

(Note) This document is an abridged English translation of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

[Translation]

November 11, 2024

To Whom It May Concern:

Company:	KYB Corporation
Representative:	Masahiro Kawase Representative Director, President CEO (Code number: 7242 Tokyo Stock Exchange, Prime Market)
Contact:	Toshiyuki Yamada General Manager Corporate Planning Div. Corporate Planning Department (Tel: +81-3-3435-3527)

**Notice Regarding Planned Commencement of Tender Offer for Shares of Chita Kogyo Co., Ltd. (Code Number: 5993)**

KYB Corporation (the “Tender Offeror”) resolved at its board of directors’ meeting held today to acquire the common shares (the “Shares”) of Chita Kogyo Co., Ltd. (Code Number: 5993; Nagoya Stock Exchange Main Market (the “NSE Main Market”)) (the “Target Company”) through a tender offer (the “Tender Offer”) based on the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), as further described below. If the Tender Offeror is able to purchase Shares equal to or greater than the minimum number of shares to be purchased as described in “1. Summary and Purpose of Tender Offer,” “(1) Summary of Tender Offer” but is unable to purchase all of the Shares (excluding Shares directly owned by the Tender Offeror and treasury shares owned by the Target Company) through the Tender Offer, then, after completion of the Tender Offer procedures, the Tender Offeror plans to perform a squeeze-out procedure in order to make the Target Company a wholly-owned subsidiary of the Tender Offeror.

The Tender Offeror plans to initiate the Tender Offer promptly after the required procedures under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the

“Antimonopoly Act”) are conducted and other required conditions precedent (the “Conditions Precedent”) are satisfied (or waived by the Tender Offeror). Considering the required procedures and their status under the Antimonopoly Act, the Tender Offeror aims to commence the Tender Offer around late January 2025, but because it is difficult to accurately predict the time required to complete the Antimonopoly Act procedures with the Fair Trade Commission, the Tender Offeror will give notice of the Tender Offer schedule if the expected time for commencing the Tender Offer is changed.

## 1. Summary and Purpose of Tender Offer

### (1) Summary of Tender Offer

As of today, the Tender Offeror holds 1,107,000 Shares listed on the NSE Main Market (Shareholding Ratio (Note 1) of 11.56%), and the Tender Offeror is the largest major shareholder of the Target Company.

(Note 1) “Shareholding Ratio” refers to the ratio of the number of Shares to the number of Shares obtained (9,575,483 shares) by subtracting the number of treasury shares held by the Target Company as of August 31, 2024 (46,067 shares) as stated in the Consolidated Financial Results for the Six Months Ended August 31, 2024 [JGAAP], which has not been translated into English by the Target Company, submitted by the Target Company on October 11, 2024 (the “Six-Month Financial Results of the Target Company”) from the total number of issued shares of the Target Company as of August 31, 2024 (9,621,550 shares) as stated in the Semiannual Securities Report for the 69<sup>th</sup> Fiscal Term, which has not been translated into English by the Target Company, submitted by the Target Company on October 11, 2024 (the “Semiannual Report of the Target Company”)(rounded to two decimal places; the same applies to Shareholding Ratios indicated hereinafter).

The Tender Offeror plans to purchase a minimum of 5,276,700 shares (representing 55.11% of the outstanding shares) through the Tender Offer. If the total number of shares tendered in response to the Tender Offer (the “Tendered Shares”) is less than the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Shares. On the other hand, because the purpose of the Tender Offer is to make the Target Company a wholly-owned subsidiary of the Tender Offeror, no maximum number of shares to be purchased through the Tender Offer has been set. Thus, if the total number of Tendered Shares is equal to or greater than the minimum number of shares to be purchased, the Tender Offeror will purchase all of the Tendered Shares.

