the Tender Offer, the Tender Offeror shall acquire 90% or more of the total shareholder voting rights of the Target Company, and if the Tender Offeror should become a Special Controlling Shareholder as prescribed in Item 1 of Article 179 of the Companies Act (Act No. 86 of 2005, including all subsequent amendments; hereinafter, the "Companies Act"), the Tender Offeror, in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act", plans to request the sale of all common shares of the Target Company by shareholders of the Target Company (excluding the Tender Offeror and the Target Company), promptly following the conclusion of the settlement of the Tender Offer (hereinafter, the "Demand for Sale of Shares"). With respect to the Demand for Sales of Shares, the plan is to provide the Target Company's shareholders with monetary sums equivalent to the Tender Offer Price in consideration for each common share of the Target Company. In such an event, the Tender Offeror shall provide the Target Company with notice of such efforts and seek approval of the Demand for Sales of Shares. If the Target Company approves the Demand for Sale of Shares via resolution of its board of directors, the Tender Offeror shall acquire all common shares of the Target Company owned by Target Company shareholders as of the purchase date designated in the Demand for Sale of Shares, in accordance with the procedures prescribed by all relevant laws and regulations, and without need for the individual approval of the Target Company shareholders. And as consideration for each common share for the Target Company owned by each applicable shareholder, the Tender Offeror intends to provide each applicable investor monetary sums equivalent to the Tender Offer Price. According to the Target Company's Press Release, if the Target Company receives notice from the Tender Offeror that it intends to make a Demand for Sale of Shares, it plans to approve the Demand for Sale of Shares through the Target Company's board of directors. If a Demand for Sale of Shares is made, the Target Company shareholders may, in accordance with Article 179 (8) of the Companies Act, which stipulates protection of minority shareholders' right (excluding the Tender Offeror and Target Company) in face of the Demand for Sale of Shares, and all other relevant laws and regulations, petition a court for a decision on the purchase price of the shareholders' common shares. Moreover, the purchase price for Target Company shareholders who make the above petition will ultimately be determined by the courts.

On the other hand, if, after the completion of the Tender Offer, the total voting rights held by the Tender Offeror in the Target Company represent less than 90% of the total voting rights of shareholders in the Target Company, the Tender

Offeror plans to, in accordance with Article 180 of the Companies Act , request to the Target Company promptly after completion of settlement of the Tender Offer that an Extraordinary General Meeting of Shareholders (hereinafter "the Extraordinary General Meeting of Shareholders") be held, including agenda items regarding consolidation of Target Company shares (hereinafter, "Share Consolidation") and partial amendments to the articles of incorporation abolishing the provisions regarding share unit numbers conditional upon the Share Consolidation taking effect. In addition, the Tender Offeror plans to support the above agenda items at the Extraordinary General Meeting of Shareholders. As of today, the Extraordinary General Meeting of Shareholders is scheduled to be held around June 2020.

If the Share Consolidation resolution is passed at the Extraordinary General Meeting of Shareholders, Target Company shareholders shall come to acquire on the day in which the Share Consolidation takes effect the number of shares in the Target Company according to the Share Consolidation ratio approved at the Extraordinary General Meeting of Shareholders. When fractions of one share arise due to the Share Consolidation, in accordance with the procedures stipulated in Article 235 of the Companies Act and other related laws and regulations, monies obtained from sale and others. to the Target Company or the Tender Offeror of the Target Company shares equivalent to the total number of the fractions of one share concerned (when a total amount is less than one share, the fraction concerned shall be truncated; the same applies hereinafter) are to be distributed to the Target Company shareholders for whom fractions of one share have arisen. With regard to the sale price of the Target Company shares equivalent to the total number of the fractions of one share concerned, concerning the amount of the monies distributed to shareholders (excluding the Tender Offeror and the Target Company) of the Target Company who did not subscribe to the Tender Offer as a result of the sale concerned, after valuation to become the same price as the Tender Offer unit price multiplied by the number of Target Company shares held by the shareholders concerned, it is expected to be requested of the Target Company that it petition the courts to allow voluntary sale. The ratio of consolidation of Target Company shares is not determined as of today, but the Tender Offeror plans to request that the Target Company determine it so that the numbers of Target Company shares held by shareholders (excluding the Tender Offeror and the Target Company) of the Target Company who did not subscribe to the Tender Offer become fractions of one share, so that the Tender Offeror comes to acquire all shares in the Target Company (excluding the Tender Offeror and the Target Company).

In terms of the provisions in the Companies Act aimed at protecting the rights of minority shareholders in a share consolidation, when fractions of one share arise due to a share consolidation, in accordance with the provisions of Paragraphs 4 and 5, Article 182 of the Companies Act and other related laws and regulations, it is stipulated in the Companies Act that shareholders (excluding the Tender Offeror and the Target Company) of the Target Company may request that the Target Company purchase at a fair price all of those within their shareholdings which become fractions of one share, and they may petition the courts to determine the price of shares in the Target Company.

In accordance with the above, with respect to the Share Consolidation, it is anticipated that fractions of one share will arise within the number of shares held in the Target Company by shareholders (excluding the Tender Offeror and the Target Company) of the Target Company who did not subscribe to the Tender Offer, and thus it is anticipated that shareholders (excluding the Tender Offeror and the Target Company) of the Target Company who are opposed to the Share Consolidation can make a petition as per the above. Moreover, the purchase price for Target Company shareholders who have made the above petition will ultimately be determined by the courts.

The methods and timing of implementing the respective procedures for the above Demand for Sales of Shares and Share Consolidation may change due to revision, enforcement, and status of interpretation by regulatory authorities regarding the related laws and regulations. However, it is planned for monies to ultimately be distributed to shareholders (excluding the Tender Offeror and the Target Company) of the Target Company who did not subscribe to the Tender Offer, and in that event, the valuation of the amount of the monies to be distributed to the respective shareholders concerned is expected to be the same price as the Tender Offer unit price multiplied by the number of Target Company shares held by the respective shareholders. The specific procedures, timing of implementation in the above case are planned to be promptly announced by the Target Company once determined after discussion with the Target Company. In addition, the Tender Offer is not in any way intended to solicit support from shareholders of the Target Company at the Extraordinary General Meeting of Shareholders. Moreover, we request that Target Company shareholders (on their own responsibility) consult a specialist such as a tax accountant regarding the taxation treatment of subscription to the Tender Offer or in the above respective procedures.

(5) Possibility of delisting and reason thereof

As of today, the Target Company is listed on the first section of the Tokyo Stock Exchange, but as neither the Tender Offeror nor the Tender Offer have set an upper limit on the number of shares to be purchased, depending on the result of the Tender Offer, the shares of the Target Company may, in accordance with the Tokyo Stock Exchange delisting criteria, be delisted through the prescribed procedures. In addition, even if the relevant criteria are not satisfied at the point that the Tender Offer is concluded, if the Squeeze-Out Procedures as described in the above "(4) Post-Tender Offer Reorganization(s) Policy (matters relating to the so-called two step acquisition)" are implemented after the Tender Offer is concluded, the Tokyo Stock Exchange delisting criteria will be satisfied, and the shares of the Target Company will be delisted through the prescribed procedures. The shares of the Target Company cannot be traded on the Tokyo Stock Exchange after delisting.

(6) Significant items of agreement relating to the Tender Offer
There are no applicable items.

2. Overview of Tender Offer

(1) Outline of Target Company

(1)	Name	Yamaha Motor Robotics Holdings Co., Ltd.	
(2)	Head office:	2-51-1 Inadaira Musashimurayama-shi, Tokyo 208-8585, Japan	
(3)	Title of Representative / Name	President and Representative Director Osamu Ishioka	
(4)	Business Activities	Formulation of Management Strategy and Management of Group Companies	
(5)	Capital	13.360 billion yen (as of December 31, 2019)	
(6)	Date of Foundation	August 6, 1959	
(7)	Major shareholders and shareholding ratio (As of September 30, 2019)	Yamaha Motor Co, Ltd.	59.00%
		STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy: Custody operations department, Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	2.46%
		Mizuho Trust & Banking Co., Ltd Retirement Benefit Trust Kiraboshi Bank Ltd. Standby trustee: Trust & Custody Services Bank, Ltd.	2.02%
		J.P. MORGAN BANK LUXEMBOURG S.A. 1300000 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.83%
		The Master Trust Bank of Japan, Ltd. (trust account)	1.41%
		Shinkawa Business Partners Stock Ownership Group	1.40%
		GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	1.28%
		I&E Corporation	1.12%
		Tokyo Kiraboshi Lease, Inc.	0.91%
		Japan Trustee Services Bank, Ltd. (trust account 5)	0.67%
(8)	Relationship between the Tender Offeror and the Target Company	Capital Ties	As of today, the Tender Offeror possesses 26,178,100 shares of the Target Company (ownership ratio: 58.99%).
		Personnel Relationships	Two executives of the Target Company (one of whom is the Chairman & Representative Director) hold positions as Directors or Executive Officers of the Tender Offeror, and two of them (one of whom is President & Representative Director of the Target Company) previously worked for the Tender Offeror. Apart from the above, seven employees of the Tender Offeror have been seconded to work for the Target Company, and two employees of the Target Company group have been seconded to work for the Tender Offeror.
		Business relationship related	The Tender Offeror Group and the Target Company Group have a business relationship, such as sourcing and selling flip chip bonders (semiconductor manufacturing devices), entrusting development of functions and software for industrial devices including the above to each other, granting software licenses for industrial devices, and entrusting information systems operations work to each other.
		Applicable situations to related parties	The Target Company is a consolidated subsidiary of the Tender Offeror, and therefore corresponds to being a related party of the Tender Offeror.

