

November 8, 2021

To whom it may concern

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Announcement of Commencement of Tender Offer for Shares in Nissei Corporation

Brother Industries, Ltd. (the “Tender Offeror”) hereby announces that the Tender Offeror has resolved to acquire common shares (the “Target Company Shares”) in Nissei Corporation (stock code 6271, listed on the second sections of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) and the Nagoya Stock Exchange, Inc. (the “Nagoya Stock Exchange”); the “Target Company”), as described below, through a tender offer (the “Tender Offer”) in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”), at a Board of Directors meeting held today.

1. Purposes of Tender Offer

(1) Outline of the Tender Offer

As of today, the Tender Offeror holds 16,685,558 shares of the Target Company listed on the second sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange (Shareholding Ratio (Note 1) of 60.17%) and the Target Company is a consolidated subsidiary of the Tender Offeror. The Tender Offeror resolved at its Board of Directors meeting held on November 8, 2021 to commence the Tender Offer as part of a transaction (the “Transaction”) intended to make the Target Company a wholly-owned subsidiary of the Tender Offeror by acquiring all Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company).

(Note 1) “Shareholding Ratio” refers to the ratio of the number of Target Company Shares to the number of shares obtained by subtracting the number of treasury shares held by the Target Company as of September 30, 2021 (1,464,487 shares) as stated in the Financial Summary for the Second Quarter of the Fiscal Year Ending March 31, 2022 submitted by the Target Company on November 1, 2021 (the “Second Quarter Financial Summary of the Target Company”) from the total number of issued shares of the Target Company as of September 30, 2021 (29,194,673 shares) as stated in the Second Quarter Financial Summary of the Target Company (27,730,186 shares) (rounded to two decimal places; the same applies to shareholding ratios indicated hereinafter unless otherwise specified).

By the Tender Offer, as the Tender Offeror intends to make the Target Company a wholly-owned subsidiary, the minimum number of shares to be purchased is set at 1,801,242 shares (Shareholding Ratio: 6.50%) (Note 2). If the total number of shares tendered in 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, since the Tender Offeror seeks to acquire all Target Company Shares (excluding, however, Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) in the Tender Offer, a maximum number of shares to be purchased has not been set. If the total number of Tendered Shares is equal to or exceeds the minimum number of

shares to be purchased, the Tender Offeror will purchase all of the Tendered Shares.

(Note 2) The minimum number of shares to be purchased has been set at 1,801,242 shares, which is calculated by first multiplying one unit (100 shares) of the Target Company Shares by the number of voting rights (184,868 rights) that is equal to or exceeds two-thirds of the number of voting rights (277,301 rights) corresponding to the total number of issued shares of the Target Company as of September 30, 2021 (29,194,673 shares) as stated in the Second Quarter Financial Summary of the Target Company less the number of treasury shares held by the Target Company as of September 30, 2021 (1,464,487 shares) as stated in the Second Quarter Financial Summary of the Target Company (27,730,186 shares), and then subtracting from the obtained number of shares (18,486,800 shares), 16,685,558 shares of the Target Company held by the Tender Offeror. If the Tender Offeror performs procedures for share consolidation as described in “(2) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Related to So-called “Two-step Acquisition”)” below, a special resolution at a shareholders meeting as stipulated in Article 309, Paragraph 2 of the Companies Act (here and hereafter, Act No. 86 of 2005, as amended) will be required. Since the Tender Offeror seeks to make the Target Company a wholly-owned subsidiary of the Tender Offeror, in order to ensure the successful completion of the Transaction, the above minimum number of shares to be purchased has been set so that the Tender Offeror will hold at least two-thirds of the voting rights of all shareholders of the Target Company after the Tender Offer.

The Tender Offeror seeks to make the Target Company a wholly-owned subsidiary of the Tender Offeror. For this reason, if the Tender Offeror is unable to acquire all Target Company Shares (excluding, however, Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) in the Tender Offer, the Tender Offeror plans to acquire all Target Company Shares (excluding, however, the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) by undertaking a series of procedures for making the Tender Offeror the sole shareholder of the Target Company as stated in “(2) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Related to So-called “Two-step Acquisition”)” below.

As of today, the Target Company Shares are listed on the second sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange. However, they may be delisted after performing the prescribed procedures, as stated in “(3) Possibility of Delisting and Reasons Therefor” below, depending on the result of the Tender Offer. In addition, if the procedures described in “(2) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Related to So-called “Two-step Acquisition”)” below are performed after the completion of the Tender Offer, the Target Company Shares will be delisted after performing prescribed procedures.