If the Tender Offeror is unable to purchase all of the Shares (excluding Shares directly owned by the Tender Offeror and treasury shares owned by the Target Company) through the Tender Offer, then, after completion of the Tender Offer procedures, the Tender Offeror plans to perform a squeeze-out procedure based on the Companies Act of Japan (Act No. 86 of 2005, as amended) in order to make the Target Company a wholly-owned subsidiary of the Tender Offeror.

Moreover, according to the Target Company's "Announcement of Opinion in Support of the Planned Commencement of the Tender Offer for Shares of the Company by the Tender Offeror and Recommendation to Tender" issued today, which has not been translated into English by the Target Company, the Target Company resolved at its board of directors' meeting held today that if the Tender Offer is commenced, the Target Company will express its agreement to the Tender Offer and recommend that its shareholders tender their shares in response to the Tender Offer.

## (2) Background and Purpose of the Tender Offer

The Target Company is engaged in the manufacture and sale of various springs, mainly in the automotive industry. In December 2006, the Target Company implemented a third-party allocation by allocating a total of 1 million shares of common stock to the Tender Offeror (number of shares held at the time: 467,683 shares, 5.42% of the total number of issued shares at the time), Neturen Co., Ltd. (number of shares held at the time: 583,800 shares, 6.77% of the total number of issued shares at the time), and TYK Corporation (number of shares held at the time: 0 shares, 0.00% of the total number of issued shares at the time) for the purpose of strengthening the Target Company's financial position by enhancing its capital adequacy, among which 640,000 shares of common stock were allocated to the Tender Offeror. In 2011, the Tender Offeror disposed of 683 shares of the Target Company constituting less than one unit. As a result, the Tender Offeror owns 1,107,000 shares of the Target Company (Shareholding Ratio: 11.56%) as of today.

The Tender Offeror Group, as an important and indispensable partner in the Target Company's supply chain even after the underwriting of such capital increase through third-party allocation, has been building a global cooperative structure with the Target Company through the establishment with the Target Company of overseas joint venture companies for the purpose of stable supply, cost reduction, and market expansion.

The Target Company Group has advanced technological capabilities and a global structure for coil spring and sheet spring products for automobiles and motorcycles, and it has a strong business relationship with the Tender Offeror Group. The Target Company has been generating approximately 30% of its annual sales from the Tender Offeror and its consolidated subsidiary KYB Motorcycle Suspension Co., Ltd. in the past five fiscal years and is also operating with the Tender Offeror three overseas joint venture companies as manufacturing and sales sites for coil springs and sheet springs. Sheet springs, which are one of the products of the Target Company Group, are one of the key components that determine the quality and performance of hydraulic shock absorbers for automobiles and motorcycles manufactured by the Tender Offeror Group. The Tender Offeror believes that coil springs, which are also one of the products of the Target Company Group, will contribute to an increase in the added value of the Tender Offeror's shock absorbers for automobiles in the aftermarket area (Note 2).

(Note 2) “Aftermarket” refers to the after-sales service market, in which transactions related to after-sales services are conducted, such as the supply of consumables and repair parts, maintenance and repair services, and sales of peripheral equipment, which are incidental to sales of products.

On the other hand, the Tender Offeror holds only a certain number of Shares. Given that the Tender Offeror and the Target Company operate independently as listed companies, when the Tender Offeror Group and the Target Company Group utilize management resources and know-how and exchange information with each other, it is necessary to consider the interests of all stakeholders, including the general shareholders of the Target Company, in terms of the usefulness and objective fairness of such transactions. As a result, certain restrictions may arise in strengthening their partnership. Therefore, the Tender Offeror believes that it is necessary to resolve such structural conflicts of interest by making the Target Company a wholly-owned subsidiary and to establish a system that enables both parties to utilize their management resources swiftly and flexibly.

In addition, the Target Company’s former President and Representative Director, Mr. Yoshikatsu Miwa, retired on May 24, 2024 for medical treatment. Mr. Osamu Yoshida, Chairperson and Representative Director of the Target Company, retired as President in May 2017 but has concurrently served as President since May 2024. The Tender Offeror recognizes that securing and developing management human resources is an urgent issue for the Target Company and believes that utilizing the human resources of the Tender Offeror Group, including management-level personnel, would be an effective way to resolve that issue.

