

[Translation]

July 27, 2021

To whom it may concern:

Company Name: SAKAI OVEX CO., LTD.
(Code Number: 3408, the First Section of the Tokyo Stock Exchange)
Representative: Shintaro Matsuki, President and
Representative Director
Contact for inquiries: Koichi Murosaka, General Manager of the
Administration Division
(TEL. 0776-36-5800)

Company Name: Sakai Textile Co., Ltd.
Representative: Shintaro Matsuki, Representative Director

Announcement Concerning Commencement of a Tender Offer by Sakai Textile Co., Ltd. for the Share Certificates, Etc. of SAKAI OVEX CO., LTD. (Securities Code: 3408)

Sakai Textile Co., Ltd. hereby announces that, on July 27, 2021, it has decided to acquire the share certificates, etc., of SAKAI OVEX CO., LTD. through a tender offer as set forth in the attachment.

End

This material is published pursuant to Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act based on the request of Sakai Textile Co., Ltd. (the tender offeror) to SAKAI OVEX CO., LTD. (the target company of the tender offer).

(Attachment)

“Announcement Concerning Commencement of a Tender Offer for the Share Certificates, Etc. of SAKAI OVEX CO., LTD. (Securities Code: 3408)”, dated July 27 2021

July 27, 2021

To whom it may concern:

Company Name: Sakai Textile Co., Ltd.
Representative: Shintaro Matsuki, Representative Director

**Announcement Concerning Commencement of a Tender Offer for the Share Certificates, Etc. of
SAKAI OVEX CO., LTD. (Securities Code: 3408)**

Sakai Textile Co., Ltd. (“**Tender Offeror**”) hereby announces that, on July 27, 2021, the Tender Offeror has decided to acquire the common shares (“**Target Company Shares**”) and the Share Options (as defined in “2 Class of Share Certificates, Etc. to be Purchased, Etc.,” “(2) Share Options” below) of SAKAI OVEX CO., LTD. (Code Number: 3408, listed on the First Section of the Tokyo Stock Exchange, Inc. (“TSE”), the “**Target Company**”) through a tender offer (“**Tender Offer**”) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

The Tender Offeror is a stock company established by Shintaro Matsuki (“**Mr. Matsuki**”), Representative Director and President of the Target Company, on January 15, 2021, for the main purposes of acquisition and ownership of the Target Company Shares and Share Options through the Tender Offer. As of today, Mr. Matsuki owns 100% of the issued shares of the Tender Offeror and serves as Representative Director. As of today, the Tender Offeror does not own the Target Company Shares or the Share Options. As disclosed in “Announcement Concerning Commencement of a Tender Offer for the Share Certificates, Etc. of SAKAI OVEX CO., LTD. (Securities Code: 3408)”, dated February 9, 2021 (including the amendments described in “(Amendment) Announcement Regarding Partial Amendments to “Announcement Concerning Commencement of a Tender Offer for the Share Certificates, Etc. of SAKAI OVEX CO., LTD. (Securities Code: 3408)” Due to its Submission of Amendment of Tender Offer Registration Statement,” dated February 10, 2021, and “Announcement Regarding Partial Amendments to “Announcement Concerning Commencement of a Tender Offer for the Share Certificates, Etc. of SAKAI OVEX CO., LTD. (Securities Code: 3408)” Due to the Change in Terms and Conditions of Tender Offer for the Share Certificates, Etc. of SAKAI OVEX CO., LTD.,” dated March 18, 2021), as part of a series of transactions for the purpose of acquiring all of the Target Company Shares (includes shares issued upon the exercise of Share Options, but excludes the treasury shares owned by the Target Company) which are listed on the First Section of TSE and Share Options, delisting the Target Company Shares, and the Tender Offeror becoming the sole shareholder of the Target Company, the Tender Offeror conducted a tender offer (period for purchase etc. from February 9, 2021 through March 24, 2021, purchase etc. price 3,000 yen per share for Target Company Shares, one (1) yen per unit for Share Options, “**Previous Tender Offer**”), however it was unsuccessful since the minimum number of shares planned to be purchased in the Previous Tender Offer was 4,127,800 shares, and the total number of share certificates, etc. tendered in the Previous Tender Offer was 3,939,239 shares, which did not meet the minimum 4,127,800 shares.

As part of a series of transactions (“**Transactions**”) for the purpose of acquiring all of the Target Company Shares (includes shares issued upon the exercise of Share Options, but excludes treasury shares owned by the Target Company, and the Agreed Non-tendering Shares (defined below, and the same shall apply hereinafter.) owned by

the Target Company’s largest shareholder City Index Eleventh Co., Ltd. (number of shares owned: 515,600 shares, Ownership Ratio (Note 1): 8.33% , “**CIE**”) which are listed on the First Section of TSE and Share Options, delisting the Target Company Shares, and the Tender Offeror and the largest shareholder CIE becoming the sole shareholders of the Target Company (Note 2), the Tender Offeror has decided to conduct the Tender Offer on July 27, 2021.

