Responses to Shibaura Electronics' "List of Questions to the Tender Offeror"

1. Regarding Clearances

(Question 1) According to section "6. Permits and Approvals for the Acquisition of Shares" in "Part I: Tender Offer Summary" of the Tender Offer Registration Statement, the Tender Offeror filed a notification on **February 6, 2025**, with the Minister of Finance and the relevant competent minister through the Bank of Japan, pursuant to **Article 27, Paragraph 1** of the Foreign Exchange and Foreign Trade Act (the "FEFTA"). Although the filing was accepted on that day, on **February 28, 2025**, the Ministry of Economy, Trade and Industry (METI), which oversees our business, requested withdrawal of the notification due to difficulty completing the review within the statutory waiting period. The notification was then withdrawn on **March 4, 2025**. As of **May 9, 2025**, the Tender Offeror has not re-filed under FEFTA but plans to do so promptly once preparations are complete. The Tender Offeror, relying on advice from a Japanese law firm, believes it can complete FEFTA procedures by the end of the tender offer period (including extensions). In order to verify the feasibility of this Tender Offer, we kindly ask for your sincere responses to the following important questions:

① Please explain in detail and specifically the reasons METI requested withdrawal of the initial notification under FEFTA on February 6, 2025.

- The Tender Offeror is not in a position to comment on METI's decision. However, in the first place, although Shibaura is classified as "①*Companies engaged solely in business other than the designated industries (post-reporting industry)*" in the "*List of Japanese Listed Companies Subject to Prior Notification of Inward Direct Investment, etc. under the Foreign Exchange and Foreign Trade Act*" issued by the Ministry of Finance (based on Shibaura's reply to the Ministry of Finance), the Tender Offeror believed that, despite the description in that list, Shibaura is engaged in a designated industry based on an analysis of public information, and it proactively filed the notification on February 6, 2025. It was not clear from the description in the above list or public information that Shibaura manufactures products used in military applications, and the Tender Offeror only became aware of it when Shibaura stated as such in Shibaura's questionnaire dated February 26, 2025. In addition, since METI first asked the Tender Offeror questions about Shibaura's defense-related business on March 5, 2025 (just before expiration of the 30-day statutory waiting period), the Tender Offeror believes that METI determined that it would be difficult to complete the review by March 7, 2025, the last day of the statutory waiting period.

② Please provide detailed and specific information on any questions, document requests, guidance, or recommendations from METI to the Tender Offeror, its parent YAGEO, or the YAGEO Group in relation to the initial notification.

- The Tender Offeror has sincerely responded to all the questions and requests for information received from METI and has completed all responses to date. The Tender Offeror will refrain from commenting on the details of those questions and requests due to the sensitivity of the information. The Tender Offeror has not received any guidance or recommendations from any authorities, including METI, regarding the FEFTA.

③ What is the current status of the FEFTA notification? (Please specify whether it has been submitted. If not, the expected timing. If you are discussing conditions with METI as part of the re-filing, please include those details.)

- As of today, the Tender Offeror has not re-submitted the notification, but it proceeds with consultation with METI and is making steady progress toward a conclusion. The Tender Offeror will refrain from commenting on the details of that consultation due to the sensitivity of the information.

④ If the notification has already been re-submitted, please provide details on the questions, document requests, guidance, recommendations, review status, and the outlook for approval from METI.

- As stated in the response to ③ above, the Tender Offeror has not re-submitted the notification as of today.

⑤ Based on your responses to questions 1, 2, and 4, please explain in detail why you believe the FEFTA procedures can be completed by the end of the tender offer period (including any extensions). If there is a possibility that the waiting period may be extended or that recommendations may be made to modify or cancel the investment, please explain how you will still be able to complete the procedures.

- o According to your first written response, YAGEO was unaware until receiving our questionnaire that our company manufactures products used in the military and aerospace sectors. Please provide an update on how this issue is currently being addressed and the status of review with the authorities.

- As ongoing consultation with METI has been progressing steadily, the Tender Offeror believes the FEFTA procedures can be completed by the end of the tender offer period (including any extensions). The Tender Offeror will refrain from commenting on the specific basis of this assessment due to the sensitivity of the information.

⑥ You mentioned that, based on advice from a Japanese law firm, you believe the FEFTA process can be completed by the end of the tender period. Please provide the name of the law firm, its opinion, and the specific grounds for that opinion.

- The Tender Offeror has received advice from Nishimura & Asahi (Gaikokuho Kyodo Jigyo) regarding the procedures under the FEFTA. The Tender Offeror will refrain from commenting on the views of the law firm and the specific basis for such views due to the nature of the matter.