(Note) The items listed in “(7) Major shareholders and ownership ratio (as at September 30, 2019)” are based on the

"Situations of major shareholders" in the FY 2019 Second Quarter Report submitted by the Target Company on November 14, 2019.

(2) Scheduling

① Schedule

Date: Board of Directors' Resolution	Wednesday, February 12, 2020
Notice Date for Tender Offer Start	Feb 13, 2020 (Thursday) Electronic public notices shall be announced and listing of such made in the Nihon Keizai Shimbun newspaper. (Electronic public notice address http://disclosure.edinet-fsa.go.jp/)
Submission date for Tender Offer Notification Form	Feb 13, 2020 (Thursday)

② Initial Tender Offer period as at notification

From Thursday, February 13, 2020 to Friday, April 10, 2020 (40 business days)

③ Possibility of extension based on request by the Target Company

There are no applicable items.

(3) Tender Offer unit price

750 yen per common share

(4) Basis for evaluating the Tender Offer unit price

① Grounds of valuation

In determining the unit price in the Tender Offer, the Tender Offeror requested that Mizuho Securities, a financial advisor to the Tender Offeror, evaluate the value of the shares of the Target Company as a third-party appraiser who is independent of the Tender Offeror group, which includes the Tender Offeror and the Target Company. In addition, Mizuho Securities does not correspond to a related party of the Tender Offeror or the Target Company and has no significant interests regarding this Tender Offer.

After reviewing the financial situation, market share price trends and others. of the Target Company, Mizuho Securities has, based on the approach that a multifaceted evaluation is appropriate, and after considering which Share Valuation methods should be adopted from among various valuation methods, used the Average Market Price method. On February 10, 2020, the Tender Offeror has received from Mizuho Securities the share valuation Report regarding the results of evaluating the share value of the Target Company (hereinafter the "Tender Offer Valuation Report." Also, the Tender Offeror has not received a fairness opinion regarding the price of this Tender Offer from Mizuho Securities.

According to the Tender Offeror's Share Valuation Report, the methods adopted and the ranges of per share value of the Target Company evaluated based on the relevant methods are as follows.

Average Market Price method: From 508 yen to 566 yen

DCF method: 636 yen to 779 yen

The Average Market Price method takes February 10, 2020 (the business day before the Tender Offer was announced) as the valuation record date, and based on the closing price of Target Company shares on the first section of the Tokyo Stock Exchange on the valuation record date of 508 yen, the simple average of closing share prices for the five business days before the date concerned of 513 yen, the simple average of closing share prices for the one month before the date concerned of 538 yen, the simple average of closing share prices for the three months before the date concerned of 566 yen, and the simple average of closing share prices for the six months before the date concerned of 512 yen, evaluates the range of per share value of the Target Company as being from 508 yen to 566 yen.

The DCF method, beginning with the business plan provided by the Target Company (covering the 5 years and 3 months from the third quarter of the 2019 financial year and the financial year ending December 2020 to the financial year ending December 2024), and based on projections of the Target Company's future income adjusted by the Tender Offeror which analyzed latest business performance in financial results and the results of the due diligence conducted on the Target Company by the Tender Offeror from early January 2020 to early February of the same year as well as considering various factors such as publicly-disclosed information, evaluates the corporate value and share value of the Target Company by discounting the free cash flow forecast to be generated by the Target Company from the financial year ending December 2020 onwards to the present value by a set discount rate, and thus evaluates the range of per share value of the Target Company as being from 636 yen to 779 yen. Note that, because the synergy effects anticipated to be brought forth by executing this transaction are difficult to estimate in specific terms at this time, the business plan has not been created based on the assumption of executing this transaction. In addition, the business plan does include business years with significant increases in profits. More specifically, the business profit, which was in loss in the previous period

(the year ending on December 31, 2020) is projected to go into profit in the year ending on December 31, 2021, and the business profit for the year ending December 31, 2022 to increase by 49% on the previous year. The Target Company disclosed the formulation of a Medium-Term Management Plan for up to the year ending on December 31, 2021, in the "Announcement Regarding Medium-Term Management Plan Formulation" dated August 7, 2019. The company is currently working on the recovery of its corporate strength so that it can create an operating cash flow of approximately 3 billion yen per year, by significantly reducing fixed costs through a business re-structuring including the consolidation of domestic and overseas manufacturing locations, and by strengthening its products competitiveness through joint development at the Target Company Group. The company anticipate a revenue increase after introducing new products for the semi-conductor market in the year ending on December 31, 2021. Thus, the company is targeting sales of approx. 35.1 billion yen, and a business profit of approx. 2.19 billion yen then. Also, in the year ending December 31, 2022, it is anticipated that a competitive advantage will be established by creating high added-value process technology that integrates semiconductor back-end-manufacturing processes, and further business success will be achieved mainly around advanced technology areas, through further enhancement of cooperation at the Target Company Group. Moreover, in the year ending December 31, 2024, the business profit is projected to increase by 39% on the previous period. This is based on anticipation that the net sales of high added-value products in the areas of semiconductor manufacturing device and electronic component mounting equipment will increase, due to increasing demand for semiconductors brought by the advancement of the Internet of Things (IoT), artificial intelligence (AI), 5G, and others.
The Tender Offeror has, in addition to the valuation results of the Tender Offeror's Share Valuation Report obtained from Mizuho Securities, and considering various factors such as the results of the due diligence conducted on the Target Company by the Tender Offeror from early January 2020 to early February the same year, prospect for support of the Board of Directors of the Target Company to support the Tender Offer, market price trends of the Target Company's shares, examples of premiums paid in determining the Tender Offer unit price in Tender Offers premised on a listed company being made a wholly-owned subsidiary by its parent company among Tender Offers for share certificates by parties other than those who have issued them, and forecasts of the number of subscriptions in the Tender Offer, as well as the results of discussions and negotiations with the Target Company regarding the price of this Tender Offer, ultimately determined at the Board of Directors' meeting held on February 12, 2020 to set the price of this Tender Offer at 750 yen.
The price of this Tender Offer at 750 yen reflects a premium of 47.64% above 508 yen, the closing price of Target Company shares on the first section of the Tokyo Stock Exchange on February 10, 2020, the business day before the Tender Offer was announced, of 39.41% above 538 yen, the simple average of closing share prices for the one month before the date concerned, of 32.51% above 566 yen, the simple average of closing share prices for the three months before the date concerned, and of 46.48% above 512 yen, the simple average of closing share prices for the six months before the date concerned respectively.
In addition, the Tender Offeror has, by undertaking the Third-Party Share Allotment Capital Increase, obtained 26,178,100 shares in the Target Company on June 24, 2019 at per share value of 382 yen. Although difference of 368 yen per share value has arisen between this price and this price of Tender Offer (750 yen), this is due to the following reason. While the acquisition price via the Third-Party Share Allotment Capital Increase is determined by the simple average (382 yen) of closing prices of Target Company shares on the first section of the Tokyo Stock Exchange over the one month (January 9, 2019 to February 8, 2019) until a day before the date of the Board of Directors' resolution relating to the Third-Party Share Allotment Capital Increase, by comparison, the purchase price via this Tender Offer is determined by reflection of increasing price, the closing price (508 yen) of Target Company shares on the first section of the Tokyo Stock Exchange on the business day (February 10, 2020) before the date the Board of Directors' meeting at which this Tender Offer is approved, rose by 32.98% (rounded to two decimal places) to the simple average value concerned, and in addition, the Tender Offer Price includes premium as per the above (a premium of 47.64% compared to the closing price (508 yen) of Target Company shares on the first section of the Tokyo Stock Exchange on February 10, 2020, 39.41% compared to the simple average of closing prices for the one month before the date concerned, 32.51% compared to the simple average of closing prices for the three months before the date concerned, and 46.48% compared to the simple average of closing prices for the six months before the date concerned).

