



January 15, 2025

To whom it may concern:

Name of Company: Makino Milling Machine Co., Ltd.

Name of Representative: President, Director

Shotaro Miyazaki

(Securities Code: 6135 (the Prime Market of the Tokyo Stock Exchange, Inc.))

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### **Notice of Special Committee's Sending of a Request Letter**

As announced in the "Notice Regarding Scheduled Commencement of Tender Offer for Shares of the Company by Nidec Corporation" as of December 27, 2024, Makino Milling Machine Co., Ltd. (the "Company") has received a "Letter of Intent Regarding Management Integration Aimed at Maximization of Corporate Value" (the "Letter") from Nidec Corporation ("Nidec") as of December 27, 2024 (Friday). According to the Letter, with the aim of making the Company a wholly-owned subsidiary of Nidec, Nidec has proposed a tender offer for the Company's shares with a commencement date of April 4, 2025, a tender offer period of 31 business days, a lower limit for number of shares to be purchased representing 50% or more of the total number of voting rights of the Company, and no upper limit for number of shares to be purchased (such tender offer, the "Tender Offer," and such proposal by Nidec in the Letter to make the Company its wholly-owned subsidiary, the "Proposal").

In relation to the Proposal, the Company established a special committee (the "Special Committee") consisting of four independent and external directors of the Company as of January 10, 2025 (for details, please see the "Notice on Establishment of a Special Committee" as of the same date), and the Company hereby announces that the Special Committee has sent a request letter (attached) to Nidec today requesting certain items including the postponement of commencement of the Tender Offer.

End

January 15, 2025

NIDEC CORPORATION  
Representative Director and President  
Mitsuya Kishida

Makino Milling Machine Co., Ltd.  
Special Committee Chairman  
Kazuo Takahashi

**Request Regarding Scheduled Commencement Date and Planned Number of  
Shares to be Purchased for Tender Offer**

We are pleased to hear of your company's continued success and prosperity.

On December 27, 2024 (Friday), we received a letter from your company titled "Letter of Intent Regarding Management Integration Aimed at Maximizing Corporate Value" (the "Letter"). According to the Letter, your company proposes to conduct a tender offer for our company's shares (the "Tender Offer") with aim of making our company a wholly-owned subsidiary of your company (the "Proposal").

As you are aware, since the Proposal constitutes an acquisition offer that aims to acquire corporate control of our company, which is a listed company, our board of directors is conducting a thorough examination of the Proposal and its terms to evaluate its validity, from the perspective of achieving the enhancement of corporate value and the securing of our shareholders' interests, by taking into account the "Guidelines for Corporate Takeovers—Enhancing Corporate Value and Securing Shareholders' Interests—" (the "Guidelines") issued by the Ministry of Economy, Trade and Industry on August 31, 2023. As part of this process, our board of directors has established a special committee consisting of independent outside directors (the "Committee").

As stated below, the Letter lacks critical information necessary for our decision-making, including specific synergies. Additionally, the Proposal contains numerous issues that require thorough examination from the perspective of improving corporate value and securing shareholders' interests. While we anticipate that further time will be required to evaluate the validity and conditions of the Tender Offer, we would like to share our initial assessment and our requests regarding the following points. Please note that the following

points represent only a portion of the concerns regarding the Proposal based on our preliminary review.

## Notes

### **1. Regarding Scheduled Commencement Date of Tender Offer**

Regarding the scheduled commencement date of the Tender Offer, your Letter states that, from the perspective of securing (i) a period of time that is necessary and sufficient for our board of directors and the special committee established by our company to form an opinion on the Tender Offer based on sufficient information provided by your company, and (ii) a period of time that is sufficient for our company and our shareholders to properly evaluate the validity of the Proposal and decide whether to tender their shares, a period of “two months” or more should be secured for these purposes. The Letter further states that, based on this assessment and considering the time expected to be required to complete procedures under domestic and foreign competition laws and foreign investment regulations necessary for the implementation of the Tender Offer, your company expects to commence the Tender Offer as early as April 4, 2025.

