

April 25, 2024
SoftBank Group Corp.

Subsidiary (SoftBank Corp., Securities Code: 9434) to Undertake a Tender Offer for the Common Shares etc. of SB Technology Corp. (Securities Code: 4726)

SoftBank Group Corp. ("SBG") announced today that on April 25, 2024, its subsidiary SoftBank Corp. ("SoftBank") has resolved to conduct a tender offer for the common shares and the stock acquisition rights of SB Technology Corp., a subsidiary of SoftBank and SBG, pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended). Please refer to Attachment for details.

Overview of SoftBank

Location	1-7-1 Kaigan, Minato-ku, Tokyo
Name and title of representative	Junichi Miyakawa, President & CEO
Main business	Provision of mobile communications services, sale of mobile devices, provision of fixed-line telecommunications and ISP services
Share capital	JPY 210,523 million (as of December 31, 2023)

April 25, 2024
SoftBank Corp.

**Notice Concerning Commencement of the Tender Offer for Share Certificates, Etc. of
SB Technology Corp. (Securities Code: 4726)**

SoftBank Corp. (the “**Tender Offeror**”) hereby announces that it decided on April 25, 2024 to acquire the common shares (the “**Target Company Shares**”) of SB Technology Corp., a company listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the “**TSE**”); Securities Code No. 4726) (the “**Target Company**”) and the Stock Acquisition Rights (as defined in “(3) Price of the Tender Offer” in “II. Outline of the Tender Offer” below; the same applies hereinafter) through a tender offer (the “**Tender Offer**”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the “**Act**”) with the details as described below.

I. Purpose of the Tender Offer, Etc.

(1) Outline of the Tender Offer

The Tender Offeror is a subsidiary of SoftBank Group Corp. (“**SBG**”) in which SBG holds 40.47% (which is the percentage, rounded to two decimal places, of the number of shares held to the total number of issued shares, excluding treasury shares, of the Tender Offeror as of September 30, 2023 stated in the 2nd Quarterly Securities Report for the 38th Fiscal Year filed by the Target Company on November 10, 2023) of the issued shares (excluding treasury shares) through SoftBank Group Japan Corp. (“**SBGJ**”), which is a wholly-owned subsidiary of SBG, and the common shares of the Tender Offeror are listed on the Prime Market of the TSE. The Tender Offeror holds 10,735,000 shares of the Target Company Shares (ownership ratio (Note 1): 52.81%), which are listed on the Prime Market of the TSE, and the Target Company is a consolidated subsidiary of the Tender Offeror as of today.

(Note 1): “Ownership ratio” means the percentage (rounded to two decimal places) of the difference (20,325,933 shares) (the “**Total Number of Shares After Considering Target Company Potential Shares**”) of the sum of (1) the total number of issued shares of the Target Company as of March 31, 2024 (22,757,800 shares) stated in the Consolidated Financial Results for the Fiscal Year Ended March 2024 (Under Japanese GAAP) released by the Target Company on April 25, 2024 (the “**Target Company’s Financial Results**”), plus (2) the number of shares (424,200 shares in total) represented by the total number of all of the Stock Acquisition Rights (4,242 units) outstanding as of March 31, 2024 (according to the Target Company, 1,580 units of the 2018 First Series of Stock Acquisition Rights (shares to be issued upon the exercise thereof: 158,000 shares), 2,160 units of the 2021 First Series of Stock Acquisition Rights (shares to be issued upon the exercise thereof: 216,000 shares), and 502 units of the 2022 First Series of Stock Acquisition Rights (shares to be issued upon the exercise thereof: 50,200 shares)) which are the 2018 First Series of Stock Acquisition Rights (1,800 units (shares to be issued

upon the exercise thereof: 180,000 shares)), the 2021 First Series of Stock Acquisition Rights (2,290 units (shares to be issued upon the exercise thereof: 229,000 shares)) and the 2022 First Series of Stock Acquisition Rights (547 units (shares to be issued upon the exercise thereof: 54,700 shares)) stated in the Annual Securities Report for the 35th Fiscal Year filed by the Target Company as of June 19, 2023 (the “**Target Company’s Securities Report**”), less (3) the number of treasury shares held by the Target Company as of March 31, 2024 (2,856,067 shares) stated in the Target Company’s Financial Results; the same applies to statements regarding ownership ratios below, unless otherwise specified.

The Tender Offeror decided to implement the Tender Offer in which all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) and all of the Stock Acquisition Rights are subject to the Tender Offer, and the purchase price per share of the Target Company Shares (“**Tender Offer Price**”) is 2,950 yen and the purchase price per unit of the Stock Acquisition Rights (“**Stock Acquisition Right Purchase Price**”) is 1 yen as part of a series of the transactions for the purpose of making the Tender Offeror the sole shareholder of the Target Company and making the Target Company a wholly-owned subsidiary of the Tender Offeror (the “**Transactions**”).