② Background of Valuation
(Background to determination of the price of this Tender Offer)
As noted in "(1) Background, purpose and decision-making process that led to the decision to implement the Tender Offer" in "(2) Background, purpose and decision-making process that led to the decision to implement the Tender Offer, and the management policy to be implemented after the Tender Offer has taken place" in "1. Purpose of Tender Offer", the Tender Offeror believes that making the Target Company a wholly-owned subsidiary will build a structure which enables faster and flexible decision-making and following management resources which are subject to certain restrictions under current capital structure: client, business and technology, and finance. In parallel, the Tender Offeror believes that realization of synergies such as (i) Growth of clients base brought by seamless cooperation of the Tender Offeror and the Target Company (ii) Maximization of management resources and know-how in the Tender Offeror group (iii) Simplifying decision-making procedures (iv) Efficient allocation of investment and creation of stable future cash flow in

faster and further manner, will lead to improve corporate value both for the Tender Offeror group and the Target Company group.

Accordingly, in early December 2019 the Tender Offeror appointed Mizuho Securities (as a financial advisor and a third-party appraiser independent of the Tender Offeror group including the Target Company) and a legal office of Mori Hamada & Matsumoto (as a legal advisor) respectively. As the Tender Offeror began specific considerations regarding this transaction, the Tender Offeror conveyed to the Target Company its intention to begin discussions aimed at executing this transaction in order to improve the corporate value of both companies. Subsequently, the Tender Offeror presented the Target Company with a proposal document regarding this transaction on December 23, 2019, and the Tender Offeror and Target Company began specific discussions and considerations aimed at this transaction.
Furthermore, in parallel to the Tender Offeror carrying out due diligence to examine the feasibility of this transaction from early January 2020 to early February, the Tender Offeror carried out more detailed discussions and considerations with the Target Company regarding the significance and aims of this transaction, as well as several discussions and considerations regarding the management system and business policy after this transaction, and the various conditions of this transaction.
In addition, regarding Tender Offer Price, the Tender Offeror made a formal proposal to the Target Company on January 21, 2020 which stipulated the Tender Offer Price of 650 yen per share price, but the Target Company requested that the Tender Offeror reconsider the content of the proposal, stating that it did not sufficiently reflect the corporate value of the Target Company. Subsequently, based on the request from the Target Company to reconsider the content of the proposal, the Tender Offeror proposed a Tender Offer Price of 690 yen on February 3, 2020 and then a Tender Offer Price of 720 yen on the 5th of the same month; however, the Target Company indicated each time that a reasonable price had not been reached and requested reconsideration of the proposal content, so the Tender Offeror proposed a Tender Offer Price of 750 yen per share on the 7th of the same month. Then, as a result of the discussions and negotiations concerned, on February 10, 2020 the Tender Offeror and the Target Company agreed on a unit price in the Tender Offer of 750 yen per share. Based on the discussions and considerations concerned, the Tender Offeror has, in addition to the valuation results of the Tender Offeror’s Share Valuation Report obtained from Mizuho Securities, and considering many factors such as the results of the due diligence conducted on the Target Company by the Tender Offeror from early January 2020 to early February the same year as well as the results of discussions and negotiations with the Target Company regarding the price of this Tender Offer, ultimately determined at the Board of Directors’ meeting held on February 12, 2020 to execute this translation including the Tender Offer, and, based on the background below, set the price of this Tender Offer at 750 yen. Please refer to “(2) Background, purpose and decision-making process that led to the decision to implement the Tender Offer, and the management policy to be implemented after the Tender Offer has taken place” in “1. Purpose of Tender Offer” above for details regarding the background to the Tender Offeror determining to execute the Tender Offer.

(i) The third party valuation organization
In determining the unit price in the Tender Offer, the Tender Offeror requested that Mizuho Securities, a financial advisor to the Tender Offeror, evaluate the value of the shares of the Target Company as a third-party appraiser independent of the Tender Offeror group, which includes the Tender Offeror and the Target Company. The Tender Offeror’s Share Valuation Report dated February 10, 2020 was obtained regarding the valuation results of the Target Company share value. Also, the Tender Offeror has not received a fairness opinion regarding the price of this Tender Offer from Mizuho Securities.

(ii) Overview of the opinions concerned
Mizuho Securities has evaluated the share value of the Target Company using the Average Market Price method and the DCF method. The methods adopted and the ranges of per share value of the Target Company evaluated based on the relevant methods are as follows.

Average Market Price method:	From 508 yen to 566 yen
DCF method:	From 636 yen to 779 yen

(iii) Reasons for reaching determination of the unit price in the Tender Offer based on the valuation concerned
The Tender Offeror has, in addition to the valuation results of the Tender Offeror’s Share Valuation Report obtained from Mizuho Securities, and considering many factors such as the results of the due diligence conducted on the Target Company by the Tender Offeror from early January 2020 to early February the same year, prospect for support of the Board of Directors’ of the Target Company to the Tender Offer, market price trends of the Target Company's shares, examples of premiums paid in determining the Tender Offer unit price in Tender Offers premised on a listed company being made a wholly-owned subsidiary by its parent company among Tender Offers for share certificates. by parties other than those who have issued them, and forecasts of the number of subscriptions in the Tender Offer, as well as the results of discussions and negotiations with the Target Company regarding the price of this Tender Offer, ultimately determined at the Board of Directors’ meeting held on February 12, 2020 to set the price of this Tender Offer at 750 yen.

(Measures to ensure the fairness of the price of the Tender Offer and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer)
As of today, the Tender Offeror possesses 26,178,100 shares in the Target Company (ownership ratio: 58.99%), based on which the Target Company constitutes a consolidated subsidiary of the Tender Offeror, the Tender Offeror is the controlling shareholder in the Target Company, and this transaction constitutes a signification transaction between the Tender Offeror and the controlling shareholder. In addition, as two out of nine Directors of the Target Company work concurrently as executives of the Tender Offeror and two previously worked for the Tender Offeror, given that a situation of structural conflict of interest may arise in considerations at the Target Company regarding this transaction, each of the following measures is being taken as measures to ensure the fairness of the price of the Tender Offer and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer. The descriptions of the measures taken at the Target Company among the following are based on explanations received from the Target Company.
(i) Obtaining the Share Valuation Report from a third-party appraiser independent of the Tender Offeror
In determining the unit price in the Tender Offer, the Tender Offeror requested that financial advisor Mizuho Securities evaluate the value of the shares of the Target Company as a third-party appraiser independent of the Tender Offeror and the Target Company. The Tender Offeror's Share Valuation Report was obtained dated February 10, 2020. Please refer to "Grounds of valuation" above for details.

(ii) Obtaining the Share Valuation Report and fairness opinion from a third-party appraiser independent of the Target Company
According to press releases from the Target Company, in order to make an opinion to this Tender Offer, the Target Company appointed and has requested valuation of the value of the Target Company shares to Plutus, a financial advisor and a third-party appraiser independent of the Target Company and the Tender Offeror. In addition, Plutus does not correspond to a related party of the Target Company or the Tender Offeror and have no significant interests regarding this Tender Offer. The remuneration for Plutus related to the Transactions is a fixed amount to be paid regardless of the success/failure of this Transaction and does not include any success remuneration whose payment is contingent on the conclusion of the Transactions including the Tender Offer.
After considering which valuation methods should be adopted for evaluating the Target Company's shares from various valuation methods, and based on the assumption that the Target Company will continue in business, Plutus reached a conclusion that a multifaceted evaluation is appropriate for valuing the Target Company's shares. After analysis of the per share value of the Target Company by using two valuation methods - the Average Market Price, which considers the market price trends of the Target Company's shares, and the DCF method, which reflects direct evaluation of future earnings capability from business activities in its valuations - the Target Company's Share Valuation Report was obtained from Plutus dated February 10, 2020, the business day before the Tender Offer was announced.
The ranges of per share value of the Target Company evaluated based on the above methods as follows.