(Question 2) Regarding the Company Outward Investment Regulations of Taiwan
According to item "(2) Governing Laws" under section "6. Permits and Approvals for the Acquisition of Shares" in Part I of the Tender Offer Registration Statement, the Tender Offeror submitted a filing on May 9, 2025, with the relevant authorities in accordance with Taiwan's *Regulations Governing the Outward Investment by Companies* (the "Taiwan Outward Investment Regulations"). Based on advice from a local law firm, the Tender Offeror expects to obtain approval for the share acquisition by the end of the tender offer period (including any extensions). We kindly request your sincere responses to the following important questions to assess the feasibility of the Tender Offer:

① In the Tender Offeror's announcement dated February 5, 2025 (the "Advance Notice"), it was stated that a filing would be made by mid-February. Please explain in detail why the filing was not submitted until May 9, 2025.

- The first application was submitted in mid-February and approved at the end of April, but due to the increase in the tender offer price, the second application was submitted on May 9.

② Please explain in detail the reasoning and decision-making process by which the Tender Offeror believes approval will be obtained by the end of the tender offer period (including extensions), despite the late filing. The Advance Notice assumed a filing in mid-February and estimated completion by late May—i.e., a review period of 3.5 months. Since the actual filing occurred on May 9, it is likely that approval may take until late August. Please indicate your specific expected timing for approval.

- As mentioned in the above question, the first application was approved at the end of April. Because the second application only relates to an increase in the amount of investment and the nature of transaction is not subject to the review as we once secured the first approval, we expect the review period of second application will be shorter than that of the first application, and approval is expected in June, by the end of the tender offer period (including extensions).

③ As there is no legally mandated review period under the Taiwan Outward Investment Regulations, there is a risk that approval may not be granted within the tender offer period. In particular, it is understood that the process may be prolonged in cases where the target company has subsidiaries in China. Please provide YAGEO's and your local legal counsel's views on this point.

- Although the target company has a Chinese subsidiary, the first review period was approximately 2.5 months, and, based on our previous experience, there is no risk of a longer review period for the second review.

④ You have stated that, based on advice from a local law firm, you believe approval can be obtained by the end of the tender offer period (including extensions). Please provide the name of the law firm, its opinion, and the specific basis for that opinion in detail.

- YAGEO conducted its assessment based on the advice and past experiences of the consultant which is Deloitte Taiwan.

(Question 3) Regarding Competition Laws (Germany, Austria, Japan, and Other Jurisdictions) According to item "(2) Governing Laws" under section "6. Permits and Approvals for the Acquisition of Shares" in Part I of the Tender Offer Registration Statement, the following approvals have been obtained: On April 17, 2025 (local time), the German Federal Cartel Office issued a notice confirming that the proposed acquisition does not constitute grounds for prohibition under the Act Against Restraints of Competition, and the Tender Offeror received this notice on the same day. Regarding the Austrian procedure, by April 25, 2025, 23:59 (local time), the Austrian competition authorities issued a confirmation that the transaction may proceed. The Tender Offeror received and confirmed this on April 28, 2025. We request your sincere and detailed responses to the following questions to assess the feasibility of the Tender Offer:

① According to your first response, "With respect to Japan, we have confirmed that the YAGEO Group's consolidated sales in Japan do not meet the threshold for notification under the Antimonopoly Act, and thus, no filing is required." Please explain in detail the rationale and evaluation process behind the determination that no filing is necessary under the Japanese Antimonopoly Act. Specifically, please disclose the YAGEO Group's consolidated sales in Japan used in this determination and the exchange rate applied in the calculation.

- According to the Japan Fair Trade Commission's published Q&A concerning the Notification System, when calculating domestic sales of foreign companies, the exchange rate used in processing the financial statements should be applied. If no such exchange rate is used in processing the financial statements, the exchange rate calculated based on the mid-term average exchange rate (e.g., TTS or TTM rates) published by institutions such as The Bank of Tokyo-Mitsubishi UFJ, Ltd. should be used for conversion into Japanese yen.
- While we respectfully refrain from disclosing the details of our group's consolidated sales in Japan, we have determined, based on legal advice from Nishimura & Asahi (Gaikokuho Kyodo Jigyo), that notification to the Japan Fair Trade Commission regarding the plan for acquisition of shares is not required. This determination is based on the confirmation that, in either case—whether using the exchange rate applied in processing our financial statements or the mid-term average exchange rate calculated based on either the TTS or TTM rates published by MUFG Bank, Ltd.—our group's consolidated sales in Japan for FY2024 fall below the threshold of JPY 20 billion.
- Additionally, we have reported our group's FY2024 consolidated domestic sales, along with the exchange rate used in the calculation, to the Japan Fair Trade Commission during a voluntary consultation, as described in item 3 below.