Because the Tender Offeror intends to make the Tender Offeror the sole shareholder of the Target Company and make the Target Company a wholly-owned subsidiary of the Tender Offeror through the Tender Offer, the minimum number of share certificates, etc. to be purchased has been set by the Tender Offeror at 2,815,600 shares (ownership ratio: 13.85%), and if the total number of share certificates, etc. tendered in response to the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of share certificates, etc. to be purchased, the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. Conversely, given that the Tender Offeror intends to make the Tender Offeror the sole shareholder of the Target Company and make the Target Company a wholly-owned subsidiary of the Tender Offeror through the Tender Offer, there therefore is no maximum number of shares to be purchased, and if the total number of the Tendered Share Certificates, Etc. meets or exceeds the minimum number of share certificates, etc. to be purchased (2,815,600 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc. In addition, the minimum number of share certificates, etc. to be purchased (2,815,600 shares) has been set so that the total number of voting rights of the Target Company to be held by the Tender Offeror after the successful completion of the Tender Offer becomes the product of the number of voting rights represented by the Total Number of Shares After Considering Target Company Potential Shares (203,259 voting rights) multiplied by two-thirds (135,506 voting rights; rounded up to the nearest whole number). The reason for setting the minimum number of share certificates, etc. to be purchased as described above is because while the Target Company intends to make the Tender Offeror the only shareholder of the Target Company and make the Target Company a wholly-owned subsidiary of the Tender Offeror in the Transactions, if the Tender Offeror is not able to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) and all of the Stock Acquisition Rights, a special resolution at the shareholders’ meeting as prescribed in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005; as amended; the same applies hereinafter) is required for implementing the procedures for the share consolidation as set out in “(4) Policy for Organizational Restructuring, Etc. after the

Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” below, and the Tender Offeror is required to acquire the number of voting rights equivalent to two-thirds or more of the number of voting rights of all shareholders of the Target Company that is equal to the voting right ratio necessary for the Tender Offeror to pass a special resolution. In addition, because the Tender Offeror holds 10,735,000 shares of the Target Company Shares (ownership ratio: 52.81%) as of today, if the minimum number of share certificates, etc. to be purchased is set to the so-called “majority of minority” in the Tender Offer, it would create uncertainty as to whether the Tender Offer could be completed, and may not actually be in the interests of minority shareholders of the Target Company who wish to tender their shares in response to the Tender Offer. For this reason, in the Tender Offer, the Tender Offeror does not set the minimum number of share certificates, etc. to be purchased to the so-called “majority of minority.” For the details of the measures to ensure the fairness of the Tender Offer, please refer to “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “II. Outline of the Tender Offer” below.

If the Tender Offeror is not able to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) and all of the Stock Acquisition Rights through the Tender Offer despite the successful completion of the Tender Offer, the Tender Offeror intends to carry out a set of procedures for making the Tender Offeror the only shareholder of the Target Company (the “**Squeeze-Out Process**”) after the successful completion of the Tender Offer. For the details of the Squeeze-Out Process, please refer to “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”).”

In addition, according to the “Announcement of Opinion in Favor of the Tender Offer for the Company Shares, Etc. by SoftBank Corp, the Company’s Parent Company, and Recommendation of Tender” released by the Target Company on April 25, 2024 (the “**Target Company’s Press Release**”), the Target Company resolved at the Target Company’s board of directors meeting held on April 25, 2024 to express its opinion in favor of the Tender Offer and to recommend that the Target Company’s shareholders tender shares in the Tender Offer, and to leave the decision on whether the holders of the Stock Acquisition Rights (the “**Stock Acquisition Right Holders**”) tender their Stock Acquisition Rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

For the details of the background behind, and the reason for, the decision-making of the Target Company, please refer to the Target Company’s Press Release and “(iii) Decision-Making Process and Reasoning of the Target Company” in “(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer” below.

- (2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer
 - (A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer

(i) Background to the Tender Offer

The Tender Offeror is the central operating company in the SoftBank Group (the group of enterprises comprising SBG and its subsidiaries and affiliates; the same applies hereinafter), and its principal business segments are the Consumer business (provision of mobile communications and broadband services, and electricity services for individual customers), Enterprise business (provision of telecommunications services and solutions for corporate customers), Distribution business (provision of direct sales and wholesale of IT products, mobile accessories, etc.), Media & EC business (provision of advertising-related and e-commerce (Note 1) services, etc.), Financial business (provision of cashless payment services, financial services such as asset management, and payment processing services), and Other business (businesses not included in the aforementioned segments, such as cloud (Note 2) services and security operation monitoring services). The SoftBank Group pursues a range of businesses in the information and technology field, aiming to maximize corporate value and provide the technologies and services most needed by people around the world, under its management philosophy of “Information Revolution — Happiness for everyone.” In this context, the Tender Offeror’s strategy is to expand its customer base and establish a new revenue base while providing benefits not only to existing customers but also to society as a whole by fully leveraging its sales and marketing know-how cultivated in the telecommunications field and its knowledge of cutting-edge technologies from around the world.