Average Market Price Method:	From 508 yen to 566 yen
DCF method:	From 558 yen to 852 yen

The Average Market Price Method bases its valuations of share value on the market share price, being determined by trading of investors on the open market considering diverse factors such as corporate future potential, earning capacity, and asset value. Therefore, this method is considered as a highly objective and appropriate indicator appraising the value of shares of listed. However, there are limits to the efficiency of markets, and share prices at any one moment in time may be distorted by in-ordinary factors. Therefore, when applying the Average Market Price method, it is considered necessary to, as well as the share price on the evaluation record date, also consider the closing prices or average share prices preceding a reasonable period from the evaluation record date. From such a perspective, while marked fluctuations from the closing price of the previous business day are evident due to factors such as the disclosure dated November 12, 2019 of the "Notice of Recording of Non-operating Expenses and Extraordinary Losses, and Revisions to Dividend Forecasts (No Dividend)", based on evaluation of the trading volume, closing price, and rate of fluctuation compared to the previous business day's closing price of the Target Company's shares for each business day in the six months preceding February 10, 2020, the business day before the Tender Offer was announced, even after wide-ranging consideration whether there were any abnormal transactions or events which could have had a marked impact on the state of the market share price, no such transactions or events could be found. Therefore, Plutus adopted the Average Market Price as one of valuation methods. The Average Market Price takes February 10, 2020 (the business day before the Tender Offer was announced) as the record date, and based on the closing price of Target Company shares on the Tokyo Stock Exchange on the record date (508 yen), the simple average of closing share prices for the one month before the record date (538 yen), the simple average of closing share prices for the three months before the record date (566 yen), and the simple average of closing share prices for the six months before the record date (512 yen), analyzes the range of per share value of the Target Company as being from 508 yen to 566 yen.
The DCF method applies an appropriate discount rate (considering risks) to the free cash flow which the company is likely to generate over a set period into the future to evaluate the present value of that cash flow and thereby estimate the business value. This method evaluates corporate value and share value by considering elements such as assets unrelated

to business operations and interest-bearing debt, and because it is considered to be the most theoretical method of evaluating businesses whose operations are ongoing, Plutus is said to have adopted this as one of valuation methods. The DCF method appraises the free cash flow - estimated based on various factors such as the profitability and investment targets in the business plan drawn up by the Target Company (from the financial year ending December 2020 to the financial year ending December 2024) (hereinafter the “Business Plan”), interviews with the Target Company, and publicly-available information - to be generated by the Target Company from the first quarter of the financial year ending December 2020 onwards, and discounts it to the present value by a set discount rate to analyze the corporate value and share value of the Target Company, and thus analyze the range of per share value as being from 558 yen to 852 yen. Valuation of continuing value in the DCF method is carried out by using the permanent growth rate method. Specifically, the permanent growth rate method uses a permanent growth rate of 0% and a reasonable long-term growth rate of 0.65%. Discount rates used are from 9.192% to 12.446%. In addition, the discount rate uses the Weighted Average Cost of Capital, WACC. The Weighted Average Cost of Capital is calculated by applying the weighted average of the shareholders' equity ratio estimated from information for similar listed companies to the shareholder capital cost estimated using the Capital Asset Pricing Model (CAPM) and the cost of debt estimated from the forecast procurement interest rates after tax shield effects are removed.
The Business Plan which Plutus adopted as the precondition for their DCF method analysis is as follows. Plutus has reviewed the content of the Business Plan based on several Q&A sessions with the Target Company, and the Special Committee has confirmed that its content, preconditions, and others are reasonable. In addition, the Business Plan includes financial years in which significant increases in profits are forecast. Specifically, in the financial year ending on December 31, 2021, the operating income which was in the red the previous financial year (ending on December 31, 2020) is forecasted to move into the black, and operating income is then forecast to increase by 49% over the previous year in the financial year ending on December 31, 2022. In its "Notice of Establishment of Medium-term Management Plan" dated August 7, 2019, the Target Company disclosed that it had formulated a Medium-term Management Plan with the final year as the financial year ending on December 31, 2021. By focusing on reform its business structure, including reorganizing its domestic and overseas production locations, the Target Company plans to work on significantly reducing its fixed costs, and also, by joint development and others. across the Target Company group, increase its product strength. It is working to return to a corporate structure which generates around 3.0 billion yen per year of operating cash flow, and also forecasts increased net sales by launching new products for the semiconductor market in the financial year ending on December 31, 2021. It has set as targets net sales of approximately 35.1 billion yen and operating income of approximately 2.19 billion yen. In the financial year ending on December 31, 2022, the Target Company plans to establish competitive advantage by launching high value-added process technology which integrates semiconductor back-end processing by accelerating collaboration within the Target Company group, forecasting further business growth mainly in advanced technology fields. Operating income is forecast to increase by 39% compared with the previous fiscal year in the financial year ending on December 31, 2024, based on forecasts of increased net sales of high added-value products in the areas of semiconductor manufacturing device and electronic component mounting equipment, influenced by increased demand for semiconductors, thanks to the advancement of the Internet of Things (IoT), artificial intelligence (AI), 5G, and others. The synergy effects anticipated through the execution of the Transactions, excluding the cost reduction from no longer maintaining the share market listing, remains to be estimated at this time, and yet to be included in the Business Plan.

Unit: million yen

	Financial year ending December 31, 2020	Financial year ending December 31, 2021	Financial year ending December 31, 2022	Financial year ending December 31, 2023	Financial year ending December 31, 2024
Net Sales	28,629	35,104	38,311	40,011	43,854
Operating income or operating loss (-)	-872	2,197	3,275	4,065	5,655
EBITDA	622	3,598	4,677	5,383	6,890
Free cash flow	-4,133	-298	1,870	3,179	3,487

(Note) EBITDA is calculated from operating income by including the cost reduction from no longer maintaining the share market listing, depreciation and amortization of goodwill. Free cash flow is calculated based on the EBITDA concerned.

In addition, the Target Company received a fairness opinion from Plutus on February 10, 2020, stating that the Tender Offer unit price of 750 per share is, from a financial viewpoint, fair to minority shareholders of the Target Company. This fairness opinion is said to be a statement of opinion that, in light of the Share Valuation results based on the business plan drawn up by the Target Company, the Tender Offer unit price of 750 per share is, from a financial viewpoint, fair to minority shareholders of the Target Company. In addition, this fairness opinion was issued by Plutus based on the results of valuation of the Target Company's share value performed after receiving disclosure from the Target Company regarding such aspects as the current state of the Target Company's business, future business plans, and explanation regarding the above, as well as Q and A with the Target Company relating to the overview, background, and purposes of this Tender Offer, consideration of the business environment, economy, market, and financial situation of the Target Company within a scope deemed necessary by Plutus, and review procedures by an assessment committee independent of the engagement team at Plutus.

(iii) Advice from the Target Company's independent law firm
According to press releases from the Target Company, in order to ensure transparency and rationality in the decision-making process of the Target Company Board of Directors regarding the Tender Offer, the Target Company has appointed Sato Sogo Law Office as legal advisors independent of both the Target Company and the Tender Offeror, and the Target Company has received the necessary legal advice from that Law Office regarding points to consider such as the decision-making methods and process of the Target Company Board of Directors regarding this transaction including the Tender Offer. In addition, that Law Office is said to not correspond to being a related party of the Target Company or the Tender Offeror and have no significant interests regarding this Tender Offer.

(iv) Establishment of an independent Special Committee at the Target Company and obtaining its report
(a) Background to Establishment
According to a press release from the Target Company, based on advice from legal advisor Sato Sogo Law Office, the Target Company held a Regular Board of Directors' meeting on December 23, 2019, and after passing a resolution to establishment the Special Committee, approached Shinya Fukuzaki (lawyer, Fukuzaki Law Office) and Yoshiyuki Wada (certified public accountant, Wada Kaikei Jimusho), external experts independent of Yuichi Kawakami outside director of the Target Company of the Target Company. The Target Company reported that it had received an offer from the Tender Offeror to become a wholly owned subsidiary through the Tender Offer and in light of the Transactions being important transactions with the controlling shareholder and to solve the issues of a structural conflict of interest between the Tender Offeror and minority shareholders, that the Target Company considered to establish of the Special Committee as an organizational body to ensure the fairness of the Transactions. The Target Company requested those above to become members of the Committee and obtained their informal consent to accept the offer.
The Target Company at an Extraordinary Board of Directors' Meeting on January 6, 2020, passed a resolution to establish the Special Committee comprising three members: Yuichi Kawakami, Shinya Fukuzaki, and Yoshiyuki Wada. (As a member of the board of directors of the Target Company and in a position directly involving in the management processes and having a certain level of experience in the business affairs of the Target Company, Yuichi Kawakami has been appointed to the chairperson of the Special Committee. The members of the Special Committee have not changed since the inception of the committee.) All remuneration for members of the Special Committee is to be a fixed amount that is not contingent on the announcement or conclusion of the Transactions.
On the same day, the Target Company requested the Special Committee about the Terms of Reference based on the resolutions of the aforementioned Extraordinary Board of Directors' Meeting, to make considerations and decisions whether this transaction being beneficial to improve the corporate value of the Target Company and rationality and the fairness of terms and conditions of this transaction from the perspective of meeting interests for general shareholders of the company. The Target Company at a normal Board of Directors' Meeting on February 5, 2020, passed a resolution to follow the judgement of the Special Committee to this transaction including resolution of itself to the utmost, and to disapprove this Tender Offer in case that the Special Committee judge deny rationality to the transaction.