② Please identify all other countries and regions (besides Germany and Austria) where you assessed the necessity of competition law filings. For each jurisdiction where you concluded that no action was required, please explain in detail the basis for that conclusion and the evaluation process. If you obtained legal opinions, please provide the names of the law firms, their opinions, and the grounds for those opinions.

- Based on legal advice from Nishimura & Asahi and Baker & McKenzie (Gaikokuho Joint Enterprise), we have assessed the necessity of procedures such as merger filings under the competition laws of each relevant country or region, using our group's sales figures by country or region, as well as your group's net sales figures by country or region, as reported in your annual securities report for the 66th fiscal year.

③ Even if a filing is not required under the Japanese Antimonopoly Act, the Japan Fair Trade Commission (JFTC) may conduct a voluntary merger review. Please clarify whether the acquisition might substantially restrain competition in any specific market, potentially violating Japanese competition law. If you have determined that the acquisition does not violate Japanese law, please explain the rationale and evaluation process in detail. If legal advice was obtained, include the name of the law firm, their opinion, and the supporting grounds.

- Since your group's consolidated sales in Japan exceed JPY 5 billion, the Transaction does not constitute "a business combination that does not require notification solely because the domestic sales, etc., of the party being substantially acquired do not meet the notification threshold," as set forth in Item 6 of the Japan Fair Trade Commission's Policies Concerning Procedures of Review of Business Combinations, (revised on December 17, 2019). Accordingly, the Transaction does not constitute a case "in which consultation with the Japan Fair Trade Commission is considered advisable."
- However, based on legal advice from Nishimura & Asahi (Gaikokuho Kyodo Jigyo), and as a precautionary measure, we reported the Transaction to the Japan Fair Trade Commission on February 5, 2025, explaining that it does not require notification, and does not constitute a case "in which consultation with the Japan Fair Trade Commission is

considered advisable." Since then, we have been communicating with the Japan Fair Trade Commission, including by responding to their inquiries.

- Since, as stated above, the Transaction does not require notification and does not constitute a case "in which consultation with the Japan Fair Trade Commission is considered advisable," our communications with the Japan Fair Trade Commission are considered voluntary consultations. Accordingly, these communications do not constitute a process through which a formal opinion on the Transaction can be obtained from the Japan Fair Trade Commission. However, we have not received any additional inquiries from the Japan Fair Trade Commission since our last response on April 10, 2025.
- Accordingly, based on these circumstances and the legal advice from Nishimura & Asahi (Gaikokuho Kyodo Jigyo), we have concluded that the Transaction does not violate the Antimonopoly Act of Japan.

(Question 4) Additional Regulatory Approvals Required for the Tender Offer
According to item "(2) Governing Laws" under section "6. Permits and Approvals for the Acquisition of Shares" in Part I of the Tender Offer Registration Statement, the approvals required for the Tender Offeror to execute the tender offer for our company's shares are those under (i) the Foreign Exchange and Foreign Trade Act (Japan), (ii) the Taiwan Regulations Governing the Outward Investment by Companies, and (iii) competition laws in Germany and Austria.We respectfully request that you clarify whether there are any other regulatory approvals that must be obtained in addition to the ones listed above. Please also describe the Tender Offeror's view on this point, as well as the evaluation process that led to this conclusion. If legal opinions were obtained, please provide the name(s) of the law firm(s) involved, their views, and the specific basis for those views.As this is an important question to verify the feasibility of this Tender Offer, we kindly ask for your sincere and detailed response.

- As stated above, YAGEO has assessed regulatory approvals that must be obtained based on the advice from Nishimura & Asahi (Gaikokuho Kyodo Jigyo), Baker & McKenzie (Gaikokuho Joint Enterprise), and Deloitte Taiwan.

2. Regarding Synergies with Shibaura

Please answer each of the following questions about your responses to the questionnaire we sent to YAGEO on February 26, 2025 and the questionnaire we sent to YAGEO on March 19, 2025 (hereinafter referred to as "the First Questionnaire" and "the Second Questionnaire" respectively, and YAGEO's response to the First Questionnaire and to the Second Questionnaire referred to as "the First Response Letter" and "the Second Response Letter" respectively.) (To reflect the content of this Tender Offer Notification, we have partially adjusted the content of the questionnaire. We have also added to the relevant questions to some of the questions.).