Note 1: “E-commerce” (electronic commerce) refers to a form of transaction in which contracts and payments are made using networks such as the Internet.

Note 2: “Cloud” refers to a type of service that makes IT resources and services available over the Internet.

Since the fiscal year ended March 2018, The Tender Offeror has been pursuing the Beyond Carrier growth strategy, under which it seeks to expand business areas other than telecommunications by making full use of technology such as AI (Note 3). Currently, the Tender Offeror is a telecommunications and IT enterprise group that ranks among Japan’s largest telecommunications networks, portal sites (Yahoo! Japan), communication services (LINE) and cashless payments services (PayPay) by the size of user base. Under the Beyond Carrier growth strategy, the Tender Offeror aims to maximize corporate value by achieving sustainable growth in its core business of telecommunications while actively expanding the Group’s business beyond the limits of a telecommunications carrier into various fields in the information and technology domain.

Note 3: “AI” refers to artificial intelligence, a computer system equipped with the functions of human intelligence, such as learning, reasoning, and judgment.

The Target Company was established in October 1990 as SOFTBANK GIKEN CORP, a subsidiary of SOFTBANK CORP. (now SBG), for the purpose of testing and evaluating software, introducing software from overseas into Japan and so forth. After a subsequent reorganization, the Target Company changed its name to SoftBank Technology Corp. in January 1999, and in July of the same year, its shares were registered with the Japan Securities Dealers Association for over-the-counter trading.

In October 2000, SoftBank Technology Holdings Corp. was established through a contribution in kind of all shares of the Target Company held by SOFTBANK CORP. (now SBG), and SoftBank Technology Holdings Corp. became the direct parent company of the Target Company. In June 2004, SoftBank Technology Holdings Corp. was absorbed by SOFTBANK CORP. (now SBG), which became the direct parent of the Target Company. The Target Company listed on the Second Section of the TSE in December 2004, and its listing was moved to the First Section of the TSE in March 2006. In April 2016, all shares of the Target Company held by SBG were transferred to SoftBank Group Japan GK (the “**Former SBGJ**”), which became the direct parent of the Target Company. In April 2017, the former SBGJ was absorbed by SoftBank Group International GK (now SBGJ), which became the Target Company’s direct parent. Then, in April 2018, SBGJ made an in-kind contribution of all of its holdings in the Target Company to the Tender Offeror, which became the direct parent of the Target Company. The Target Company changed its trade name to SB Technology Corp., its current trade name, in October 2019, and has been listed on the Prime Market of the TSE since the TSE’s market reorganization in April 2022. As of today, the businesses of the Target Company’s corporate group (the group of enterprises comprising 14 companies, including the Target Company, its 11 consolidated subsidiaries, and 2 equity-method affiliates; the “**Target Company Group**”) range from consulting to systems installation and IT education, mainly for the telecommunications, enterprise, public, and consumer markets, and it has established project teams to address the issues faced by each of those markets. The Target Company is a core ICT services company (Note 4) in the corporate group that comprises the Tender Offeror, its 222 subsidiaries (including the Target Company), and its 76 affiliates and jointly controlled companies, totaling 299 companies (the “**Tender Offeror Group**”), and is constantly pushing to acquire new ICT technologies at the leading edge of the industry under the corporate philosophy of “Information Revolution, Happiness for Everyone ~Technologies Design the Future~”. In order to provide high-quality IT services to its customers, the Target Company has been implementing its own DX (Note 5) and working on reforms to improve business efficiency and reduce costs, among other initiatives. The Target Company aims to leverage this experience to become a business partner that works with customers to achieve growth in their core businesses. The Target Company will support the IT systems of the Tender Offeror’s group companies in Japan and contribute to the realization of an affluent information society by providing ICT services to resolve the many and varied issues faced by customers while leveraging synergies with the Tender Offeror Group.

Note 4: “ICT services” refers to information and communication technology services.

Note 5: “DX” (digital transformation) refers to using of digital technology to provide new value and experiences and transform society.

In addition, the Target Company Group is addressing social issues through its operations and corporate activities in order to realize a sustainable society. It has identified six materiality items (important issues) as themes for promoting sustainability activities and established KPIs (Note 6) as indicators for the steady promotion of materiality.