(b) Background to consideration
Established on December 23, 2019, the Special Committee was convened a total of eight times from January 8 to February 10, 2020 for prudent and comprehensive consideration focused on the advisory matters based on materials and information (hereinafter, "materials and others. considered for this matter") provided to the Special Committee by the executives of the Target Company and the Tender Offeror, Plutus — a financial advisor and a third-party appraiser for the Target Company — and Sato Sogo Law Office — a legal advisor of the Target Company. Specifically, with Plutus and Sato Sogo Law Office not corresponding to being related parties of the Target Company or the Tender Offeror and having no significant interests regarding this Tender Offer and consequently being approved as financial advisor and legal advisor respectively, the Special Committee confirmed that it could also receive specialist advice from the two companies as needed and verified that there were no issues in terms of the consideration structure for the Transactions.
In terms of specific subsequent deliberations, the Special Committee (1) received explanations from the Target Company regarding such topics as the business conditions of the Target Company, the business environment, details of the Business Plan, and effects on the business of the Target Company for the Transactions and conducted Q&A sessions on these topics, and (2) presented questioned directed to the Target Company, and carried out Q&A sessions on topics such as the business condition and environment of the Tender Offeror, the purpose and background of the Transactions, and

management policies to follow the Transactions and carried out Q&A in an interview format.
In addition, the Special Committee received explanations from the Target Company about the details and creation process of the Business Plan created by the Target Company and verified the rationality of these matters based on advice received from Plutus. The Special Committee also received an explanation from Plutus about important prerequisites, including details of the Share Valuation carried out on the basis of the Business Plan, the basis for calculating discount rates using the DCF method, and reasons for selecting similar listed companies, and confirmed these.
The Special Committee also deliberated and considered measures to protect procedural fairness within the Transactions based on legal advice received from Sato Sogo Law Office.
Upon receiving the opinion of Plutus regarding negotiation policies, including negotiating fairly using a general negotiation process in which M&A is carried out by a third party independent from all sides, the Special Committee deliberated and discussed the details, and after receiving a proposal from the Tender Offeror on January 21, 2020 for a Tender Offer unit price of 650 yen per share, deliberated and considered negotiation policies for the Tender Offeror based on the opinion of Plutus. The Special Committee then discussed and negotiated the Tender Offer unit price with the Tender Offeror in cooperation with Plutus in writing, upon the request of the Special Committee and eventually received a final offer for a Tender Offer unit price of 750 yen per share from the Tender Offeror on February 7, 2020. In addition, the Target Company received the Target Company's Share Valuation Report and fairness opinion from Plutus on February 10, 2020.

(c) Assessment Content
The Special Committee, upon conducting this assessment, reserves and mentions that the assessment by the Special Committee has not been conducted regarding the credibility, accuracy and integrity, and others of the Assessment Materials, and there is necessity to confirm whether there have been changes to the matters which the assessment of the Report has been based on, the procedures relating to the Transaction carried out by the Target Company and the Tender Offeror comply to applicable laws and regulations, that the Assessment Materials are true and accurate as of the day when the report is created and that necessary information to avoid misunderstanding has not been omitted, that there are no important information or facts other than the Assessment Materials that may influence the content of the Special Committee's report, that the content of the drafts of the Assessment Materials do not differ from the content which will be officially confirmed, disclosed and/or submitted to the regulators, and that Plutus fulfills their obligations to the Target Company as a specialist in valuation pf shares when conducting the valuation of the Target Company shares and creating the report on the valuation of the Target Company shares, and that the transaction is not believed to be disadvantageous to the minority based on a report which submits, by a unanimous resolution of all the members of the committee to the Board of Directors of the Target Company. A summary of the report is as follows.

(A) Whether the transaction contributes to improving the corporate value of the Target Company

"(2) Background, purpose and decision-making process that led to the decision to implement the Tender Offer, and the management policy to be implemented after the Tender Offer has taken place," in "(1) Purpose of purchase" with regard to the business environment surrounding the Target Company and the Target Company owned by the Tender Offeror and the current status of the Target Company's management issues, the Special Committee has no objections, and it is considered necessary and rational to conduct the Transaction at this time with the aim of creating and manifesting further synergies between the two parties.

- Based on the above business environment and management issues, according to the management of the Target Company, it is important to take measures to improve sales as well as reduce the costs related to the semiconductor manufacturing equipment early through further use of management resources in order to improve the corporate value of the Target Company.

In addition, it is important that the Target Company should establish a prompt decision-making process in order to implement measures to reduce costs and increase sales early, and to make effective use of management resources.

In accordance, the transaction is considered to be an effective option for implementing such measures.

Although the Target Company has carried out above measures and achieved certain effects through Three-Party Integration, both parties are independently listed companies and the Tender Offeror remains a controlling shareholder. Realization of synergies as are stated in"(2) Background, purpose and decision-making process that led to the decision to implement the Tender Offer, and the management policy to be implemented after the Tender Offer has taken place," in "(1) Purpose of purchase" has the problems in implementation by insufficient integration of purchasing, development, manufacturing and sales channels, effective use of mutual management resources between the two, decision-making of the target whose consideration must be given to the interests of the Target Company's general shareholders while paying attention to conflicts of interest between both parties. Transaction will make the Target a wholly owned subsidiary of the offer, thereby realizing measures to resolve the issues and restrictions, and eventually, it can therefore be expected that the described synergies as are exhibited in "(2) Background, purpose and decision-making process that led to the decision to implement the Tender Offer, and the management policy to be implemented after the Tender Offer has taken place" would be realized.

Although the Target Company may become a wholly owned subsidiary of the Tender Offeror by a method other than the Transaction, the Target Company Shareholders have taken into account the fact that the Target Company has been manufacturing and selling semiconductor manufacturing equipment for more than half a century,

and as a result of holding shares of the Target Company - a semiconductor manufacturing equipment manufacturer - when acquiring shares of the Tender Offeror whose main business is in a field different from the Target Company, It is not deemed that it is unreasonable not to adopt any method other than the Transaction, for the reason that the Target Company Shareholders acquired the Target Company Shares, which would be contrary to the background and expectations of the Target Company.

(B) Whether the conditions of the transaction are appropriate, and the procedures are fair

- Acquiring the Share Valuation Report and fairness opinion by an independent third-party appraisal institution

In deciding the terms and conditions of the Tender Offer, The Target Company obtains the Share Valuation Report from Plutus, a specialized independent third-party appraisal institution stating the price at 750 yen per share and also obtains the Fairness Opinion stating the price free of issue to Target Company's general shareholders from the viewpoint of financial factors.

- Adequacy of the negotiation process

As Plutus was primarily responsible for discussions and negotiations regarding the Tender Offer unit price between the Target Company and the Tender Offeror, the Special Committee received appropriate reports from Plutus regarding the negotiation process. The Special Committee has been discussing whether the Tender Offer price would be detrimental to the Target Minority Shareholders. These discussions have been reflected in the negotiations with the parties.

Based on previous negotiations, the Target Company can evaluate that the Tender Offer unit price by negotiating with the Tender Offeror on an equal footing., It is deemed that there is no situation that the Tender Offer unit price is arbitrarily determined and would impair the interests of minority shareholders.

- Compliance with related laws and regulations related to the squeeze-out procedure

In terms of the Target Company or the Tender Offeror plans to implement procedures in compliance with the Companies Act and other related laws and regulations in the Squeeze-out Procedure, it is expected that the same amount of money will be delivered as the Tender Offer unit price for which fairness and validity have been secured. It can then be said that the fairness and validity of the transaction conditions of the squeeze-out procedure have been secured.

(C) Whether it perceived that the conditions of the transaction are appropriate, and the procedures are fair

- Establishment of a special independent committee

In conducting the Transaction, the Target Company has established a special committee, and the Special Committee has met eight times in total. The Special Committee has determined whether the Transaction is appropriate from the viewpoint of improving the corporate value of the Target Company. Discussions and examinations have also been conducted from the viewpoint of whether the minority shareholders of the Target Company have been disadvantaged.

In addition, the Target Company's Board of Directors resolves that it will not make a resolution in favor of the of the Tender Offer in advance upon the request of the Special Committee if the Special Committee expresses an opinion against the Tender Offer.