The Guidelines emphasize the importance of providing sufficient time for the shareholders of the target company and its board of directors to make an informed judgment regarding an acquisition. Despite this, there is no explanation in the Letter regarding the basis for determining that “two months” is an appropriate period for the above (i) and (ii), and it is unclear. Furthermore, **the Letter only provides general and abstract descriptions of synergies from making our company a wholly-owned subsidiary of your company, without any specific reference to these synergies. As such, based on the limited information currently provided, it is extremely difficult to assess the existence and the extent of any enhancement to corporate value resulting from the Proposal. The Committee believes that a thorough examination of the Proposal will require a considerable amount of time.**

In addition, **we received the Letter from your company on December 27, 2024 (Friday), the final business day of the year for our company and many other Japanese companies. As you have acknowledged, until we received the Letter, there was no prior consultation or even preliminary inquiry regarding the Proposal from your company.** Such an approach is **reminiscent of the “Saturday**

**Night Special” tactic, which was briefly used as a hostile takeover strategy in the United States in the early 1970s. Your company’s approach does not give our board of directors and the Committee sufficient time to carefully examine the Proposal for the benefit of our shareholders and forces our shareholders to make a decision with insufficient time and information to deliberate on whether the Proposal aligns with our company value and the common interests of our shareholders. The Committee deeply regrets this situation.** For comparison, in (i) the case of Alimentation Couche-Tard Inc.’s proposal to acquire Seven & i Holdings Co., Ltd., (ii) the well-known case in the United States of Kraft Foods Inc.’s eventual full acquisition of Cadbury plc, (iii) the recent case of Arkhouse Management Co. LP’s proposal to fully acquire Macy’s, Inc., followed by a proxy contest for the election of directors at the company’s general meeting of shareholders after Macy’s Inc.’s rejection of the proposal, (iv) the case of Choice Hotels International, Inc.’s proposal to fully acquire Wyndham Hotels & Resorts, Inc., and (v) the most recent case on January 7, 2025, where Cintas Corporation proposed to fully acquire UniFirst Corporation, it has been reported that the proposer of the unsolicited acquisition made a preliminary acquisition proposal to the target company and engaged in prior consultations with it before publicly announcing its proposal. We understand that the same approach was taken in the case of your company’s proposal to acquire Takisawa Machine Tool Co., Ltd. We believe that your company’s method of announcing the acquisition proposal without even making any preliminary inquiries was, regrettably, an unscrupulous method that deviated from normal practice in Japan and the United States.

Furthermore, **the date you have set as the effective end of the period for our company to examine the Proposal, April 3, 2025 (Thursday), the day before the scheduled commencement date of the Tender Offer, is immediately after our company’s fiscal year ending in March 2025. This period is extremely busy for companies with a March fiscal year-end, including our company, due to year-end fiscal reporting and related tasks.** We believe that **your approach of forcing us to examine the Proposal during a period when it is difficult to secure the resources necessary for a full examination of the Proposal is also questionable from the perspective of maximizing our corporate value and the common interests of our shareholders.**

Even setting these concerns aside, as stated in 2 below, **the Committee believes that the Proposal contains numerous issues that require thorough examination**

**from the perspective of maximizing our corporate value and the common interests of our shareholders, and that a certain degree of time will be required for gathering a wide range of information and careful examination (including exploring alternative proposals) in order to evaluate the validity of the Proposal.**

In addition, in light of current practices in Japan, if a company has adopted a peacetime introduced-type takeover defense measures (so-called advance warning-type takeover defense measures) and a tender offer is proposed without prior consent of the target company, in accordance with the Guidelines, it is customary to allow 60 days for information provision and additional 60 to 90 days for deliberation by the board of directors, amounting to a total of 120 to 150 days before the commencement of the tender offer. We believe that the Proposal, which sets April 3, 2025, as the effective deadline for our examination, effectively starting the review in early January does not secure the sufficient period for deliberation (or the “sufficient period for deliberation” described in (i) and (ii) at the beginning, which your company views as necessary to fairly advance the Proposal) required by the Guidelines. In light of the above, **the Committee believes that it is essential, from the perspective of maximizing our corporate value and the common interests of our shareholders, to ensure sufficient time for our shareholders to deliberate on the Proposal, particularly after the announcement of our financial results for the fiscal year ending March 2025.**

Accordingly, **the Committee strongly requests that the commencement date of the Tender Offer be postponed until May 9, 2025, which is approximately one week after the scheduled announcement date of our financial results for the fiscal year ending March 2025 and about 4.5 months after our company’s receipt of your Letter.**

## **2. Regarding Planned Number of Shares to be Purchased in Tender Offer**

Regarding the planned number of shares to be purchased in the Tender Offer, the Proposal specifies that there will be no upper limit, while the lower limit is set at 11,694,400 shares, which is equivalent to 50% of the total voting rights of our shares.