(2) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Related to So-called “Two-step Acquisition”)

As stated in “(1) Outline of the Tender Offer” above, the Tender Offeror intends to make the Target Company a wholly-owned subsidiary of the Tender Offeror. If the Tender Offeror is unable to acquire all Target Company Shares (excluding, however, Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) in the Tender Offer, the Tender Offeror plans to undertake procedures for acquisition of all Target Company Shares (excluding, however, Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) through either of the methods specified below after the completion of the Tender Offer.

(i) Demand for Cash-out

Upon the completion of the Tender Offer, if the total number of voting rights in the Target Company held by the Tender Offeror is equal to or exceeds 90% of the voting rights of all shareholders of the Target Company and the Tender Offeror becomes a special controlling shareholder as stipulated in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to make a demand to all of the Target Company’s shareholders (excluding the Tender Offeror and the Target Company) who did not tender their Target Company Shares in the Tender Offer (the

“Shareholders Subject to the Cash-out”) to sell all of their Target Company Shares pursuant to the provisions of Part II, Chapter II, Section 4-2 of the Companies Act (the “Demand for Cash-out”), promptly after the completion of settlement of the Tender Offer. In the Demand for Cash-out, the Tender Offeror plans to stipulate that an amount equivalent to the purchase price of the Tender Offer (the “Tender Offer Price”) will be delivered to the Shareholders Subject to the Cash-out as the price per share of the Target Company Shares. In such case, the Tender Offeror will provide notice thereof to the Target Company and will request that the Target Company approve the Demand for Cash-out. If the Target Company approves the Demand for Cash-out by a resolution of its Board of Directors, the Tender Offeror will acquire, as of the acquisition date designated in the Demand for Cash-out, all of the Target Company shares held by the Shareholders Subject to the Cash-out in accordance with the procedures set forth in relevant laws and regulations without being required to obtain individual approvals from the Shareholders Subject to the Cash-out. The Tender Offeror also plans to deliver an amount equivalent to the Tender Offer Price to each of the Shareholders Subject to the Cash-out as the price per share of the Target Company Shares held by the Shareholders Subject to the Cash-out. In addition, according to a press release issued by the Target Company, if the Target Company receives notice from the Tender Offeror regarding its intention to implement a Demand for Cash-out and the matters set forth in each item of Article 179-2, Paragraph 1 of the Companies Act, the Board of Directors of the Target Company plans to approve the Demand for Cash-out. If a Demand for Cash-out is implemented, the Shareholders Subject to the Cash-out may file a petition with a court to determine the sale price of their Target Company Shares pursuant to the provisions of Article 179-8 of the Companies Act and other relevant laws and regulations.

(ii) Share Consolidation

Alternatively, if despite the completion of the Tender Offer, the total number of voting rights in the Target Company held by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Target Company, the Tender Offeror plans to request that the Target Company hold an extraordinary shareholders meeting (the “Extraordinary Shareholders Meeting”) promptly after the completion of settlement of the Tender Offer, which meeting shall include in the agenda a proposal to consolidate the Target Company Shares (“Share Consolidation”) pursuant to Article 180 of the Companies Act and a proposal to make a partial amendment to the articles of incorporation that to abolish the provision regarding the number of shares constituting one unit, subject to the Share Consolidation becoming effective. The Tender Offeror believes that it is desirable to hold the Extraordinary Shareholders Meeting as soon as possible from the perspective of enhancing the corporate value of the Target Company, and the Target Company plans to request that the Target Company give public notice regarding setting a record date for the Extraordinary Shareholders Meeting on any date during the tender offer period in order to set the record date for the Extraordinary Shareholders Meeting soon after the commencement date of settlement for the Tender Offer (as of today, the date is scheduled for late December 2021). The Tender Offeror plans to vote in favor of each of the above-mentioned proposals at the Extraordinary Shareholders Meeting.

If the proposal regarding the Share Consolidation is approved at the Extraordinary Shareholders Meeting, as of the effective date of the Share Consolidation, the shareholders of the Target Company will hold the number of the Target Company Shares that is proportionate to the ratio for the Share Consolidation approved at the Extraordinary Shareholders Meeting. In the case where any fractional share of less than one share arises as a result of the Share Consolidation, the amount of cash that can be obtained by selling the Target Company Shares in the amount equivalent to the aggregate of such fractional shares (here and hereafter, any fractional shares of less than one share in the aggregate will be rounded off) to the Target Company or the Tender Offeror will be delivered to the shareholders of the Target Company pursuant to Article 235 of the Companies Act and other relevant laws or regulations. With regard to the sale price of the Target Company Shares in the amount equivalent to the aggregate of such fractional shares, the Tender Offeror plans to request that the Target Company set the price so that the amount of cash to be delivered to the Target Company’s shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) as a result of such sale will be equivalent to the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each of these shareholders and to file a petition with a court for permission for a voluntary sale. Although the ratio of the consolidation of the Target Company Shares has not been determined as of today, a determination will be made so that the number of the Target Company

Shares held by the Target Company’s shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will be a fractional number less than one share in order to ensure that the Tender Offeror alone holds all Target Company Shares (excluding treasury shares held by the Target Company).

