



November 1, 2024

To whom it may concern

Company	DMG MORI CO., LTD.
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Announcement of Commencement of Tender Offer for Shares in TAIYO KOKI CO., LTD. (Securities Code: 6164)

DMG MORI CO., LTD. (the “Tender Offeror”) hereby announces that the Tender Offeror has resolved to acquire common shares (the “Target Company Shares”) in TAIYO KOKI CO., LTD. (securities code 6164, listed on the Standard Market of the Tokyo Stock Exchange, Inc. (the “Tokyo 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. Transaction Overview of Tender Offer

(1) Outline of the Tender Offer

As of today, the Tender Offeror holds 2,988,000 shares of the Target Company listed on the Standard Market of the Tokyo Stock Exchange (Shareholding Ratio (Note) of 50.81%) and the Target Company is a consolidated subsidiary of the Tender Offeror. The Tender Offeror resolved at its Board of Directors meeting held today 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 (including the restricted shares the Target Company granted to employees of the Target Company as compensation (“Restricted Shares of Non-Directors”), and excluding the restricted shares the Target Company granted to directors of the Target Company as compensation (“Restricted Shares of Directors”) and Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company).

(Note) “Shareholding Ratio” refers to the ratio to the number of shares (5,880,208 shares) obtained by subtracting the number of treasury shares held by the Target Company as of September 30, 2024 (76,192 shares) from the total number of issued shares of the Target Company as of September 30, 2024 (5,956,400 shares) as stated in the Financial Summary for the Third

Quarter of the Fiscal Year Ending December 31, 2024 submitted by the Target Company on November 1, 2024 (the “Third Quarter Financial Summary of the Target Company”) (rounded to two decimal places; the same applies to Shareholding Ratios indicated hereinafter unless otherwise specified).

The minimum number of shares to be purchased in the Tender Offer is set at 932,200 shares (Shareholding Ratio: 15.85%). 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.

The minimum number of shares to be purchased, 932,200 shares (Shareholding Ratio: 15.85%), obtained by subtracting the number of shares of the Target Company held by the Tender Offeror as of today (2,988,000 shares) from the two-thirds of the number of shares obtained by subtracting the number of treasury shares held by the Target Company as of September 30, 2024 (76,192 shares) from the total number of issued shares of the Target Company as of September 30, 2024 (5,956,400 shares) as stated in the Third Quarter Financial Summary of the Target Company, and rounded up to the nearest 100 shares (1 unit) (3,920,200 shares).

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 (hereinafter, 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.

On the other hand, since the Tender Offeror seeks to acquire all Target Company Shares (including the Restricted Shares of Non-Directors, and excluding the Restricted Shares of Directors, the 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.

If the Tender Offeror is unable to acquire all Target Company Shares (including the Restricted Shares of Non-Directors, and excluding the Restricted Shares of Directors, the 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 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 Standard Market of the Tokyo 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.

Meanwhile, the “Announcement of Opinion in Support of the Tender Offer for the Company Stock by Controlling Shareholder DMG MORI CO., LTD. and Recommendation to Tender Shares” published by the Target Company today (the “Target Company Press Release”), stated that the Target Company’s Board of Directors meeting held on the same date resolved to express the Target Company’s support for the Tender Offer and recommend that to all current shareholders that they tender their shares in the Tender Offer.

(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, if the Tender Offeror is unable to acquire all Target Company Shares (including the Restricted Shares of Non-Directors excluding the Restricted Shares of Directors, the 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 to make the Target Company a wholly-owned subsidiary of the Tender Offeror 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) (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 the Target Company Press Release, 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. In such case, the sale price of the Target Company Shares will ultimately be decided by the court.

(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 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 to abolish the provision regarding the number of shares constituting one unit, subject to the Share Consolidation becoming effective. The Tender Offeror plans to vote in favor of each of the above-mentioned proposals at the Extraordinary Shareholders Meeting. As of today, the Extraordinary Shareholders Meeting is scheduled for mid-February 2025.

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 amount of Target Company Shares 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, the Tender Offeror plans to request the Target Company to determine the ratio 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 (including the Restricted Shares, and excluding the Target Company Shares held by the Tender Offeror and 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 (excluding the Tender Offeror and 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.

Since as mentioned above, the Target Company Shares held by the shareholders of the Target Company 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, shareholders of the Target Company who oppose the Share Consolidation (excluding the Tender Offeror and the Target Company) will be able to file the above petition. In the case of such petition, the sale price of the Target Company Shares will be ultimately determined by the court.

Regarding the procedures described in (i) and (ii) above, the methods for implementation or timing 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 cases, a measure is expected to 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 cash to be paid to these shareholders is expected to be calculated so 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.