In this way, the Target Company has established a special committee, and the Special Committee has conducted the above-mentioned activities, and has also gone through the process to pay high regard to the contents of the Special Committee's report. Therefore, it is considered that the special committee has worked in an effective way.

- Acquisition of specialist advice from external experts

The Target Company has appointed Sato Sogo Law Office as a legal advisor of independent of the Target Company and the Tender Offeror to ensure the fairness and appropriateness of the decisions of the Target Company's Board of Directors regarding the Transaction. The Target Company has also received legal advice on the decision-making process, method, and other points in making decisions regarding the Transaction, including the offer.

- Building an independent review system for the Target Company

In considering the Transaction, the Target Company has formed a special task force of members who have no interest in the offer and is conducting the Transaction.

Specifically, the Target Company, upon receiving a formal offer from the Tender Offeror on December 23, 2019 to start considering the conversion of the Target Company into a wholly owned subsidiary, immediately after the offer, in the course of negotiations between the Target Company and the Tender Offer unit price on the terms and conditions of the Transaction, from the perspective of eliminating any structural conflicts of interest between the Target Company and the Tender Offeror, not only the Target Company's officers and employees who concurrently serve as the Tender Offerors Group's officers and employees, but also the Tender Offerors and Target Company officers and employees who were formerly the Tender Offeror Group's officers and employees, are not be involved. The Special Committee has also approved this policy.

- Exclusion of special interest directors

The Target Company, Toshizumi Kato and Hiroyuki Ota, of the Target Company's directors also serve as executives of the Tender Offeror, and Osamu Ishioka and Hiroshi Ito are former employees of the Tender Offeror. In order to avoid conflicts of interest, these 4 directors of the Target Company did not participate in any deliberations or resolutions of the Transaction at the Board of Directors' meeting held on February 12, 2020.

In addition, the Target has not made the above-mentioned special interest directors participate in the discussions and negotiations regarding the offer.

- Securing the opportunity for another acquirer to make an offer on an acquisition (market check)

The Target Company will announce the facts concerning the offer and will not exclude the other tender offers. The Tender Offer Period will be 40 business days and this schedule will provide relatively long tender offer period to create an environment for other potential acquirers with opportunities of make a counterproposal after the announcement and result in implementing, a so-called the market check indirectly, it will be recognized.

The Target Company does not conduct so-called active market checks to investigate and consider whether there are potential acquirers in the market, but the offer is subject to being a controlling shareholder and therefore deemed to have little willingness to sell the Target Company Shares to third parties. Therefore, it was deemed that it was not meaningful to actively conduct market checks and its inaction to do so will not detract from the fairness of the offer procedure.

Setting the conditions of Majority of Minority

If the Tender Offeror sets the majority of minority conditions in the offer, it will make the conclusion that the offer is unstable and will not serve the interests of general shareholders wishing to tender in the offer. Therefore, this considers that there is a possibility that there will be no majority and therefore does not set the majority of minority conditions. As described above, the Transaction is considered to contribute to the enhancement of the Target Company's corporate value, and it is considered that the transaction conditions are deemed to be valid. Given that protection measures have been taken, the absence of the majority of minority terms in the offer is not considered to impair the fairness of the procedures.

(D) Report content

- It is considered necessary to express an opinion in favor of the offer and to resolve that the Target Company's shareholders are encouraged to apply for the offer.
- The opinion has been expressed in favor of the offer and a decision has been made to recommend the Target Company Shareholders to apply for the Tender Offer. Additionally, the squeeze-out procedure has been limited to minority shareholders of the Target Company to not disadvantage them.

(v) Approval of all directors of the Target Company that have no significant interests regarding this Tender Offer (including statutory auditors.)

According to the Target Company press release, of the nine (9) directors (including four outside directors) of the Target Company, except for Toshizumi Kato, Osamu Ishioka, Hiroyuki Ota and Hiroshi Ito participated in deliberation and resolution, the Target Company participated in the deliberation and the forming of resolution held during the Board of Directors' meeting on February 12, 2020. With the unanimous approval by all directors who have participated (including statutory auditors), the Target Company expresses their approval of the Tender Offer and recommends the shareholders of the Target Company to tender their shares of the Target Company to the Tender Offer. Among the Target Company directors, Toshizumi Kato and Hiroyuki Ota also concurrently serve as executives of the Tender Offeror (The former is a director of the Tender Offeror in charge of solutions and special equipment, and is in charge of alliance strategies, and the latter is an executive officer of the Tender Offeror, head of the Solutions Business Division.). Although Osamu Ishioka and Hiroshi Ito have not been appointed as directors or executive officers of the Tender Offeror, since both are from the Tender Offeror, from a viewpoint of avoiding the risk of conflicts of interest, they have not participated in the discussions and negotiations related to the Transaction and the deliberations and resolutions.

(vi) Securing an objective point of view in order to ensure the fairness of the Tender Offer
The Tender Offeror has set the period of 40 business days compared to the minimum of 20 days mandated by the laws and regulations. By setting a relatively long Tender Offer period, the Tender Offeror secures an opportunity for the Target Company's shareholders to make appropriate decisions regarding the Tender Offer, and offers an opportunity for those other than the Tender Offeror (hereinafter, the"Counter-Tender Offerors") to conduct competing Tender Offers, thereby confirming fairness of this Tender Offer.
Furthermore, the Tender Offeror and the Target Company have not agreed to agreements which include matters of trade protection that prohibit or restrict the Target Company to contact the Counter-Tender Offerors. In conjunction with the above Tender Offer period, by securing an opportunity for a competitive Tender Offer, consideration has been given to ensure the fairness of the Tender Offer.

The Tender Offeror, as stated in (1) Overview of the Tender Offer under 1. Purpose of purchase owns 26,178,100 shares of the Target Company (ownership ratio: 58.99%) as of today, and by setting a lower limit to the number of the so-called "majority of minority" shares to be purchased, the Tender Offer will become unstable. It may be possible that this may, in fact, not contribute to the benefit of the general shareholders who wish to tender to the Tender Offer; therefore, a lower limit to the number of the so-called "majority of minority" shares to be purchased is not set for this Tender Offer. However, as measures (i) to (vi) above are in place for the Tender Offeror and the Target Company, it is believed that sufficient consideration is given to the minority shareholders of the Target Company.

(Note 1) The Valuations as to the share price of the common shares of the Target Company made by Mizuho Securities were evaluated based on the assumption that publicly available information and all information provided to Mizuho Securities is accurate and complete without undisclosed material items which may affect the result of analysis and evaluation, and Mizuho Securities has not independently investigated the accuracy and completeness of such information. With respect to the financial projections made by the Target Company, the parties proceed on the assumption that such projections were developed by the managerial class of the Target Company employees based on the best and most accurate projections and judgements available at the time, and were thus considered and developed in a rational manner. With respect to assets and liabilities (including unlisted assets and liabilities and other contingent liabilities) of the Target Company and related parties, Mizuho Securities has not independently appraised or assessed, neither has any request been made to any third parties to conduct an appraisal or assessment. The valuation made by Mizuho Securities reflect the information up to February 10 of 2019.

(Note 2) In drawing up and presenting this fairness opinion as well as conducting the Share Valuation on which it is based, Plutus relies on the assumption that publicly available information and all information provided to Plutus is accurate and complete without undisclosed material items which may affect the result of analysis and evaluation, and Plutus has not independently investigated the accuracy and completeness of such information and bears no obligation to investigate. With respect to assets and liabilities (including unlisted assets and liabilities and other contingent liabilities) of the Target Company and related parties, Plutus has not independently appraised or assessed including analysis and evaluation of individual assets and liabilities, and the Target Company has received no evaluation or appraisal documents relating to the above. In addition, Plutus has not conducted evaluation of the Target Company's creditworthiness under the applicable laws and regulations, such as bankruptcy, payment suspension, or similar items.
With respect to the financial projections and other materials used as the basic materials for the fairness opinion made by the Target Company, Plutus proceeds on the assumption that such projections were developed by the managerial class of the Target Company employees based on the best and most accurate projections and judgements available at the present time. Plutus does not guarantee their feasibility of projections and expresses no opinion at all regarding the analysis and forecasts which are the preconditions for their creation, nor the prerequisite conditions which form the background thereof. In terms of fairness of the Tender Offer unit price to minority shareholders of the Target Company from a financial viewpoint, this fairness opinion takes as its preconditions the financial and capital markets, economic conditions, and other circumstances as at the day on which it was created, is based on the information provided to and obtained by Plutus by the day on which it was created, and states opinions as at the day on which it was created. Plutus has no obligation to conduct revision, changes, or make additions to the content of this fairness opinion in the event of subsequent changes to the circumstances or their preconditions. In addition, this fairness opinion neither infers nor suggests any opinion about items which are not explicitly listed in the fairness opinion nor with regard to the period after the date on which it was submitted. This fairness opinion only states an opinion about the fairness of the Tender Offer unit price to minority shareholders of the Target Company from a financial viewpoint. It states no opinions at all to holders of securities issued by the Target Company, creditors, and other stakeholders, and does not recommend subscriptions to the Tender Offer or any other action to the Target Company's shareholders. In addition, this fairness opinion was supplied from Plutus for the purpose of use as basic materials for decision making by the Target Company's

Board of Directors and the Special Committee regarding the Tender Offer unit price and may not be relied upon by anyone else.