The Target Company Group has also set out a management policy of “Achieve Significant Growth.” It has formulated a medium-term management plan with priority themes every three years since the fiscal year ended March 2014. In the previous

medium-term management plan, which applied to the fiscal year ended March 2020 through the fiscal year ended March 2022, the Target Company Group worked to contribute to customers' businesses under the key themes to "be a service provider for corp IT" and "consult and generate biz IT."

Note 6: "KPIs" (key performance indicators) refers to a numerical expression of the most important factors for achieving a numerical target.

Specifically, by "becoming a service provider for corp IT," it has helped more customers pursue DX. The Target Company is developing services under the "clouXion" brand, including external access control, email misdirection prevention, information sharing through internal portal sites, and internal application workflows, that complement Microsoft's cloud services based on its knowledge and process assets obtained through the in-house development of cloud solutions mainly for major companies and government agencies. In addition, the Target Company is a pioneer in cloud security which leverages its track record and expertise in cloud implementation, which is among the best in Japan. The Target Company has developed a wide range of one-stop services to help protect customers' important information assets and business continuity, including managed security services (MSS), which provide support from security implementation through operations and monitoring to counter the increasingly complex threat of cyber attacks; support for building a CSIRT (security incident response team) to strengthen internal systems in anticipation of cyber attacks; and consulting services to support comprehensive corporate security.

In "consulting and generating biz IT," the Target Company has focused its efforts on the manufacturing, construction, and government industries, which have a global presence. It provides consulting and DX strategy planning and implementation support to help customers grow their core businesses and advance the industry as a whole, and works with clients toward creating new business models through co-creation.

The Target Company has been able to achieve a certain level of success with these two themes, and it will continue to support its customers' business growth and expand sales by digging deeper into their needs, promoting further linkage with IT services, and adding service functions. For this reason, the Target Company has positioned the period from the fiscal year ended March 2023 to the fiscal year ended March 2025 as its fourth medium-term management plan, and has identified three new key themes: "Providing security and operation services to support customers' DX (the force of pushing up)"; "Promote co-creation-type DX utilizing data that realizes customer transformation (the force of pulling up)"; and "DX Consultation and IT education for the development and creation of DX human resources (the force of moving ahead)".

Meanwhile, companies have been pursuing DX by use of digital technology for business transformation, promoting the use of cloud computing and generative AI (Note 7) in response to changes in work styles, and expanding security measures to respond to cyber attacks. This has led to a steady demand for DX investment from Japanese companies. In particular, there is increasing momentum in the use of cutting-edge technology to reduce costs, improve operational efficiency, and create new ways of working, as exemplified by the high interest in ChatGPT (Note 8), a type of generative AI. The Target Company is also aiming to provide core technologies to improve the response accuracy of generative AI, as well as DX promotion services that utilize those

technologies, reflecting the expertise it has gained through internal use and its joint functional experiments with customers, and to improve operational efficiency in a variety of business applications.

In addition, cyber crime targeting security vulnerabilities is still on the rise, and there is a growing need for cyber security measures, not only internally but also for a company's entire supply chain, due in part to the Japanese government's mandate that its contractors implement cyber security measures in accordance with the United States federal government standards by the fiscal year ended March 2024.

Thus, ICT companies including the Target Company are being called on to respond to major social changes by supporting DX and associated security measures.

Note 7: "Generative AI" (artificial intelligence) refers to technology that outputs original data based on data learned by AI.

Note 8: "ChatGPT" (chat generative pre-trained transformer) refers to a system developed by OpenAI in November 2022 using AI technology to mimic human conversation.

As stated above, the Target Company has operated as a direct or indirect subsidiary of SBG since its establishment; in April 2018, SoftBank Group International GK (currently SBGJ) made a contribution in kind of all of the Target Company Shares that it held (10,735,000 shares, voting rights ratio 54.56% (Note 9)) to the Tender Offeror, making the Target Company a direct subsidiary of the Tender Offeror, and the Tender Offeror still owns the same number of Target Company Shares as of today. The Target Company currently has dealings with the Tender Offeror as a core ICT service provider within the SoftBank Group that supports IT systems of SoftBank Group companies in Japan.

Note 9: The percentage of voting rights as stated in the "Notice of Change in Parent Company and Largest Shareholder" released by the Target Company on March 29, 2018.

(ii) Process and Purpose with respect to Conducting the Tender Offer

As described above, the Target Company became a subsidiary of the Tender Offeror through an internal reorganization of the SoftBank Group, and as a core ICT services company within the SoftBank Group, the Target Company has been resolving its customers' ICT challenges while supporting the IT systems of SoftBank Group companies in Japan.

In addition, the Tender Offeror recognizes that the domestic IT services market today demands more advanced and complex products and services from IT service providers against the backdrop of Japanese companies' full commitment to implementing DX. For example, data is increasingly being stored in the cloud, requiring more advanced IT services such as SASE (Note 10) for the path to storage and XDR (Note 11) to ensure the security of various devices and systems. In addition, the recent emergence of new technologies such as generative AI has created new needs that require solutions that are more tailored to each company, such as the construction of and consulting for a system that uses generative AI to process routine tasks after consolidating and managing the customer's data.