(Question 1) Regarding the integration of the circuit protection business, you answered that "Integration of the two businesses is one of the considerations; however, we do need to discuss further with Shibaura to see if this might make the most sense for all stakeholders." in the Second Questionnaire and you stated "While we initially thought so, YAGEO constantly adjusts and develops its sales strategy, and since the products of both companies differ in various ways, such as technology and client preferences, we are changing our minds now." at the meeting between the two companies held on April 2, 2025. However, you stated "YAGEO intends to integrate the development, manufacturing, and sales of not only its own NTC, but also the circuit protection business and the sensor business as a whole (sales of $400MM) into the Target Company upon completion of the Transaction." in "Notice Regarding Commencement of Tender Offer for SHIBAURA ELECTRONICS CO., LTD. (Securities

Code: 6957)" YAGEO announced on May 8, 2025. Please provide the details about the policy of the integration of us and the circuit protection business upon completion of the Transaction. Furthermore, as we explained in "Notice Regarding Our View on the Open Letter from YAGEO Corporation" we announced on April 23, 2025, we do not have general purpose thermistors, and our products are rarely used with circuit boards. Please provide the reason you are obsessed with integrating us with your circuit protection business and explain if you are planning to start a general-purpose thermistor business that we do not have.

- At the current stage, YAGEO does not have a strong fixation on carrying out this plan without in-depth discussions with Shibaura. In the meeting on April 2, YAGEO communicated our intention as such, and YAGEO also shared with Shibaura's management team that we would like to deepen our understanding of each other and discuss if there are any better post-integration plans of NCT thermistor and circuit protection business from a fair and objective perspective. The integration is one of the options only if YAGEO and Shibaura find it mutually beneficial after an in-depth face-to-face meeting.

(Question 2) Regarding YAGEO's technical capabilities, you stated the following in the Second Response Letter but please specify which particular technologies YAGEO possesses that would create synergies with our product development and design with some examples. "Comprehensive Technology: This includes R&D, material, product design, and production processes. Critically, it also involves the efficient process of translating customer needs into high-quality, cost-effective products within accelerated timelines. This end-to-end technological integration allows us to respond rapidly and precisely to market demands." (the Second Response Letter, p.5)

- In principle, we could only provide preliminary views in this response letter as R&D, material, product design, and production process are all proprietary data and know-how of Shibaura and we have been given the opportunity to meet with Shibaura only once. YAGEO will be able to develop specific, readily actionable plans to create synergies with Shibaura if Shibaura is to provide a sufficient level of engagement with YAGEO such as through face-to-face meetings.
- One example YAGEO can provide is regarding product development, which is the collaboration between YAGEO and TOKIN, formerly a subsidiary of NEC. Through YAGEO's extensive channels and strong relationships with leading international semiconductor companies, TOKIN with its superior product technology was able to initiate a dialogue and proceed to design a new generation product utilizing NANOMET® Technology and is custom made specifically for fast growing AI servers. These custom-made products are embedded in the most leading-edge AI applications, which YAGEO has committed significant CAPEX support in Japan over the next few years to meet the market demand.
- Like TOKIN's case, with YAGEO's strong expertise in mass produced, design-in, and custom-made products, YAGEO thinks Shibaura will stay ahead of the product development curve with tighter collaborations with existing and potential customers to further push the envelope of technology. YAGEO will preserve and promote Shibaura's core competence to prioritize technology and products in this fast-changing market.
- YAGEO's intention is to engage in open information sharing and jointly explore the optimal solution while taking appropriate steps to address any potential antitrust concerns, as all M&A projects should.

(Question 3) Regarding the utilization of YAGEO's manufacturing sites and production know-how, in the Second Response Letter (P.31), you answered that best practice sharing from our existing facilities, including automation, yield improvement techniques, and inventory optimization and investment in quality systems, newer efficient machines and supply chain integration to streamline workflows. Our overseas manufacturing sites utilize local labor for assembly processes that require precise work on products with a variety of high-mix, low-volume production, and automation is considered a challenge. Please provide detailed examples of the YAGEO's experience that YAGEO has automated similar processes or YAGEO's approach and philosophy toward automation for such process.

- We could only provide limited examples in this response letter as many are confidential and proprietary, but there are several examples regarding automation.
- One example is our in-house powder factory. We understand that Shibaura's powder mix and requirements could be drastically different from our existing demand. However, with our experiences in managing in-house powder factory and our willingness to invest further, this will make the process to supply powder smoother, though only if needed for Shibaura after discussions. With in-house powder capabilities, in the long run, Shibaura may be able to have more flexibility in terms of product development without the limitation of specs by the suppliers.
- Another example is our equipment design center. We have a centralized equipment design center with both hardware and software capabilities. Once we get to understand Shibaura's manufacturing process, we can have in-depth discussions on which equipment to customize to ensure efficiency and cost effectiveness. Shibaura could also leverage YAGEO's resource to create unique equipment pieces to meet Shibaura's various custom requests across applications.
- Like above, YAGEO has various experiences across the board. However, it requires intensive discussions between YAGEO and Shibaura to find the best solutions after the integration. The above examples are for illustrative purposes, and YAGEO believes that there will be many other ways to create synergies once we have more information from Shibaura.