The Guidelines caution against acquirers engaging in aggressive, coercive acquisition techniques, such as coercive two-step acquisitions, which should be avoided. As an example of a coercive acquisition technique, the Guidelines highlight tender offers where the lower

limit is set very low, which means that the second cash-out step is not guaranteed, raising the high possibility that minority shareholders will remain. In light of this, **even though the Proposal is aimed at making our company a wholly-owned subsidiary, setting the lower limit of the planned number of shares to be purchased in the Tender Offer at 50% of the total voting rights of our shares (which is below the two-thirds required to pass a resolution at a general meeting of shareholders for a share consolidation to effect a squeeze-out) would expose our shareholders to a significant degree of coercion.**

Regarding this point, the Letter states that, even if the number of shares tendered in the Tender Offer is close to the aforementioned lower limit, since domestic passive index funds, related parties of the Company, and cross-shareholding partners of the Company are “expected to exercise their voting rights in favor” of the proposal for a share consolidation (on the assumption that they will not tender their shares in the Tender Offer), it is reasonably expected that the proposal for a share consolidation will be approved with an approval rate of at least approximately 74.12% (a percentage of ownership). However, the Letter provides no rational basis for assuming that the above-mentioned shareholders are “expected to exercise their voting rights in favor” of the proposal. As mentioned in 1 above, given that the proposal was made in a way that did not allow sufficient time for our shareholders to deliberate on the Proposal, at the very least, there is currently no particular evidence to assume that the related parties of the Company or others would support your company’s plan to make our company a wholly-owned subsidiary. Therefore, your company’s explanation does not provide a reasonable justification for concluding that the coerciveness of the Tender Offer would not arise even if the lower limit of the planned number of shares to be purchased in the Tender Offer is set at 50% of the total voting rights of our shares.

In addition, in the Letter, you state that “the ratio of voting rights exercised by shareholders other than the tender offeror at a shareholder meeting to approve the proposal for a share consolidation (squeeze-out proposal) after the completion of the tender offer is expected to be significantly lower than the ratio of voting rights exercised at an ordinary annual general meeting of shareholders” in cases where a share consolidation is chosen as the method of squeeze-out. However, **this assumption is based on the premise that, at the time of the general meeting of shareholders to approve the share consolidation, the tender offeror already holds more than two-thirds of the voting rights, making it evident that the proposal will be approved. Consequently, shareholders other than the tender offeror are less likely to exercise their voting rights, and**

**applying this assumption to the Proposal, where there is no guarantee that your company will acquire two-thirds of the voting rights of our shares, is inappropriate.**

Additionally, with regard to the lower limit of the planned number of shares to be purchased in tender offers aimed at acquiring all outstanding shares in a target company, the Policy and Markets Bureau of the Financial Services Agency issued the “Matters to be Noted Regarding the Disclosure of Tender Offers (Tender Offer Disclosure Guidelines)” in October 2024. These guidelines state that when preparing a tender offer registration statement, it is necessary to examine whether the purpose of the tender offer aligns with the upper and lower limits of the planned number of shares to be purchased. In particular, the guidelines state that “in tender offers aimed at acquiring all outstanding shares, if the lower limit of the planned number of shares to be purchased is set at a level that risks resulting in the tender offeror and its special related parties holding less than two-thirds of the voting rights of all shareholders after the tender offer, the offeror must specifically disclose the rationale for why it considers that such lower limit of the planned number of shares to be purchased is necessary and appropriate for achieving the purpose of the tender offer” [emphasis added by the Committee]. Even in light of these guidelines, there appears to be no sufficient justification for setting the lower limit of the planned number of shares to be purchased at less than two-thirds of the voting rights in the Proposal.

Therefore, **in order to eliminate the coercive nature of the Tender Offer and protect the interests of our general shareholders, the Committee strongly requests that the lower limit of the planned number of shares to be purchased in the Tender Offer be raised to 15,564,200 shares, which is equivalent to two-thirds of the total voting rights of our shares.**

Sincerely