As customer needs change and become more sophisticated, IT service providers are struggling to resolve customer issues with stand-alone services such as smartphones, MDM (Note 12), endpoint security (Note 13), and the like. Products and services that combine network, cloud, security, AI, and applications are a necessity, as is advanced system development. With the ongoing development of more sophisticated and complex products and services, the Tender Offeror believes that the ability to provide consultation services that visualize customer requirements and to offer a wide range of services on an end-to-end (Note 14) basis will become its strength in the market.

Note 10: “SASE” stands for secure access service edge, and refers to an architecture that integrates security and network functions as a cloud-based service.

Note 11: “XDR” stands for extended detection and response, and refers to a security solution that integrates information from disparate security data sources, including endpoints, networks, and cloud environments, to visualize and respond to a wide range of security incidents.

Note 12: “MDM” stands for mobile device management, and refers to a tool used by companies to centrally manage mobile devices such as smartphones and tablets for business use, enhancing security.

Note 13: “Endpoint security” refers to security measures for endpoints such as servers, computers, and mobile devices.

Note 14: “End-to-end” refers to the entire path connecting two communicating parties, or both ends of that path.

In this context, new players are entering the Japanese IT services market, such as consulting firms and telecommunications carriers with existing assets and skills and a high affinity for IT services. As a result, the Tender Offeror believes that the competitive environment in the domestic IT services market will further intensify. In addition, the Tender Offeror recognizes that since 2020, domestic IT services firms have been increasingly expanding and capturing engineering resources through consolidation and reorganization, and believes that the intensification of the competitive environment described above will further increase the pressure on engineering resources with capabilities of implementing DX.

Since early April 2023, the Tender Offeror has been considering measures for the sustainable growth of the Target Company in the midst of the drastically changing market environment and structure of IT services in Japan. As a result, the Tender Offeror has concluded that the Target Company’s high technological capabilities will allow it to develop its own products in the security and cloud computing space, and it also has a foundation as an SIer (Note 15), including service delivery. Although it is working to improve profitability by focusing on high value-added services such as security and AI, the Tender Offeror has come to the conclusion that it will be difficult for the Target Company to independently market, develop, and maintain competitive and comprehensive problem-solving solutions (Note 16) in the Japanese IT services market, given the expected squeeze on engineering resources due to the labor-intensive nature of the business.

Note 15: “SIer” stands for system integrator, and refers to a business that uses IT to solve problems for customers.

Note 16: “Comprehensive problem-solving solutions” refers to a comprehensive approach to solving customers’ business challenges through a combination of multiple services and products, including network, AI, and security.

The Tender Offeror has concluded that in order for the Target Company to overcome the management challenges described above and to maintain and increase its competitive advantage in Japan’s IT services market, it will be desirable for the Target Company to take on those management challenges by making faster and more effective use of engineering resources, comprehensive problem solving solutions, and other management resources within the Tender Offeror Group.

At the same time, since early April 2023, the Tender Offeror has been strongly aware of the importance of its engineering resources in acquiring IT expertise in the area of generative AI and of expanding its government cloud (Note 17) as it seeks to grow beyond the limits of a telecommunications carrier, to become a company that provides next-generation infrastructure through a structure that can respond to the demand for data processing and electrical power predicted to arise from the accelerating development of AI. It has thus repeatedly deliberated and discussed the utilization of engineering resources and the creation of synergies across the entire Tender Offeror Group. As a result, the Tender Offeror concluded in late October 2023 that by coming together as one Tender Offeror Group and mutually utilizing the Target Company’s engineering and security cloud services and the Tender Offeror’s customer base, engineering, network and other communication services, AI/IoT (Note 18)/5G (Note 19)/digital marketing services, and other management resources, the Tender Offeror Group will be able to provide effective IT services to customers who feel that DX promotion is an issue, and that the Tender Offeror Group as a whole will, by extension, be able to maintain and enhance its competitive advantage in the Japanese IT services market.

Note 17: “Government cloud” refers to a shared government service environment in which business systems related to public administration are consolidated, standardized, and monitored in a unified cloud.

Note 18: “IoT” (Internet of Things) refers to connecting physical objects to the Internet.

Note 19: 5G (5th Generation) refers to 5th generation mobile communication systems.