(Question 4) As we pointed out in the Second Response Letter and "Notice Regarding Our View on the Open Letter from YAGEO Corporation" we announced on April 23, 2025, YAGEO's explanation of synergies with our company was limited to a general and abstract explanation of the fact that there is a history, enhancement, and superiority in terms of research and development, manufacturing technology, and sales functions, and we cannot understand what technology and functions of YAGEO can contribute to the creation of synergies with our company, and we have evaluated that synergies with YAGEO are limited, taking into account the overall composition of YAGEO products, etc. In relation to this point, even in "Notice Regarding Commencement of Tender Offer for SHIBAURA ELECTRONICS CO., LTD. (Securities Code: 6957)" YAGEO announced on May 8, 2025, the description of synergies with us are identical to those in "Notice Regarding Scheduled Commencement of Tender Offer for SHIBAURA ELECTRONICS CO., LTD. (Securities Code: 6957) by an intermediate holding company YAGEO Corporation plans to establish" which was stated on February 5, 2025, and it is not considered that you have been taking our point seriously. As we believe that synergy between YAGEO and us is significantly different from that between Minebea Mitsumi and us, especially in terms of development and manufacturing, please explain the specific synergy again. In addition, in response to our findings, please explain what kind of consideration was made in YAGEO after the Second Response Letter.

- With regards to specific technological collaboration for synergies, we believe there are many areas to explore. However, YAGEO has been given the opportunity to talk to Shibaura only once, and it will be crucial for YAGEO to get a sufficient level of engagement by Shibaura through face-to-face meetings to develop a concrete synergy plan on the technology front with Shibaura.

- Similar to what Shibaura comments on the competing proposal by another potential acquirer, YAGEO will be able to provide global expansion through YAGEO's extensive sales channels, as we have repeatedly emphasized. YAGEO believes, by leveraging YAGEO's deep relationships with leading customers in various industries and its extensive sales network of over 270,000 companies, YAGEO can to capture new demand for Shibaura's products. YAGEO has a high share in a wide range of end markets on top of brand/OEM customers and EMS customers and is confident in significantly expanding Shibaura's global market share of NTC thermistors together. Furthermore, YAGEO has powerful presence in the United States and Europe and strong partnership with clients from key sectors such as AI, Automotive and Industrial. YAGEO could help further boost Shibaura's products in its untapped markets through YAGEO's extensive global sales network while strengthening existing ones.
- Many of Shibaura 's NTC thermistors are custom-made based on detailed requests and specifications from customers, and YAGEO understands that they are created through continuous improvement and fine tuning. Manufacturing excellence is in the DNA of YAGEO, and this is a competitive advantage that allows YAGEO to achieve higher than industry average gross margin. YAGEO is excited to share our best practices on efficiency, and how we leverage AI not only for quality assurance but also for production run optimization with thorough discussions with the engineers of Shibaura to first understand the levers to enhance production excellencies. In addition, YAGEO can share its vast network of in-house process engineers and production equipment vendors to explore enhancements opportunities.
- For other examples of synergies, please refer to the press release "YAGEO Further Explains YAGEO's Beliefs Regarding the Potential for Additional Growth and Synergy Creation by Integrating Shibaura Electronics into the YAGEO Group" published on May 13 (https://www.yageo.com/en/PressRoom/Content/press_room?category=ir_pr&news_id=20250513&page=1).

(Question 5) In response to "YAGEO Further Explains YAGEO's Beliefs Regarding the Potential for Additional Growth and Synergy Creation by Integrating Shibaura Electronics into the YAGEO Group" posted on the YAGEO's website on May 13, 2025, you stated "YAGEO has sincerely responded to Shibaura's multiple inquiries regarding the synergies to be generated through the integration of YAGEO and Shibaura as well as the specific plans following the business integration of both companies. In addition, YAGEO has been trying to explain these matters through face-to-face meetings and mutual visits to each other's production sites. Based on this understanding, a non-disclosure agreement was concluded between the two companies on April 2". However, as we have already stated, the response from YAGEO is always a general and abstract explanation, and we have not received a satisfactory response even in the meeting between the two companies on April 2, 2025. In addition, on the same day, some of the questionnaire was answered orally while sharing materials with screen projection and we requested you to share the materials used in the meeting in order to fully understand the content, but we have not yet provided them. Please let us know why you are refused to share materials regardless of that we have concluded a non-disclosure agreement, and whether if you are truly willing to ask our questions sincerely.

- Please refer to Section 2 for synergies and post-acquisition plans.
- The presentation that was used in the meeting on April 2 contained sensitive and confidential information not only about YAGEO but also about our subsidiary TOKIN so that YAGEO could answer Shibaura's questions as much as possible. The presentation was used as a supplementary material to our verbal explanations, and YAGEO would like such confidential information to be treated as strictly limited to the participants of the meeting and refrain from sharing it beyond the meeting.