The Transactions fall under the category of a management buyout (MBO) (Note 3), and Mr. Matsuki plans to continue to manage the Target Company after the Transaction. There is no special agreement between the Tender Offeror and other Directors of the Target Company (including Audit and Supervisory Committee Members) regarding their appointment as officers after the Tender Offer.

Note 1 “**Ownership Ratio**” is the ratio of Target Company Shares owned divided by the number of shares (6,191,133 shares) which is obtained by adding the number of Target Company Shares which are the subject of 313 units of Share Options (Note 4) listed in the Target Company’s 128th Securities Report (“**Target Company Securities Report**”) as of March 31, 2021 (31,300 shares), submitted by the Target Company on June 28, 2021 (6,467,558 shares), to the total number of shares issued and outstanding in the Target Company Securities Report as of March 31, 2021 (6,436,258 shares), then deducting the number of treasury shares owned by the Target Company listed in the Target Company Securities Report as of March 31, 2021 (276,425 shares) (rounded off to two decimal places; the same applies to Ownership Ratio hereinafter.)

Note 2 However, after the Tender Offer, in the event that there are shareholders who own equal shares or more than the Agreed Non-tendering Shares owned by CIE, the Tender Offeror, CIE, and the said shareholders would have a consultation on the improvement of the corporate value of the Target Company and their respective roles (“**Trilateral Consultation**”). After careful and due consultation, if they fail to reach an agreement at the Trilateral Consultation, the Tender Offeror will consider another course, including making itself the sole shareholder of the Target Company, and CIE will support a decision made by the Tender Offeror.

Note 3 “Management buyout (MBO)” generally refers to a transaction where the management team of a target company contributes all or part of the acquisition funds to purchase the shares of the target company based on the premise of continuing the business of the target company.

Note 4 The table below shows the breakdown of 313 units of Share Options. The holders of Share Options are Directors and executive employees of the Target Company. It is provided that the Share Option Holders may exercise their allotted Share Options on or after the day following the day when they lose their position as Director or Corporate Officer of the Target Company, respectively, within the exercise period for Share Options.

Name of Share Options	Number of units as of March 31, 2021 (units)	Number of subject Target Company Shares (shares)
Series 1 Share Options	61	6,100
Series 2 Share Options	60	6,000

Series 3 Share Options	96	9,600
Series 4 Share Options	96	9,600
Total	313	31,300

For conducting the Tender Offer, the Tender Offeror has executed an agreement with CIE on July 27, 2021, under which CIE will not tender all the Target Company Shares owned (number of shares owned: 515,600 shares, Ownership Ratio: 8.33%, “**Agreed Non-tendering Shares**”) in the Tender Offer (“**Non-Tender Agreement**”). In addition to the above agreement, the Tender Offeror plans to conclude a shareholders’ agreement in consultation with CIE separately, but as of today, the specific timing and details of the agreement have not been decided. For the outline of the Non-Tender Agreement and the matters that may be provided for in the shareholders’ agreement, please see the tender offer registration statement (“**Tender Offer Registration Statement**”) which the Tender Offeror submits in connection with the Tender Offer as of July 28, 2021, “No.1 Outline of the Tender Offer,” “3. Purpose of Purchase, etc.,” “(6) Important Agreements relating to the Tender Offer,” “I Non-Tender Agreement” and “VI Others”.

At the same time, the Tender Offeror has executed an agreement dated July 27, 2021, with Toray Industries, Inc. (number of shares owned: 464,530 shares, Ownership Ratio: 7.50%, “**Toray**”), the second-largest shareholder of the Target Company. Also, it has executed the same dated July 26, 2021, with The Fukui Bank, Ltd. (number of shares owned: 165,000 shares, Ownership Ratio: 2.67%, “**Fukui Bank**”), the tenth-largest shareholder of the Target Company, under which Toray and Fukui Bank will tender all Target Company Shares owned, respectively, (total number of shares owned: 629,530 shares, total Ownership Ratio: 10.17%) in the Tender Offer (agreement with Toray “**Tender Agreement (Toray)**,” and agreement with Fukui Bank “**Tender Agreement (Fukui)**.”) For an overview of these agreements, please see the Tender Offer Registration Statement, “No.1 Outline of the Tender Offer,” “3. Purpose of Purchase, etc.,” “(6) Material Agreements on the Tender Offer,” “II Tender Agreement (Toray)” and “III Tender Agreement (Fukui)”.

In addition, the Tender Offeror was informed from NIPPON ACTIVE VALUE FUND PLC (number of shares owned: 389,800 shares, Ownership Ratio: 6.30%, “**NAVF**”), the forth-largest shareholder of the Target Company, that it has supported the intent of the Transactions and is positively considering tendering all Target Company Shares owned (number of shares owned: 389,800 shares, Ownership Ratio: 6.30%) in the Tender Offer.

The overview of the Tender Offer is as follows:

1 Name of Target Company

SAKAI OVEX CO., LTD.