The allotment agreement for the Restricted Shares provides that if the effective date of the share consolidation prescribed in Article 180 of the Companies Act (limited to cases where, as a result of the consolidation of shares, the number of shares allotted to each person under the allotment agreement is a fractional number less than one share) or the date on which the special controlling shareholder prescribed in Article 179-2-1-5 of the Companies Act acquires the Target Company's Shares in connection with the demand for the sale of shares prescribed in Article 179-2 of the Companies Act (hereinafter, collectively referred to as the "Effective Date of the Squeeze-Out") arrives during the restricted period, the Target Company will acquire all of the Restricted Shares, without consideration, on the business day immediately preceding the Effective Date of the Squeeze-Out. Given the above, the Target Company has resolved, at the Board of Directors meeting held today, to agree with each holder of the Restricted Shares of Non-Directors to amend the allocation agreement for Restricted Shares of Non-Directors, which will include provisions to lift the share transfer restrictions on any Restricted Shares of Non-Directors, in order to make them available to be subject of the Demand for Cash-Out or Consolidation of Shares if they were to occur within the transfer restriction period (limited to cases where only fractional shares of less than one share of Restricted Shares of Non-Directors would remain for

each allottee as a result of such Consolidation of Shares), and such transfer restriction shall be lifted as of the business day immediately prior to the Effective Date of the Squeeze-Out. Therefore, the Restricted Shares of Non-Directors are expected to be subject to Demand for Cash-Out or Consolidation of Shares. Under the Procedures for making the Target Company a wholly owned subsidiary, the Restricted Shares for which the restrictions on transfer have been lifted as of the business day immediately preceding the Effective Date of the Squeeze-Out and not tendered in the Tender Offer will be subject to the Demand for Cash-Out or Consolidation of Shares, and Restricted Shares for which the restrictions on transfer have not been lifted as of the business day immediately preceding the Effective Date of the Squeeze-Out will be acquired by the Target Company without compensation on the business day immediately preceding the effective date of the Squeeze-Out in accordance with the above provisions.

Specific procedures, the schedule, and other matters in each case above will be announced by the Target Company promptly once they are determined after discussion with the Target Company. The Tender Offer is not intended in any way to solicit approval from the shareholders of the Target Company at the Extraordinary Shareholders Meeting. 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 provided above.

(3) Possibility of Delisting and Reasons Therefor

As of today, the Target Company Shares are listed on the Standard Market of the Tokyo 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. 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 Standard Market of the Tokyo Stock Exchange will no longer be possible after the delisting.

2. Information concerning Tender Offer

(1) Profile of the Target Company

(i) Company Name	TAIYO KOKI CO., LTD.	
(ii) Location	221-35 Seiryō-machi, Nagaoka, Niigata	
(iii) Name and Title of Representative	Tsuyoshi Watanabe, President	
(iv) Description of Business	Development, manufacturing, and sales of machine tools (various grinding machines)	
(v) Paid-in Capital	700,328 thousand yen (as of September 30, 2024)	
(vi) Date of Incorporation	March 14, 1986	
(vii) Major Shareholders and	DMG MORI SEIKI CO.,LTD.	50.80%

Shareholding Ratio	WATANABE CO., LTD	8.63%
	IDAKA & CO., LTD.	3.67%
	TAIYO KOKI Employees Shareholding Plan	3.38%
	Yoshiki Sasaki	2.89%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.74%
	Noboru Watanabe	1.70%
	Tadahiro Kanbayashi	1.17%
	NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department)	0.90%
	Tsuyoshi Watanabe	0.76%
(viii) Relationship between the Tender Offeror and the Target Company		
Capital Relationship	The Tender Offeror holds 2,988,000 shares of the Target Company (Shareholding Ratio: 50.81%) and the Target Company is a consolidated subsidiary.	
Personal Relationship	Of the six directors of the Target Company, Masahiko Mori concurrently serves as the President and Representative Director of the Tender Offeror, and one director (Excluding the person who hold concurrent posts) is from the Tender Offeror. One of the Target Company's four corporate auditors is from the Tender Offeror.	
Transaction Relationship	The Target Company sells grinding machines and provides services to the Tender Offeror, and the Target Company engages in short-term lending transactions with the Tender Offeror.	
Status of Relationship 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 (As of June 30, 2024)” is based on “Major shareholders” as stated in the Semiannual Report for the 40th Fiscal Term, submitted by the Target Company on August 9, 2024.

(2) Schedule, etc.

(i) Schedule

Meeting of Board of Directors	November 1, 2024 (Friday)
Date of Public Notice of Commencement of Tender Offer	November 5, 2024 (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://disclosure2.edinet-fsa.go.jp/)
Filing Date of Tender Offer Registration Statement	November 5, 2024 (Tuesday)

(ii) Purchase Period at the Time of Filing of Tender Offer Registration Statement
From November 5, 2024 (Tuesday) through December 16, 2024 (Monday) (30 business days)

(iii) Possibility of Extension of the Purchase Period at the Request of the Target Company
Not Applicable.

(3) Tender Offer Price
1,875 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
2,892,208 shares	932,200 shares	— shares

(5) Purchase price
5,422,890,000 yen

The purchase price is calculated by multiplying the number of shares to be purchased in the Tender Offer (2,892,208 shares) by the Tender Offer Price (1,875 yen).

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.