Based on those understandings, the Tender Offeror has come to realize that it is important to further strengthen its capital relationship with the Target Company and conduct more integrated management to build a cooperative structure, concentrate management resources on business growth, share management resources and know-how, including human resources, and speed up and simplify decision-making, in order for the Tender Offeror Group and the Target Company Group to expand their businesses and stabilize their supply chains. Considering the aforementioned structural conflicts of interest between the Tender Offeror and general shareholders of the Target Company, the Tender Offeror has determined that it is optimal to make the Target Company a wholly-owned subsidiary of the Tender Offeror.

The synergies anticipated by the Tender Offeror in making the Target Company its wholly-owned subsidiary are as follows:

- (a) strengthening the supply chain through mutual cooperation between the Tender Offeror Group and the Target Company Group;
- (b) cost reduction and quality improvement by sharing know-how between the Tender Offeror Group and the Target Company Group;

- (c) product planning and development through mutual cooperation between the Tender Offeror Group and the Target Company Group;
- (d) strengthening the structure of the Target Company Group from the perspective of human resources and governance; and
- (e) acceleration and simplification of decision-making by the Tender Offeror and the Target Company.

## 2. Summary of Offer

### (1) Profile of the Target Company

(i)	Company Name	Chita Kogyo Co., Ltd.	
(ii)	Location	2-12-4 Maenami-cho, Kasugai, Aichi	
(iii)	Name and Title of Representative	Osamu Yoshida, Chairman and President and Representative Director	
(iv)	Description of Business	Manufacture and sale of coil springs, sheet springs, pipe molded products, cutting products, and dental/medical products.	
(v)	Paid-in Capital	819,078 thousand yen (as of August 31, 2024)	
(vi)	Date of Incorporation	March 10, 1956	
(vii)	Major Shareholders and Shareholding Ratios (as of August 31, 2024)	KYB Corporation	11.56%
		Neturen Co., Ltd.	8.60%
		MUFG Bank, Ltd.	4.43%
		Sumitomo Mitsui Trust Bank, Limited	4.39%
		The Chukyo Bank, Ltd.	4.37%
		The Bank of Nagoya, Ltd.	4.36%
		The Juroku Bank, Ltd.	4.34%
		The Shiga Bank, Ltd.	4.28%
		The Ogaki Kyoritsu Bank, Ltd.	4.20%
	Kugoh Daisuke	3.53%	
(viii)	Relationship between the Tender Offeror and the Target Company		
	Capital Relationship	The Tender Offeror holds 1,107,000 Shares of the Target Company (Shareholding Ratio: 11.56%), and the Target Company holds 238,035 common shares (shareholding ratio: 0.95%). The Tender Offeror holds 900 shares (shareholding ratio: 30.00%) of PT. Chita Indonesia, a consolidated subsidiary of the Target Company, and has invested 4,500 thousand RMB (investment ratio: 30.00%) in CHITA KYB Manufacturing (Zhejiang) co., Ltd. In addition, the Target Company has invested 60,000 thousand CZK (investment ratio: 30.00%) in KYB CHITA Manufacturing Europe s.r.o., a consolidated subsidiary of the Tender Offeror.	
	Personal Relationship	As of March 31, 2024, one director of the Target Company concurrently serves as an employee of the Tender Offeror.	
	Transactional Relationship	The Target Company purchases spring products from the Target Company.	
	Status of Relationships	Not applicable.	

with Related Parties
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(Note) “(vii) Major Shareholders and Shareholding Ratios (as of August 31, 2024)” is based on “Major shareholders” as stated in the Semiannual Report of the Target Company.