2 Class of Share Certificates, Etc. to be Purchased, Etc.

(1) Common shares

(2) Share Options

- I. Share Options issued based on the resolution of the Board of Directors Meeting of the Target Company held on June 20, 2014 (“**Series 1 Share Options.**”)
- II. Share Options issued based on the resolution of the Board of Directors Meeting of the Target Company held on June 19, 2015 (“**Series 2 Share Options.**”)
- III. Share Options issued based on the resolution of the Board of Directors Meeting of the Target Company held on June 24, 2016 (“**Series 3 Share Options.**”)
- IV. Share Options issued based on the resolution of the Board of Directors Meeting of the Target Company held on June 23, 2017 (“**Series 4 Share Options,**” and the Series 1 Share Options, the Series 2 Share Options, the Series 3 Share Options and the Series 4 Share Options are collectively referred to as “**Share Options.**”)

3 Period for Purchase, Etc.

From July 28, 2021 (Wednesday) through September 8, 2021 (Wednesday) (30 business days)

4 Price for Purchase, Etc.

(1) 3,810 yen per share of the common share

(2) Share Options

- I. One (1) yen per unit of Series 1 Share Options
- II. One (1) yen per unit of Series 2 Share Options
- III. One (1) yen per unit of Series 3 Share Options
- IV. One (1) yen per unit of Series 4 Share Options

5 Number of Share Certificates, Etc. to be Purchased

Class of Share Certificates, Etc.	Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
Common shares	5,675,533 (shares)	3,611,900 (shares)	— (shares)
Total	5,675,533 (shares)	3,611,900 (shares)	— (shares)

6 Settlement Commencement Date

September 15, 2021 (Wednesday)

7 Tender Offer Agent

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

With respect to details of the Tender Offer, please refer to the Tender Offer Registration Statement.

End

[Soliciting Regulations]

This press release is a news statement intended for the announcement of the Tender Offer to the general public and is not intended for soliciting an offer to sell the shares in connection with the Tender Offer. If anyone desires to sell his or her shares, a shareholder should, at his or her own responsibility, review the tender offer explanatory statement for the Tender Offer and accept the Tender Offer in his or her own discretion. This press release is not considered as an offer of purchase of securities or solicitation of offer of sales of securities and does not constitute any such part. This press release (or any part of it) or the fact of its distribution does not provide a basis for any kind of agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

[Regulations of the United States]

Although the Tender Offer will be conducted in compliance with the procedures and disclosure standards prescribed in the Financial Instruments and Exchange Act in Japan, such procedures and standards are not necessarily identical to those applicable in the United States. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 (as amended) (the “U.S. Securities Exchange Act of 1934”), and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer is not intended to comply with the procedures or standards set forth in any such provisions. All financial information contained in this press release is based on generally accepted accounting principles in Japan (Japanese GAAP), not the U.S. accounting standards. Therefore, the financial information contained in this press release may not necessarily be comparable to the financial information prepared based on the U.S. accounting standards. In addition, the Tender Offeror and the Target Company are legal entities incorporated outside of the United States, some or all of its directors are non-U.S. residents, and it may be difficult to enforce any rights or make claims arising under the U.S. securities laws. Furthermore, shareholders may not be able to commence legal proceedings against legal entities outside the United States and its directors in non-U.S. courts for violations of the U.S. securities laws. Furthermore, U.S. courts do not necessarily have jurisdiction over legal entities and their respective subsidiaries and affiliates outside the United States.

Unless otherwise described, all procedures related to the Tender Offer shall be conducted entirely in the Japanese language. All or any part of the documents related to the Tender Offer is prepared in the English language. If there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation shall prevail.

The Tender Offeror, the financial advisor of the Tender Offeror and the Target Company, the tender offer agent and their respective affiliates may, within their ordinary course of business, purchase, or conduct any act toward the purchase of, the shares of the common stock of the Target Company for their own account or for their

customers' accounts outside the Tender Offer prior to the commencement of, or during, the period of the Tender Offer, etc. in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934 to the extent permissible under the financial instruments and exchange laws and other applicable laws and regulations in Japan. Such purchase may be conducted at a market price in the market or a price decided by the negotiation outside the market. If any information concerning any such purchases is disclosed in Japan, corresponding disclosure will be made on the English homepage of the financial advisor or the tender offer agent (or through other public disclosure methods).

[Forward-Looking Statements]

This press release includes forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Actual results might be substantially different from the express or implied predictions set forth herein as “forward-looking statements” due to known or unknown risks, uncertainties, or other factors. Neither the Tender Offeror nor its affiliates assure that such express or implied predictions included as “forward-looking statements” will be achieved. The forward-looking statements contained herein have been prepared based on the information held by the Tender Offeror as of today, and, unless otherwise required under applicable laws and regulations, neither the Tender Offeror nor its affiliates assume any obligation to update or revise this document to reflect any future events or circumstances.

[Other Countries]

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws or regulations. In such cases, you are required to be aware of such restrictions and comply with the laws and regulations of such countries or regions. Even if this press release is received in countries or regions where the implementation of the Tender Offer would be illegal, this press release does not constitute any solicitation of an offer to sell or offer to purchase shares in relation to the Tender Offer, and shall be considered as a mere distribution of informative materials.