

Takao Aoshima
Chairman
Yutaka Giken Co. Ltd.

Open letter to Bloomberg, Financial Times, Nikkei
December 22, 2025

Dear Aoshima San,

We are the managers of the GAM Japan Special Situations Fund, the GAM Special Situations Fund and the GAM Global Opportunities Fund and have been shareholders in Yutaka Giken Co., Ltd. ("Yutaka") since before the Samvardhana Motherson International ("SAMIL") tender offer was announced. As value-orientated investors we were initially attracted by the large discount Yutaka had been trading at versus what we considered to be fair value. Additionally, we have been active participants in the Japanese market for several decades and as such we were not surprised that Yutaka attracted takeover interest by a third party given its extreme undervaluation, high potential for cost synergies and cross selling opportunities within the Japanese OEM market. However, in all these years we have never witnessed such an egregious takeover offer, with a paltry takeover premium of only 6.4% to Yutaka's undisturbed price, which compares to the average premium of 28.7% on "similar deals" per Plutus, the independent valuation firm hired by Yutaka's independent Special Committee. On this metric alone a tender of price of ¥3,659 per share would be justified.

What is especially disturbing to us (and should be to others as well), despite the huge strides made in corporate governance in the Japanese market over the last decade, is that a Japanese company as prominent as Honda Motor Co., Ltd ("Honda") could demonstrate such a blatant disregard for minority shareholders' rights. Numerous parties are being disadvantaged by this derisory takeover offer: i) Yutaka Giken's minorities shareholders, ii) Yutaka Giken's employees via their collective ownership in the company's ESOP plan and iii) all Honda's shareholders who are being denied fair value for their holding in Yutaka.

The only party who wins here is the buyer, SAMIL, who is acquiring an established, profitable and cash rich Japanese company for free. In fact, if you look at SAMIL's share price reaction in the days after the takeover was announced SAMIL's market cap grew by more than three times the ¥27bn it is paying for its 81% shareholding in Yutaka while India's Sensex index was unchanged. Looking out two weeks after the takeover announcement, SAMIL's market cap grew by almost six times their ¥27bn cash outlay.

Why?

It is simple...SAMIL is buying Yutaka for less than the net cash on Yutaka's balance sheet, **so it's getting PAID** to own the entire profitable operating business of Yutaka!

What is SAMIL paying?

- A) ¥3,024/sh for the 30.34% stake of minority shareholders
- B) ¥1,470/sh for the 50.65% of Honda's stake (leaving Honda's with a 19% stake post deal)
- C) Total blended price for SAMIL's 81% stake of ¥2,052/sh
- D) In monetary terms, SAMIL's total cash outlay will be ¥24.6bn to buy its 81% stake in Yutaka
- E) Implying that 100% of Yutaka is worth ¥30.4bn...a company with net cash of ¥42.2bn!

SAMIL is effectively **getting PAID ¥2.6bn** for the control of Yutaka and getting...

- Revenue of ¥162.0bn – FY 3/26 (Yutaka's forecast)
- Revenue of ¥179.2bn – FY 3/25A
- Revenue of ¥216.3bn – FY 3/24A
- EBITDA of ¥15.3bn (9.5% margin) – FY 3/26 (Yutaka's forecast)
- EBITDA of ¥15.3bn (8.6% margin) – FY 3/25A
- EBITDA of ¥19.8bn (9.1% margin) – FY 3/24A
- Tangible book value of ¥100.2bn (paying a PBR of 0.30x) – Q1 6/25A
- Tangible book value of ¥101.3bn (paying a PBR of 0.30x) – FY 3/25A
- Tangible book value of ¥99.5bn (paying a PBR of 0.31x) – FY 3/24A
- Liquidation value of ¥61.5bn (paying a P/LV of 0.49x) – Q1 6/25A
- Liquidation value of ¥61.6bn (paying a P/LV of 0.49x) – FY 3/25A

To be clear, we are not opposed to the sale of Yutaka Giken itself. On the contrary, we strongly support the need for consolidation within the automotive components industry, and we recognize that this transaction has the potential to enable SAMIL to realize significant synergies and additional revenue opportunities. However, we must express our strong disappointment with the sale process conducted in this case, which was extremely limited in scope, lacking in transparency, and fundamentally flawed from a governance perspective. As a result, the tender offer price presented is at a level that is ridiculously low when measured against any reasonable metric for assessing Yutaka Giken's intrinsic value.