In the case where a Share Consolidation is conducted, if any fractional share of less than one share arises due to the Share Consolidation, the shareholders of the Target Company may request that the Target Company purchase all of their fractional shares of less than one share at a fair price and file a petition with a court for determination of the price of the Target Company Shares pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or regulations.

The Tender Offer is not intended in any way to solicit approval from the shareholders of the Target Company at the Extraordinary Shareholders Meeting.

The procedures described in (i) and (ii) above may take long or the methods for implementation may be changed due to factors such as the amendment or enactment of relevant laws and regulations and interpretation by the authorities. However, even in such a case, if the Tender Offer is completed, a measure will be adopted to ultimately pay cash to the Target Company’s shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company). In such case, the amount of money to be paid to these shareholders will be calculated such that it will be equal to the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by these shareholders. However, if a petition has been filed to determine the sale price in relation to the Demand for Cash-out or to determine the price with respect to the request to purchase shares made in relation to the Share Consolidation, the sale price of the Target Company Shares or the price with respect to the request to purchase shares will be ultimately determined by a court.

Specific procedures, the schedule thereof, and other matters in each case above will be announced by the Target Company promptly once they are determined after discussion by the Tender Offeror with the Target Company. Shareholders of the Target Company should consult with tax advisors under their own responsibility regarding tax treatment in relation to tendering shares in the Tender Offer or any of the procedures discussed above.

(3) Possibility of Delisting and Reasons Therefor

As of today, the Target Company Shares are listed on the second sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange. Since the Tender Offeror has not set the maximum number of shares to be purchased, depending on the result of the Tender Offer, they may be delisted after conducting the prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange and the Nagoya Stock Exchange. In addition, even if the Target Company Shares do not fall under such criteria at the time of the completion of the Tender Offer, if the procedures described in “(2) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Related to So-called “Two-step Acquisition”)” above are undertaken after the Tender Offer is completed, the Target Company Shares will fall under the stock delisting criteria and will be delisted after conducting the prescribed procedures. Trading Target Company Shares on the Tokyo Stock Exchange and the Nagoya Stock Exchange will no longer be possible after the delisting.

2. Information concerning Tender Offer

(1) Profile of the Target Company

(i) Company Name	Nissei Corporation	
(ii) Location	1-1, Inoue, Izumi-cho, Anjo, Aichi	
(iii) Name and Title of Representative	Yoshihisa Nozaki, President and Representative Director	
(iv) Description of Business	Manufacture and sale of reducers and gears, and real estate leasing	
(v) Paid-in Capital	3,475 million yen (as of November 8, 2021)	
(vi) Date of Incorporation	March 12, 1942	
(vii) Major Shareholders and Shareholding Ratio (Ratio of the Number of Shares)	Brother Industries, Ltd.	60.17%

Held to the Total Number of Issued Shares as of March 31, 2021 (%)	Custody Bank of Japan, Ltd. (Trust Account)	2.44%
	Nissei Corporation Client Stock Ownership	2.26%
	CGML PB CLIENT ACCOUNT/COLLATERAL (Standing agent: Citibank, N.A., Tokyo Branch)	1.98%
	ORIENTAL MOTOR CO., LTD.	1.94%
	MSIP CLIENT SECURITIES (Standing agent: Morgan Stanley MUFG Securities Co., Ltd.)	1.86%
	Nippon Life Insurance Company (Standing agent: The Master Trust Bank of Japan, Ltd.)	1.39%
	Sumitomo Life Insurance Company (Standing agent: Custody Bank of Japan, Ltd.)	1.00%
	Nissei Corporation Employees Shareholding Plan	0.98%
	Tsubakimoto Chain Co.	0.79%
	(viii) Relationship between the Tender Offeror and the Target Company	
Capital Relationship	The Tender Offeror holds 16,685,558 shares of the Target Company (Shareholding Ratio: 60.17%) and the Target Company is a consolidated subsidiary.	
Personal Relationship	One director of the Tender Offeror (Yuichi Tada) concurrently serves as a director of the Target Company. Two directors of the Target Company (Yoshihisa Nozaki and Masahide Abe) are also from the Tender Offeror. In addition to the above, as of today, three employees of the Tender Offeror are on loan to the Target Company.	
Transaction Relationship	The Tender Offeror purchases products such as reducers and gears from the Target Company while selling products and parts to the Target Company and providing the Target Company with system maintenance services.	
Status of Relationships with Related Parties	The Target Company is a consolidated subsidiary of the Tender Offeror and falls under the scope of a related party.	