- The meeting was conducted after a non-disclosure agreement was signed between the two companies, but entering into a non-disclosure agreement does not mean that all information will be disclosed without limitation. During the due diligence and management presentation under circumstances where M&A is not completed, even after entering into a non-disclosure agreement, it is common market practice for information sharing to be limited to verbal and projected materials. Please kindly also note that the parts that can be shared in the presentation are already included in the supplementary material to the "Notice Regarding Scheduled Commencement of Tender Offer for SHIBAURA ELECTRONICS CO., LTD. (Securities Code: 6957) by an intermediate holding company YAGEO Corporation plans to establish" which was stated on February 5, 2025.
- YAGEO has made effort to address Shibaura's questions sincerely. YAGEO will continue to address Shibaura's request if any and coordinate the meeting again to offer as much explanation as possible. While the face-to-face meeting between the two companies has only been held once as of today, as stated in previous press releases, YAGEO is fully prepared to hold a meeting with Shibaura. YAGEO continues to welcome any constructive inquiries from Shibaura as well as further opportunities of face-to-face meetings.

3. Regarding the TOB price

(Question 1) YAGEO has obtained fairness opinions from Shin You United Certified Public Accountants (an independent third-party appraisal firm separate from the tender offeror and our company) on February 5, 2025, and April 15, 2025, confirming that the offer terms were financially fair to YAGEO's shareholders prior to the amendment of the tender offer conditions. However, upon changing the offer conditions and revising the tender offer price to JPY 6,200 on May 8, 2025, please explain why a new fairness opinion was not obtained.

- As explained in TORS, this is because the fairness opinion obtained on April 15, 2025, shows that the Tender Offer Price of 6,200 yen is fair for YAGEO's shareholders from a financial perspective.

Additionally, if the fairness opinion obtained on April 15, 2025, covers a certain price range regarding the fairness of the tender offer price, please disclose that range.

- YAGEO requested that the external experts (accountants) evaluate the fairness of the Tender Offer Price with a view to fulfilling YAGEO's responsibility to its shareholders in accordance with the Securities and Exchange Act in Taiwan and related regulations, and YAGEO did not refer to the details of the evaluation in determining the Tender Offer Price. Therefore, YAGEO believes that it is not necessary to disclose the contents of the fairness opinion. Please consider among the Management Team, the Special Committee, and Shibaura's advisors whether or not YAGEO's Tender Offer Price contributes to the common interests of Shibaura's shareholders.

(Question 2) Please provide detailed information on the business plan basis and valuation methodology used to determine the newly proposed tender offer price of JPY 6,200. If the business plan incorporates synergies expected post-integration, please also provide a detailed explanation of the specific nature of these synergies and their respective quantitative impacts. For reference, MinebeaMitsumi Co., Ltd. disclosed the valuation results obtained from its financial advisor, Daiwa Securities, in its May 1, 2025, announcement entitled "Expression of Support and Recommendation for Tender Offer for Our Shares by MinebeaMitsumi Co., Ltd." In order to facilitate consideration by our shareholders and to fulfill YAGEO's fiduciary duties toward its own shareholders, we believe at least an equivalent level of disclosure from YAGEO is desirable.

- As explained in TORS, the Securities and Exchange Act in Taiwan and related regulations do not require an evaluation of the fair value of the acquired company, so YAGEO has not requested that external experts evaluate the fair value of Shibaura. With regards to the specifics of the synergies, please refer to Section 2 of this response letter. YAGEO evaluated the quantitative impacts of the synergies from a comprehensive perspective, and they cannot be outlined in a simplified manner here, but the premium included in the Tender Offer Price of 6,200 yen factors into those synergies, by which YAGEO would like Shibaura's shareholders to enjoy through the Tender Offer. In addition, YAGEO's Tender Offer Price of 6,200 yen is on the higher end of the range evaluated by Shibaura's financial advisor Nomura Securities, and YAGEO thinks that the price will benefit the common interests of shareholders, providing reasonable opportunities for the shareholders to sell their shares.
- As stated above, from a perspective of the duty of care to YAGEO's shareholders, YAGEO requested that the external experts (accountants) evaluate the fairness of the Tender Offer Price with a view to fulfilling YAGEO's responsibility to its shareholders in accordance with the Securities and Exchange Act in Taiwan and related regulations and obtained the fairness opinion on April 15, 2025. The fairness opinion shows that the Tender Offer Price of 6,200 yen is fair for YAGEO's shareholders from a financial perspective.