However, with the Target Company and the Tender Offeror currently operating independently of each other as listed companies, careful consideration must be given to the interests of each stakeholder, including minority shareholders of the Target Company, with regard to the usefulness and fairness any utilization by either party of the management resources of the Tender Offeror Group (human resources, financial base, information, know-how, etc.). In addition, there is a possibility that shareholders and other stakeholders of the Tender Offeror may raise objections to the Tender Offeror’s provision of corporate value-improving management resources to the Target Company, on the grounds that the Target Company has minority shareholders other than the Tender Offeror, and thus a part of their profits is flowing out of the Tender Offeror Group; the

Tender Offeror believes that these facts represent limitations to implementing flexible and effective measures and maximizing the corporate value of the Tender Offeror Group including the Target Company. In addition, because the Target Company and the Tender Offeror are required to be independent as listed companies, the Tender Offeror believes that there are overlapping organizational functions when viewed from the perspective of the Tender Offeror Group as a whole, resulting in inefficient use of management resources.

As a result, as stated above, the Tender Offeror concluded in late October 2023 that by coming together and mutually utilizing management resources, the two companies will be able to provide effective IT services to customers who feel that DX promotion is an issue, and that the Tender Offeror Group as a whole will, by extension, be able to maintain and enhance its competitive advantage in the Japanese IT services market; that the best way to do so is to take the Target Company Shares private, thereby establishing a system that enables prompt and flexible mutual utilization of the management resources of both the Target Company and the Tender Offeror, eliminating the overlap between organizational functions between the two companies, and enabling efficient utilization of management resources; and that this is also desirable from the perspective of improving the corporate value of the Tender Offeror and the Target Company.

The Tender Offeror believes that by taking the Target Company Shares private through the Transactions, the following specific initiatives and synergies can be expected. It believes that these efforts and synergy effects can be expected to be fully realized only by establishing a prompt decision-making structure for the operation of the Target Company and the Tender Offeror as a whole through the Transactions, and by prompt and flexible mutual utilization of management resources.

I. Creation of new synergies by leveraging the collective strength of the Tender Offeror Group

The Tender Offeror believes that the combination of the Tender Offeror's sales capabilities, including its diverse channels and customer base, and the Target Company's business knowledge and advanced technological capabilities in cloud, security, and public, will enable the further promotion of DX projects and creation of service models. Specifically, it will contribute to business development in a number of ways, including composite proposals that utilize the diverse data resources of the Tender Offeror's channels, cross-selling (Note 20) the Target Company's cloud security services, AI services, and similar services to the Offeror's telecommunications and networking customers, and providing new services related to generative AI.

Note 20: "Cross-selling" refers to recommending related products and services to a purchaser or potential purchaser of a product or service, leading to a sale.

II. Stronger business base and increased profitability by expanding the digital value chain

The Tender Offeror has been pursuing the Beyond Carrier growth strategy, under which it seeks to expand business areas other than telecommunications by making full use of technology such as AI. Specifically, the Tender Offeror intends to achieve sustainable growth in its core telecommunications business while actively going beyond

telecommunications carrier business to provide DX solutions that leverage cutting-edge technologies such as cloud computing, AI, IoT, and 5G. By enabling the further integration of the Tender Offeror Group as a whole through the Transactions, the Tender Offeror will also provide DX support services utilizing the Target Company's cloud, security, and other technologies, and coordinated solutions and technical collaboration with the Tender Offeror in product areas such as mobile and network that the Target Company does not possess, in order to provide a comprehensive service from analysis of issues and proposal of solutions at the business front to implementation of solutions such as IT system implementation, which will further strengthen its differentiation from other companies by offering more added value. The Tender Offeror believes that by combining the Target Company's strengths in consulting and cutting-edge technology with the Tender Offeror's sales capabilities, including its diverse channels and customer base, the Tender Offeror Group will particularly be able to provide an enhanced service lineup and higher-quality support than competitors thanks to its strong sales capabilities; and that by integrating two previously separate customer contact points to provide a one-stop service, the Tender Offeror Group will be able to offer more competitive solutions and achieve more rapid overall growth across the Tender Offeror Group.

III. Acceleration of growth strategy by complementary effect of the Tender Offeror and the Target Company

The Tender Offeror believes that the two companies can complement each other with regard to the lost proposal opportunities in the Tender Offeror Group as a whole due to a lack of engineering resources by optimizing overlapping areas through the Transactions and laterally sharing the Target Company's experience, knowledge and know-how in cloud, security and public while leveraging the Tender Offeror's hiring power, thereby optimizing their mutually complementary human resources. Furthermore, the Tender Offeror believes that it will be possible to make collaborative proposals and develop new services by leveraging the Tender Offeror's customer base, sales capabilities, and product areas cultivated through the Tender Offeror's carrier business, its abundant IT and digital use cases through its accumulated market-leading overseas cases and accompanying relationships, contributing to the acceleration of the growth strategy of the Tender Offeror Group.