(2) Schedule

If the Conditions Precedent are satisfied (or waived by the Tender Offeror), the Tender Offeror plans to promptly commence the Tender Offer. As of today, the Tender Offeror aims to commence the Tender Offer around late January 2025. However, because it is difficult to accurately predict the time required to complete the Antimonopoly Act procedures with the Fair Trade Commission, the Tender Offeror will give notice of the Tender Offer schedule if the expected time for commencing the Tender Offer is changed.

The period of the Tender Offer is expected to be 30 business days.

(3) Price for Purchase and Grounds for Calculation

2,010 yen per common share (the “Tender Offer Price”)

This amount represents a premium of (i) 135.09% in comparison to the closing price of 855 yen per common share on the NSE Main Market on November 8, 2024(the “Business Day Prior to the Date of This Notice,”) (ii) 130.50% in comparison to the simple average of the closing prices of 872 yen (rounded to the nearest whole number; herein after the same regarding closing price simple averages) per common share on the NSE Main Market during the one-month period just prior to the Business Day Prior to the Date of This Notice, (iii) 122.59% in comparison to the simple average of the closing prices of 903 yen per common share on the NSE Main Market during the three-month period just prior to the Business Day Prior to the Date of This Notice, and (iv) 111.80% in comparison to the simple average of the closing prices of 949 yen per common share on the NSE Main Market during the six-month period just prior to the Business Day Prior to the Date of This Notice.

(4) Number of Shares Planned to Be Purchased

Type of Shares	Number of Shares to Be Purchased	Minimum Number of Shares to Be Purchased	Maximum Number of Shares to Be Purchased
Common Shares	8,468,483 shares	5,276,700 shares	— shares
Total	8,468,483 shares	5,276,700 shares	— shares

(5) Funds for Purchase (Planned)

17,021,650,830 yen

(Note) The amount above is the amount calculated by multiplying the number of shares to be purchased in the Tender Offer (8,468,483 shares) by the Tender Offer Price (2,010 yen). Therefore, it is subject to change if the actual number of shares planned for purchase in the Tender Offer changes due to fluctuations from today.

(6) Other Conditions and Procedures Regarding Tender Offer, Etc.

[1] Other Conditions and Procedures Regarding Tender Offer

The agent for the tender offer is expected to be Mizuho Securities Co., Ltd.

[2] Others

The Tender Offer is not conducted, directly or indirectly, in the U.S. or for the U.S., and is not conducted (i) by means of U.S. mail or other interstate or international commerce methods or means (including, but not limited to, facsimile, electronic mail, internet communications, telex, or telephone), nor (ii) through any securities exchange facility in the U.S. No tender of Shares in response to the Tender Offer may be made through any of the above-mentioned methods or means or through the above-mentioned facilities, or from the U.S.

The tender offer registration statement and the related tender documents relating to the Tender Offer are not and may not be sent or distributed in, to, or from the U.S. by mail or any other method. Any tender of Shares in response to the Tender Offer made in violation, directly or indirectly, of any of the above referenced restrictions shall be rejected.

Shareholders tendering their Shares in response to the Tender Offer (in the case of foreign shareholders, the shareholders' local custodians) may be required to make the following representations and warranties to the tender offer agent when making such tender:

- (i) the shareholder is not located in the U.S., either at the time of the Tender Offer or at the time the tender offer application form is submitted;
- (ii) the shareholder has not directly or indirectly received or sent any information (including copies thereof) regarding the Tender Offer in, to, or from the U.S.;
- (iii) the shareholder did not directly or indirectly use U.S. mail or other interstate or international commercial methods or means (including, but not limited to, facsimile, electronic mail, internet communications, telex, or telephone), nor any securities exchange facility in the U.S., in connection with the purchase of Shares in connection with the Tender Offer or the signing and delivery of the tender offer application form; and
- (iv) the shareholder is not acting as any other person's attorney-in-fact or trustee/agent without discretion (unless the person providing instructions regarding the purchase is doing so solely from outside the U.S.).