4. Regarding the Contents of the Responses to the First and Second Questionnaires

(Question 1) Regarding the matters related to the management of Shibaura after upon completion of the Transaction stated in the First Response Letter and the Second Response Letter, please answer whether there are any changes in the content of the response. In particular, please answer whether there are any changes to the following items.

① Regarding independence of Shibaura's Management
  - "To ensure a smooth transition, we always try to keep the operation as independent as possible. We would work closely with the company to understand the business and company better to see what is best suited for all the stakeholders." (the First Response Letter, p. 4)
  - "Regarding the post-transaction management structure and management policies, YAGEO respects the independence of the current management team. Therefore, from the perspective of enhancing corporate value, YAGEO anticipates making decisions on the optimal management policies, governance structure, and organizational structure through discussions with Shibaura." (the First Response Letter, p. 31)
  - "We do not aim to interfere with all of the day-to-day operations of any healthy company or division. YAGEO hopes to keep a certain level of independence while providing the necessary resources to succeed." (the First Response Letter, p. 33)
  - "Management Autonomy: We recognize the importance of maintaining a degree of management autonomy for acquired companies. This allows them to operate effectively while adapting to the broader YAGEO framework." (the Second Response Letter, p. 9)

- There are no changes to the contents of the response above. YAGEO believes that the independence of the acquired company plays a crucial role in successful acquisition. YAGEO respect the independence of the current management in principle.

② Regarding the retention of employees and dispatching of officers to Shibaura
  - "While conducting PMI activities, YAGEO aims at retaining management and

talents of the acquired companies, avoiding negative business impacts, avoiding negative impact to existing customers retention and satisfaction, giving continuity to the smooth operation of all functions during the transition, maintaining employees morale and engagement." (the Second Response Letter, p. 10)

  - "As a listed company responsible for its shareholders, YAGEO believes that it is necessary to establish a minimum system to ensure a certain degree of governance for its group companies. However, YAGEO believes that this does not conflict with YAGEO's policy of respecting the independence of current management. In fact, the composition of TOKIN BOD is determined based on the discussion with TOKIN management. In addition, based on the above, it would be appreciated if Shibaura could understand that YAGEO has not changes its approach to dispatching officers now." (the Second Response Letter, p. 45)

- There are no changes to the contents of the response above. YAGEO respects the current employees and management members, and retaining the talents is important after the acquisition.

③ Regarding Shibaura's name, corporate culture and brand

  - "On top of maintaining the brands, we always aim to retain the talent and management, as it is in the best interests for YAGEO and the employees of the acquired companies." (the First Response Letter, p. 4)
  - "YAGEO values the interests of its stakeholders, including your employees, and will maintain the employment of your employees in principle. Furthermore, in order for your company to continue growing together with YAGEO group, we would like to maintain not only the principle employment for your employees, but also the excellent corporate culture that you have cultivated, and we would like to make every effort to ensure that your employees, who represent that corporate culture, are highly motivated, hopeful, and are able to work proactively in their work." (the First Response Letter, p. 30)
  - "Given Shibaura's strong brand in the NTC sensor market, we plan on keeping the brand to maximize the value." (the First Response Letter, p. 31)
  - "One of YAGEO's core values is fostering cultural inclusion. Rather than applying a standardized approach, we recognize and respect the unique cultural identities of acquired companies." (the Second Response Letter, page 9)
  - "Inclusive Culture and Talent Retention: We actively foster an inclusive culture that values the contributions of acquired talent." (the Second Response Letter, p. 8).
  - "For clarity, similar to how Tokin has maintained its independence, YAGEO respects Shibaura's culture, organization, and environment." (the Second Response Letter, p. 47)

- There are no changes to the contents of the response above. YAGEO will respect and maintain Shibaura's name, excellent corporate culture and brand that Shibaura has cultivated to date.

④ Regarding relocations, integrations and closures of Shibaura's business bases

  - "In principle, YAGEO does not intend to reduce manufacturing scale and personnel in Japan." (the First Response Letter, p. 16)
  - "As we do not have detailed information of each specific site of Shibaura, we can only explain our thought process in principles. As explained above, we do not plan on moving factories abroad from Japan." (the First Response Letter, p. 17)

- “No Facility Closures as Integration Strategy: We want to be clear that there is no plan to include closing Shibaura facilities as part of the PMI integration.” (the Second Response Letter, p. 8)

- There are no changes to the contents of the response above. In principle, YAGEO does not intend to reduce Shibaura’s manufacturing scale in Japan, and rather we believe that it is highly likely that Shibaura’s manufacturing scale will increase in Japan due to revenue growth. YAGEO would like to implement and support this expansion of Shibaura.