In late October 2023, the Tender Offeror commenced initial deliberations regarding taking the Target Company Shares private, on the expectation that it would be possible to further enhance the corporate value of the Tender Offeror Group by taking the Target Company Shares private and integrating it with the businesses owned by the Tender Offeror to establish a system that enables prompt and flexible mutual utilization of management resources.

The Tender Offeror then approached the Target Company on December 20, 2023 to the effect that it wished to begin deliberation and discussion of the Transactions, and presented to the Target Company on January 19, 2024 the initial materials regarding the deliberations and discussions toward the implementation of the Transactions. In addition, in late January 2024, the Tender Offeror appointed Nomura Securities Co., Ltd. ("**Nomura Securities**") as its financial advisor and third-party appraiser and Mori Hamada & Matsumoto as its legal advisor, constructing a system for discussing and negotiating the taking private of the Target Company Shares. Subsequently, on

February 8, 2024, the Tender Offeror submitted an initial proposal to the Target Company, which included an outline of the Transactions, the synergies that the Tender Offeror expects as a result of the Transactions, and its future management policies.

The Tender Offeror and the Target Company then began concrete discussions and deliberations regarding the Transactions. Specifically, the Tender Offeror conducted due diligence on the Target Company from late February to late March 2024, in order to closely examine the feasibility of the Transactions and the Tender Offeror's expected synergies, and at the same time, has held more detailed discussions and negotiations with the Target Company and the Special Committee (as defined in "(a) Background Behind Creation of Examination System" in "(iii) Decision-Making Process and Reasoning of the Target Company" below; the same applies hereinafter) regarding the significance and purpose of the Transaction, the synergy effects expected to be created by the Transaction, and the management structure and business policies of the Target Company after the Transactions. Specifically, on March 5, 2024, the Tender Offeror received written questions from the Target Company and the Special Committee regarding the significance and purpose of the Transactions, in response to the initial proposal of February 8, 2024, and submitted written responses to those questions on March 12, 2024. At the meeting of the Special Committee held on March 14, 2024, the Tender Offeror provided answers to those questions and an explanation of the significance and purpose of the Transactions, held a corresponding question and answer session, and discussed the significance and purpose of the Transactions, the management structure after the Transactions, and synergies expected to be created through the Transaction. In addition, on March 15, 2024, the Tender Offeror submitted additional written responses to the questions and answers.

The Tender Offeror negotiated with the Target Company on multiple occasions beginning on March 26, 2023 with respect to the Tender Offer Price and the Stock Acquisition Right Purchase Price. Specifically, on March 26, 2024, based on comprehensive consideration of the information obtained through the due diligence conducted on the Target Company by the Tender Offeror, the initial analysis of the value of the Target Company Shares conducted by the financial advisor Nomura Securities based on that information, and the initial analysis of the value of the Target Company Shares conducted by the Tender Offeror based on that information, the Tender Offeror made a proposal with regard to the Transactions, including setting the Tender Offer Price in the Tender Offer at 2,700 yen (representing a premium of 28.69% on 2,098 yen, the closing price of the Target Company Shares quoted on the Prime Market of the TSE as of the preceding business day; this and all subsequent premium values (%) hereinafter are rounded to two decimal places), and setting the Stock Acquisition Right Purchase Price at 1 yen in light of the fact that the Tender Offeror would not be able to exercise the Stock Acquisition Rights even if it were to acquire them through the Tender Offer. However, on April 3, the Tender Offeror received a request from the Target Company to increase the Tender Offer Price on the grounds that the Tender Offer Price was below the price level expected by the Special Committee and that the Special Committee believed that the Tender Offeror should request an increase in the Tender Offer Price from the perspective of giving due consideration to the interests of minority shareholders of the Target Company. On April 5, the Tender Offeror made a second proposal to set the Tender Offer Price at 2,764 yen (representing a premium of 37.17% on 2,015 yen, the closing price of the Target Company Shares quoted on the Prime Market of the TSE as of the preceding business day). However, on April 10, 2024, the Tender Offeror received a request from the Target Company to increase the Tender Offer

Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request an increase in the Tender Offer Price from the perspective of giving sufficient consideration to the interests of minority shareholders of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions. Based on this request, the Tender Offeror made a proposal on April 15, 2024 to set the Tender Offer Price at 2,900 yen (a premium of 38.29% on 2,097 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on the immediately preceding business day). However, on April 17, 2024, the Tender Offeror again received a request from the Target Company to increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request an increase in the Tender Offer Price from the perspective of giving sufficient consideration to the interests of minority shareholders and employees of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

Based on this request, the Tender Offeror made a proposal on April 17, 2024 to set the Tender Offer Price at 2,930 yen (a premium of 43.14% on 2,047 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on the immediately preceding business day). However, on April 18, 2024, the Tender Offeror received a request from the Target Company to increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request that the Tender Offer Price be increased to 3,000 yen or more from the perspective of giving sufficient consideration to the interests of minority shareholders and employees of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