In particular, under the market price method, it is acknowledged that the tender offer price does not reach the average premium levels observed in comparable transactions. Nevertheless, no quantitative justification has been provided to explain why such a limited premium should be regarded as reasonable. The failure to discharge this explanatory responsibility even under the market-based valuation approach, which should be the most objective and readily verifiable metrics, raises serious concerns regarding the overall soundness of the price determination process in this transaction.

Furthermore, with respect to the DCF valuation, the quantitative assumptions underlying the analysis,—including projected cash flows, growth rates, capital expenditures, and discount rates—have not been sufficiently disclosed. This lack of disclosure makes it effectively impossible for external shareholders and investors to independently assess the fairness of the valuation. In addition, there is no indication that the business plan forming the basis of the DCF analysis has been reviewed or validated by an independent third party. Our own DCF valuation, which we will be happy to share, suggests a significantly higher premium based on very modest assumptions. In fact, we would suggest that it is almost impossible to justify Yutaka's offer price based on any reasonable DCF assumptions.

With regards to valuation based on PBR, while the possibility of impairment risks to Yutaka's underlying asset value exists, no analysis has been presented to quantify these risks or to assess what level of PBR would be considered reasonable under realistic assumptions. The absence of such analysis suggests that there has been no visible effort to minimize potential value erosion while seeking to maximize PBR and, by extension, shareholder value.

Taken together, these deficiencies indicate that both the price determination process and the resulting tender offer price fall materially short of the standards expected of a listed company in fulfilling its fundamental obligation to maximize shareholder value.

On a series of objective metrics SAMIL's bid grossly undervalues Yutaka

- i) Average premium on similar deals (would imply a tender price of ¥3,659/sh)
- ii) Tangible book value (would imply a tender price of ¥6,758/sh)
- iii) Liquidation value (would imply a tender price of ¥4,148/sh)
- iv) Enterprise Value/Sales multiple versus sector peers at 0.30x (would imply a tender price of ¥4,148/sh and ¥6,989/sh including the average takeover premium)
- v) Enterprise Value/EBITDA multiple versus sector peers at 3.5x (would imply a tender price of ¥5,224/sh and ¥5,640/sh including the average takeover premium)
- vi) DCF calculation yields a value over ¥7,000/sh

In summary, on most simple takeover metrics, the tender offer price should be at least 50-70% higher than the current ¥3,024/sh being offered to Yutaka's minority shareholders.

In addition to the ridiculously low valuation being paid to both Yutaka's and Honda's shareholders, this transaction leaves several unanswered questions and raises serious concerns about conflicts of interest. Was a proper auction conducted for Yutaka? It appears to us that this transaction was conducted purely amongst Yutaka, Honda, and SAMIL. What are the terms of the SAMIL's 100% purchase of Yutaka Autoparts India Private Ltd.? What are the terms of the SAMIL's 11% purchase of Shinnichi Kogyo being purchased directly from Honda? Both transactions will happen after the tender for the minority shareholders of Yutaka closes. The tender offer document mentions "the possibility of transactions ancillary to this transaction occurring between the Tender Offeror [SAMIL], the Target Company [Yutaka] and Honda." We also question the fact that no proper auction was held in order to maximize shareholder value.

If this transaction proceeds in its current form, it will not only hurt Yutaka's minority shareholders, Yutaka's employees, and Honda's minority shareholders, but will damage the reputation of Japan Inc. and impede the strong progress made over the last decade which has helped transform Japan into a top destination for foreign and domestic capital. We urge Yutaka's to present in full transparency the fairness opinion on the terms of the deal and to either abandon this transaction or seek a significantly higher price. The meetings we had with your company as well as with Honda did not convince us that the board's fiduciary duty to protect all shareholders' interests was respected. Needless to say, we are prepared to use all means at our disposal to protect our investors' interest and to achieve fair value for Yutaka, which we believe is materially higher.

Looking forward to hearing from you,

Best regards,

Albert Saporta

Group CEO

GAM Holding AG

Co-CIO GAM Alternatives

GAM Investments

Randel Freeman

Co-CIO GAM Alternatives

GAM Investments



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