⑤ Regarding talent management and retention

- “In principle, YAGEO does not intend to reduce manufacturing scale and personnel in Japan.” (the First Response Letter, p. 16)
- “YAGEO values the interests of its stakeholders, including your employees, and will maintain the employment of your employees in principle. Furthermore, in order for your company to continue growing together with YAGEO group, we would like to maintain not only the principle employment for your employees, but also the excellent corporate culture that you have cultivated, and we would like to make every effort to ensure that your employees, who represent that corporate culture, are highly motivated, hopeful, and are able to work proactively in their work.” (the First Response Letter, p. 30)
- “HR: Given that retaining top talent and ensuring effective management are among the highest priorities for people assets, YAGEO recognizes the importance of maintaining stability and continuity for employees of the acquired company. Therefore, the existing HR policies and practices of the acquired company will remain in place.” (the Second Response Letter, p. 7)

- There are no changes to the contents of the response above. In principle, YAGEO does not intend to reduce the number of Shibaura’s employees, and YAGEO respects Shibaura’s existing HR policies. If Shibaura’s cash flow improves after the acquisition, YAGEO also plans to increase reward opportunities for employees and management, demonstrating YAGEO's respect and appreciation for Shibaura’s technology, culture, and people.

⑥ Regarding labor unions

- “We have labor unions in various countries, each governed by local regulations and practices. Each legal entity manages its union relationships in accordance with these local requirements. If your company joins our group, labor union matters will be handled following the same principles.” (the First Response Letter, p. 8)

- There are no changes to the contents of the response above.

⑦ Regarding Shibaura’s organization structure, decision-making structure, fiscal year and accounting standards

- “As for the restructuring within the group, we also anticipate making decisions on the optimal policies and plans through discussions with Shibaura.” (the First Response Letter, p. 30)
- “There are no specific plans regarding changes to the organization structure, decision-making structure, fiscal year and accounting standards at this time. We intend to coordinate with Shibaura and flexibly consider and plan post-transaction governance structures and financial control structures.” (the First Response Letter, p. 31)

- There are no changes to the contents of the response above. YAGEO intend to maintain the

Shibaura’s current organization structure, decision-making structure, fiscal year and accounting standards as much as possible.

⑧ Business operations and business plans

- “We respect and understand Shibaura’s current Medium-Term Business Plan. Given the scale and customer reach and financial resources of YAGEO, YAGEO can easily provide more certainty and even more upside for Shibaura in executing this well-thought-out plan.” (the First Response Letter, p. 14)
- “We can also initiate more strategic partnerships with important customers in different market verticals with dedicated CAPEX to ensure that Shibaura does not miss out on important market trends and opportunities.” (the First Response Letter, p. 14)
- “Please kindly refer to P16-20 of “Notice Regarding Scheduled Commencement of Tender Offer for SHIBAURA ELECTRONICS CO., LTD. (Securities Code: 6957) (Supplemental Materials)” announced on February 5, 2025 about what YAGEO can do to support for Shibaura’s “Medium-Term Business Plan (FY2022－2024)”. YAGEO is willing to support Shibaura in each growth phase leveraging our strength.” (the First Response Letter, p. 15 and p. 19)
- “As mentioned in (15), regarding the business operations policy, YAGEO anticipates making decisions on the optimal policies and plans through discussions with Shibaura as YAGEO respects the independence of the current management team.” (the First Response Letter, p. 30)
- “Post-merger business plans, investment plans and cash management plans (including capital and dividend policy) should not be decided solely by YAGEO, but rather should be decided flexibly through discussions with you along with the overall management policy. We would appreciate the opportunity to discuss this with you separately as necessary.” (the First Response Letter, p. 30)
- “As for cash management plans, YAGEO will provide additional financial resources to support your growth as you further expand your R&D and manufacturing capabilities.” (the First Response Letter, p. 30)
- “YAGEO is ready to provide the needed resources including financial supports and CAPEX to help the target company and its management to elevate the results.” (the Second Response Letter, p. 31)

- There are no changes to the contents of the response above.
- Regarding synergies, YAGEO believes that, by adding Shibaura to the field that YAGEO is strengthening, sufficient capital and resources will be invested in Shibaura, which enables the acceleration of the "three management foundations" set forth in Shibaura's medium-term management plan, including Product Development, Marketing and Productivity Improvement. As for the detailed synergies between YAGEO and Shibaura, please refer to the press release “YAGEO Further Explains YAGEO's Beliefs Regarding the Potential for Additional Growth and Synergy Creation by Integrating Shibaura Electronics into the YAGEO Group” published on May 13 (https://www.yageo.com/en/PressRoom/Content/press_room?category=ir_pr&news_id=20250513&page=1).
- Regarding financial plans, YAGEO plans to use the additional cash flow created by Shibaura's growth after integration for reinvestment into Shibaura to maintain long-term growth and create new products and businesses.