③Relationship with the Appraiser

The Tender Offeror's financial advisor (appraiser), Mizuho Securities is not corresponding to the Tender Offeror, Target Company, nor a related party of the Target Company, and does not have any material interest in this Tender Offer.

(5) Number of Share Certificates Scheduled to be Purchased

Number of share certificates scheduled to be purchased	Lower limit on the number of shares scheduled to be purchased	Upper limit on the number of shares scheduled to be purchased
18,195,465(shares)	3,404,300(shares)	- (shares)

(Note 1) If the total number of the tendered share certificates does not reach the lower limit (3,404,300 shares), none of the tendered share certificates will be purchased. All of the shares will be purchased if the total number of Tender Offer shares is equal to or more than the minimum number of shares to be purchased (3,404,300 shares).

(Note 2) Treasury shares owned by the Target Company will not be acquired through the Tender Offer.

(Note 3) There will be no upper limit on the number of shares scheduled to be purchased for this Tender Offer, therefore the number of shares scheduled to be purchased is the maximum number of the Target Company's share 18,195,465 shares. This number of shares (18,195,465 shares) is calculated by excluding the number of treasury shares which the Target Company owns (1,852,035 shares) as well as the number of Target Company shares the Tender Offeror owns (26,178,100 shares) from the total number of shares issued (46,225,600 shares) listed in the summary of the Target Company's financial results dated December 31, 2019.

(Note 4) Fractional unit shares are also subject to the Tender Offer. If a shareholder exercises their right to purchase fractional unit shares according to the Companies Act, the Target Company may purchase their own shares during the Tender Offer period following the procedures set out in laws and regulations.

(6) Transfer of Ownership Ratio of Share Certificates via Tender Offer

The number of voting rights relating to the share certificates owned by the Tender Offeror before the Tender Offer	261,781	(Ownership ratio of share certificates before the Tender Offer 58.99 %)
The number of voting rights relating to the share certificates owned by special interested parties before the Tender Offer	0	(Ownership ratio of share certificates before the Tender Offer 0.00%)
The number of voting rights relating to the share certificates owned by the Tender Offeror after the Tender Offer	443,735	(Ownership ratio of share certificates after the Tender Offer 100.00%)
The number of voting rights relating to the share certificates owned by special interested parties after the Tender Offer	0	(Ownership ratio of share certificates after the Tender Offer 0.00%)
The number of voting rights of all shareholders of the Target Company	443,443	

(Note 1) "Number of voting rights relating to share certificates owned by special interested parties before the Tender Offer" refers to the number of voting rights relating to the share certificates owned by special interested parties (however, except treasury shares owned by the Target Company and those excluded according to Paragraph 1, Clause 2 of Article 3 of the Cabinet Office Ordinance on the Disclosure Required in a Tender Offer for Share Certificates by a Person Other than the Issuer (Order of the Ministry of Finance No. 38 of 1990, including revisions. Hereinafter, "Cabinet Office Ordinance") relating to the calculation of ownership ratios for share certificates based on the provisions of Clause 1 of Article 27-2 of the Law). The share certificates owned by special interested parties (However, this excludes treasury shares owned by the Target.) are targets of the Tender Offer, therefore the number of voting rights relating to the share certificates owned by special interested parties after the Tender Offer is listed as 0. Furthermore, the Tender Offeror will be confirming the share certificates owned by special interested parties, and if corrections are necessary, the details of the correction will be disclosed.

(Note 2) The number of voting rights (the number of shares per unit is described as 100 shares) of all shareholders of the Target Company is the number of voting rights of all shareholders as at September 30, 2019 listed on the FY 2019 Second Quarter Report submitted by the Target Company on November 14, 2019. However, fractional unit shares (However, this excludes treasury shares where less than one unit is owned by the Target Company. are also subject to the Tender Offer, for the calculation of the ownership ratio of share certificates before the Tender Offer and the ownership ratio of share certificates after the Tender Offer, the number of voting rights (443,735) regarding the number of shares (44,373,565 shares) which excludes the treasury share owned by the Target Company (1,852,035 shares) from the total number of shares issued by the Target Company as of December 31, 2019 (46,225,600 shares) listed in the summary of the Target Company's financial results.

(Note 3) "Ownership proportion of share certificates before the Tender Offer" and "Ownership proportion of share certificates after the Tender Offer" are rounded to two decimal places.

(7) Total Amount of Consideration for Tender Offer 13,646,598,750 yen

(Note) "Total Amount of Consideration for Tender Offer" is the amount obtained by multiplying the number of shares scheduled for the Tender Offer (18,195,465 shares) by the Tender Offer price (750 yen).

(8) Method of Settlement

① Name and address of the head office of the securities companies and banks which will process the settlement during the Tender Offer

Mizuho Securities Co., Ltd. Otemachi 1-5-1, Chiyoda-ku, Tokyo

② Date Settlement is Commenced

April 17th, 2020

③ Method of Settlement

After the Tender Offer period ends, the documents notifying Tender Offer through the Tender Offer will be posted to the address of the shareholder tendering to the Tender Offer (hereinafter, "Tendering Shareholders") (if this applies to shareholders overseas (including corporate shareholders; hereinafter, "non-Japanese Shareholders"), then their standing proxy) by mail without delay. The Tender Offer settlement will be made in cash. The transfer of the proceeds of the sale relating to the purchased share certificates will be made to the location specified by the Tendering Shareholders (the standing proxy if non-Japanese Shareholders), or the payment will be made to the Tendering Shareholders' bank account of the Tender Offeror's agent which received the tender, from the Tender Offeror's agent without delay after the date settlement is commenced, according to the instructions by the Tendering Shareholders (the standing proxy if non-Japanese Shareholders).

④ Method of Returning the Share Certificates

If none of the tendered share certificates are purchased under the terms mentioned in "① Conditions set forth in each item of Clause 4, Article 27-13 of the Act" or ② Existence of conditions for withdrawal" of the Tender Offer, condition details and method of disclosure of withdrawal" in "(9) Other Conditions and Methods of Tender Offer" below, then on the next business day after the last day of the Tender Offer Period (or the date of withdrawal if the Tender Offer is withdrawn), the Tender Offeror's agent shall promptly restore the tendered share certificates that need to be returned to the same status as at the time of the tender.

(9) Other Conditions and Methods of Tender Offer

① Conditions set forth in each item of Clause 4, Article 27-13 of the Act

If the total number of the tendered share certificates. does not meet the lower limit (3,404,300 shares), none of the tendered share certificates will be purchased. If the total number of the tendered share certificates. is or above the lower limit (3,404,300 shares), all of the tendered share certificates will be purchased.

② Existence of conditions for withdrawal of the Tender Offer, condition details and method of disclosure of withdrawal.

Order for Enforcement of the Financial Instruments and Exchange Act (Government Ordinance No. 321 of 1965, including subsequent amendments. Hereinafter referred to as the "Ordinance") The Tender Offer may be withdrawn in the event that any of the items specified in Article 14, Paragraph 1, items (a) to (i), items (l) to (r),and Paragraph 3 items (a) to (h), and (j), and any of the items specified in Article 14, Paragraph (2), items (3) to (6) occur. "Facts equivalent to those set forth in Items a. to i." specified under Item j., Paragraph 3 of Clause 1, Article 14 of the Order refers to (i) when there was misrepresentation of important items in the statutory disclosure documents presented previously by the Target Company, or when important items which should be included were not included in the document, the Tender Offeror is not aware of such misrepresentations and that they were not able to be aware of the situation in spite having exercised reasonable care, (ii) and when events specified under Items a. to g. of Paragraph 3 have taken place at the significant subsidiary company of the Target Company.

If withdrawals are to take place, an electronic public notice will be announced, and the notification of the electronic public notice will be announced on Nihon Keizai Shimbun. However, if it is deemed difficult to announce the public notice by the last day of the Tender Offer period, a public announcement will be made according to the method set out in Article 20 of the Cabinet Office Ordinance and announce a public notice immediately after the announcement.