(Note) “(vii) Major Shareholders and Shareholding Ratio (Ratio of the Number of Shares Held to the Total Number of Issued Shares as of March 31, 2021 (%))” is based on “Major shareholders” as stated in Annual Securities Report for the 113th Fiscal Term (the “Annual Securities Report of the Target Company”), which was submitted by the Target Company on June 15, 2021.

(2) Schedule, etc.

(i) Schedule

Meeting of Board of Directors	November 8, 2021 (Monday)
Date of Public Notice of Commencement of Tender Offer	November 9, 2021 (Tuesday) The Tender Offeror will issue an electronic public notice and publish a statement to that effect in the Nihon Keizai Shimbun. (Address of electronic public notice https://disclosure.edinet-fsa.go.jp/)
Filing Date of Tender Offer Registration Statement	November 9, 2021 (Tuesday)

(ii) Purchase Period at the Time of Filing of Tender Offer Registration Statement

From November 9, 2021 (Tuesday) through December 21, 2021 (Tuesday) (30 business days)

(iii) Possibility of Extension of the Purchase Period at the Request of the Target Company

Not Applicable.

(3) Tender Offer Price

1,500 yen per common share

(4) Number of Share Certificates, Etc. to be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
11,044,628 shares	1,801,242 shares	— shares

(Note 1) If the total number of Tendered Shares falls below the minimum number of shares to be purchased (1,801,242 shares), the Tender Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares is equal to or exceeds the minimum number of shares to be purchased, the Tender Offeror will make purchase of all of the Tendered Shares.

(Note 2) Since the maximum number of shares to be purchased in the Tender Offer has not been set, the largest number of Target Company Shares that the Tender Offeror will purchase in the Tender Offer is stated as the number of shares to be purchased. This largest number is obtained by deducting from the number of issued shares as of September 30, 2021 as stated in the Second Quarter Financial Summary of the Target Company (29,194,673 shares), the number of shares held by the Tender Offeror (16,685,558 shares) and the number of treasury shares held by the Target Company (1,464,487 shares).

(Note 3) Shares of less than one unit are also subject to the Tender Offer. The Target Company may purchase its own shares in accordance with legal procedures during the tender offer period from any shareholder who exercises rights under the Companies Act to require the Target Company to purchase shares of less than one unit.

(Note 4) The Tender Offeror does not intend to acquire treasury shares held by the Target Company through the Tender Offer.

(5) Purchase price 16,567 million yen

(Note): The amount calculated by multiplying the number of shares to be purchased in the Tender Offer (11,044,628 shares) by the Tender Offer Price (1,500 yen) is stated as purchase price.

[Regulations on Solicitation]

This press release is intended to announce the Tender Offer to the general public and has not been prepared for the purpose of soliciting an offer to sell shares. When making an offer to sell their shares, tendering shareholders are requested to first read the Tender Offer Explanatory Statement concerning the Tender Offer and make an offer at their own discretion. This press release shall neither be, nor constitute a part of, an offer or solicitation for sale, or a solicitation for an offer for purchase, in relation to securities. Neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and may not be relied upon at the time of entering into any such agreement.

[Forward-looking Statements]

This press release contains the outlook of business development after the acquisition of Target Company Shares based on projections made by the Tender Offeror's management. The actual results may deviate significantly from these projections due to many factors.

[U.S. Regulations]

The Tender Offer will not be conducted, either directly or indirectly, in or to the United States and will not be conducted by using the United States postal service or any other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, email or internet communication), and will not be conducted through any facilities of stock exchanges in the United States. An offer to sell shares in the Tender Offer by using the above-mentioned methods or means, through the above-mentioned facilities, or from the United States is not permitted. In addition, press releases pertaining to the Tender Offer or related documents will not, and may not, be sent or distributed in, to, or from the United States by using the postal service or other means. Any offer to sell shares in the Tender Offer violating, either directly or indirectly, the above-mentioned restrictions will not be accepted.

No solicitations for purchase of securities or any equivalent are being made to residents in the United States or being made in the United States. Also, even if such securities are sent by residents in the United States or from the United States to the Tender Offeror, they will not be accepted.

[Other Countries]

Some countries and regions may impose legal restrictions on the announcement, issue or distribution of this press release. In that case, please take note of, and comply with, such restrictions. The announcement, issue or distribution of this press release shall not constitute any solicitation for an offer to purchase or sell share certificates related to the Tender Offer, and it shall be deemed that this press release is distributed merely as information for reference purposes.