③ Existence of conditions for reducing the price of Tender Offer its details and method of disclosure of reduction in price

Given the provisions of Paragraph 1, Clause 1 of Article 27-6 of the Law, should the Target Company perform any of the actions listed under Clause 1, Article 13 of the Order during the Tender Offer period, the price of tender may be reduced in accordance with the criteria specified under Clause 1, Article 19 of the Cabinet Office Ordinance.

If a reduction in the price of tender is to take place, an electronic public notice will be announced, and the notification of the electronic public notice will be announced in the Nihon Keizai Shimbun. However, if it is deemed difficult to announce the public notice by the last day of the Tender Offer period, a public announcement will be made according to the method set out in Article 20 of the Cabinet Office Ordinance and announce a public notice immediately after the announcement. If a reduction in price of tender is made, tendered share certificates tendered prior to the day when the relevant public notice is announced will be tendered at the price after the reduction is made.

④ Items regarding the Tendering Shareholders right to terminate the agreement

Tendering Shareholders can terminate the agreement regarding the Tender Offer at any time during the Tender Offer period. When terminating the agreement, a document expressing the intent to terminate the agreement regarding the Tender Offer (hereinafter, “Termination Documents”) must be submitted or posted to the head office or a branch office of the Tender Offeror’s agent, along with the receipt of the application for the Tender Offer by 15:00 on the last day of the Tender Offer period. The termination of the agreement will come into effect when the Termination Documents are submitted or delivered to the Tender Offeror's agent. Therefore, when sending the Termination Documents, please be aware that termination is not possible if the Termination Documents are not delivered to the Tender Offeror's agent by 15:00 on the last day of the Tender Offer period.

The Tender Offeror will not make any claim for damages or penalties against the Tendering Shareholders when the agreement is terminated by the Tendering Shareholders. Furthermore, the Tender Offeror will pay the expenses required for the returning the tendered share certificates. If termination is proposed, the tendered share certificates will be returned promptly according to the method stated in ④ Method of Returning the Share Certificates under (8) Method of Settlement above, after completing the procedures relating to the proposal of relevant termination.

⑤ Method of Disclosure when Amendments have been made to the Conditions of the Tender Offer

The Tender Offeror can make amendments to the conditions of the Tender Offer during the Tender Offer Period, except when prohibited by Clause 1 of Article 27-6 of the Law and Article 13 of the Order. If amendments are made to the conditions of the Tender Offer, electronic public notice regarding those amendments will be announced, and the notification of the electronic public notice will be announced on Nihon Keizai Shimbun. However, if it is deemed difficult to announce the public notice by the last day of the Tender Offer period, a public announcement will be made according to the method set out in Article 20 of the Cabinet Office Ordinance and announce a public notice immediately after the announcement. If amendments are made to the conditions of the Tender Offer tendered share certificates tendered prior to the day of the relevant public notice is announced will be tendered with the conditions after the amendments are made.

⑥ Method of Disclosure when Amendment Statement is Submitted

When amendment statement is submitted to the Director of Kanto Local Finance Bureau (excluding when specified by the proviso of Clause 11 of Article 27-8 of the Law), details in the amendment statement relating to the content included in the public notice announced at the commencement of the Tender Offer must be announced according to the method set out in Article 20 of the Cabinet Office Ordinance. Furthermore, the explanatory document for the Tender Offer must be corrected, and for Tendering Shareholders who have already been provided with the explanatory document, the corrected documents must also be provided. However, if the scope of the correction is limited to a small proportion of the document, the reason for the correction, a document will be created stating the item(s) corrected and the details of the content after the correction is made, and the document will be provided to the Tendering Shareholders.

⑦ Method of Disclosure of the Outcome of the Tender Offer

The outcome of the Tender Offer will be announced on the day after the last day of the Tender Offer period, according to the method specified in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

⑧ Other

The Tender Offer is not, directly or indirectly, carried out in the United States or be directed towards shareholders in the Unites States, by the use of post or other means of instrumentality (including but not limited to facsimile transmissions, e-mails, Internet communications, telexes, and telephones) of interstate or foreign commerce, or by any facility of a national securities exchange in the United States. Shareholders in the United States cannot participate in the Tender Offer using the above methods or via the above facilities, or from the Unites States.

In addition, the Tender Offer registration documents relating to the Tender Offer or other relevant Tender Offer documents are not sent nor distributed in the United States or sent nor distributed to shareholders in the United States, or sent nor distributed from the United States via post or other methods, therefore postage or distribution of those documents cannot be done. Tenders to the Tender Offer which violates the restrictions above directly or indirectly are not accepted.

At the time of tendering to the Tender Offer, Tendering Shareholders (standing proxy if foreign shareholder) may be requested to declare and guarantee the statements below to the Tender Offeror's agent.

The Tendering Shareholders are not in the United States at the time of tender, or when sending the application documents for the Tender Offer. All information relating to the Tender Offer (including copies) are not, directly or indirectly, received nor sent from within the United States. The Tendering Shareholder has not used post or other means (including but not limited to facsimile transmissions, e-mails, Internet communications, telexes, and telephones) of interstate or foreign commerce, or by any facility of a national securities exchange in the United States to sign and deliver the Tender Offer or Tender Offer application documents. The Tendering Shareholders are not acting as an agent or entrustee without discretion of another person (except when the other person gives all instructions from outside the United States).

(10) Tender Offer Commencement Public Notification Date

February 13, 2020 (Thursday)

(11) The Tender Offeror's Agent

Mizuho Securities Co., Ltd. Otemachi 1-5-1, Chiyoda-ku, Tokyo

3. Directionality After the Tender Offer and Future Outlook

For directionality after the Tender Offer, please refer to (2) Background, purpose and decision-making process that led to the decision to implement the Tender Offer, and the management policy to be implemented after the Tender Offer has taken place, (4) Post-Tender Offer Reorganization(s) Policy (matters relating to the so-called two step acquisition), and (5) Prospect of and reason for delisting under 1. Purpose of Purchase.

4. Others

(1) Agreements and content between the Tender Offeror and the party(s) concerned

① Approval for the Tender Offeror

According to press releases of the party concerned, they have stated that the “Tender Offer Price” and other conditions for this Tender Offer are rational for all shareholders, and that this transaction will be conducted in a reasonable manner for all concerned including minority shareholders.” In addition, at the Board of Directors' meeting held on February 12, 2020, support was expressed for the offer, and therefore a resolution has been made to recommend the to the shareholders to make the application.

Please refer to the Press Release of the Target Company and the above section on “(v) Approval of all directors of the Target Company that have no significant interests regarding this Tender Offer (including statutory auditors.)” in ((Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer)) in “② Background of Valuation.” in “2. Overview of Tender Offer,”

② Background, purpose and decision-making process that led to the decision to implement this Tender Offer and the management policy to be implemented after this Tender Offer has taken place

Please refer to the above section on “(2) Background, Purpose and Decision-Making Process, and Management Policy after Tender Offer” in “1. Purpose of Tender Offer.”

③ Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer

Please refer to “(Measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, and measures to ensure fairness of the Tender Offer)” in② Background of Valuation” in “(4) Basis for evaluating the Tender Offer unit price” in “2. Overview of Tender Offer,”

(2) Other important information for investors to decide whether to apply for the Tender Offer

① Announcements of the "Summary of Consolidated Financial Accounts for the Fiscal Year Ending December 31, 2019 (Japanese Accounting Standards)"

The Target Company announced the "Summary of Consolidated Financial Accounts for the Fiscal Year Ending December 31, 2019 (Japanese Accounting Standards)" through the Tokyo Stock Exchange on February 12, 2020. A summary of the Target Company's financial results based on the announcement is as follows. The contents of the announcement have not been audited by an audit firm based on Article 193-2, Paragraph 1 of the Act. Please refer to the announcement for details.

(i) Profit and Loss status (Consolidated)

Financial Results Year / month	Year ended December, 2019
Net Sales	13.997 billion yen
Cost of Sales	11.887 billion yen
Selling, general and administrative expenses	6.042 billion yen
Non-Operating Income	0.169 billion yen
Non-Operating Expenditure	0.1 billion yen
Net Loss Attributable to Owners of Parent	4.296billion

(ii) Net Income per share (consolidated)

Financial Results Year / month	Year ended December, 2019
Net Income per share (Net Loss)	-117.64 yen
Dividends per Share	- yen
Net Assets per Share	538.84 yen

② Announcement of "Notice Concerning the Reversal of Valuation Losses on Investment Securities 2019 December"

The Target Company announced on February 2, 2020 "Notice Concerning the Reversal of Losses on Valuation of Investment Securities for the Fiscal Year Ending December 2019".

Please refer to the announcement for details.