In response to this request, on April 19, 2024, the Tender Offeror notified the Target Company to the effect that the Tender Offeror had again considered the Tender Offer Price, but had reached the conclusion that it would be difficult to increase the Tender Offer Price because the proposed Tender Offer Price of 2,930 yen has been set by taking into consideration to the fullest extent the intrinsic value of the Target Company as well as taking into account past cases similar to the Transactions. However, on April 22, 2024, the Tender Offeror again received a request from the Target Company to increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request that the Tender Offer Price be increased to 3,000 yen or more from the perspective of giving sufficient consideration to the interests of minority shareholders and employees of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

Based on this request, the Tender Offeror made a proposal on April 23, 2024 to set the Tender Offer Price at 2,950 yen (a premium of 45.32% on 2,030 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on

the immediately preceding business day). As a result, the Tender Offeror received a response from the Target Company to the effect that it would agree to set the Tender Offer Price at 2,950 yen and reached an agreement on the same day.

(iii) Decision-Making Process and Reasoning of the Target Company

A. Background Behind Creation of Examination System

According to the Target Company's Press Release, the Tender Offeror approached the Target Company on December 20, 2023 to the effect that it wished to begin deliberation and discussion of the Transactions, and the Target Company received initial materials on January 19, 2024. In response to this, in late January 2024, the Target Company began consultations with Nishimura & Asahi, Blakemore & Mitsuki, and Daiwa Securities Co., Ltd. ("**Daiwa Securities**"), each of which is independent of the Target Company and the Tender Offeror, concerning how to respond to the above materials received from the Tender Offeror. Subsequently, the Target Company again received an initial proposal from the Tender Offeror on February 8, 2024, requesting that the Target Company consider the Tender Offeror's proposal to make the Target Company a wholly owned subsidiary. Following the receipt of that initial proposal, when earnestly beginning deliberations with respect to the Transactions and discussions and negotiations with the Tender Offeror, in light of the fact that the Tender Offeror is a controlling shareholder that holds 52.81% of the Target Company Shares and the Target Company is a consolidated subsidiary of the Tender Offeror, and the Transactions therefore may constitute transactions which typically have problems including a structural conflicts of interest and information asymmetry, on February 17, 2024, the Target Company formally appointed Nishimura & Asahi and Blakemore & Mitsuki as its legal advisors and Daiwa Securities as its financial advisor and third-party appraiser, in order to address those problems. In order to ensure the fairness of the Transactions, the Target Company began establishing a system for deliberation, negotiation, and decision-making regarding the Transaction from a standpoint independent from the Tender Offeror and from the perspective of enhancing the corporate value of the Target Company and securing the interests of the Target Company's general shareholders, based on the advice of Nishimura & Asahi and Blakemore & Mitsuki. Specifically, on February 17, 2024, the Target Company established a special committee consisting of outside directors of the Target Company (Mr. Shigeo Suzuki, Mr. Yoshie Munakata, and Ms. Yuka Miyagawa; the "**Special Committee**"), as described in "(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee" in "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "(B) Background of Valuation" in "(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called "Two-Step Acquisition"))" in "2. Outline of the Tender Offer" below. With respect to the process and details of the decisions, see "(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee" in "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "(B) Background of Valuation" in "(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called "Two-Step Acquisition"))" in "2. Outline of the Tender Offer" below.

On February 21, 2024, the Special Committee appointed Kensei Law Offices as its own legal advisor, and Plutus Consulting Co., Ltd. (“**Plutus Consulting**”) as its own financial advisor and third-party appraiser, as described in “(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” in “2. Outline of the Tender Offer” below.

The Special Committee confirmed that there were no problems with respect to the independence, expertise, and track record of Daiwa Securities as the financial advisor and third-party appraiser of the Target Company and Nishimura & Asahi and Blakemore & Mitsuki as the legal advisors of the Target Company, and the Target Company received approval for their appointment as described in “(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” in “2. Outline of the Tender Offer” below.

In addition, the Target Company constructed an internal system to deliberate, negotiate and make decisions regarding the Transactions from a standpoint independent of the Tender Offeror (including the extent of involvement and duties of officers and employees of the Target Company in deliberation, negotiation, and decision-making regarding the Transactions), and received the Special Committee’s approval to the effect that there are no problems from the perspective of the independence or fairness of that deliberation system, as described in “(vii) Creation of an Independent Examination System at the Target Company” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in (4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)” in “2. Outline of the Tender Offer” below.

B. Process of Deliberation and Negotiation

The Target Company received a report on the results of valuation of the Target Company Shares and advice on the negotiation policy with the Tender Offeror and other advice from a financial standpoint from Daiwa Securities, and guidance on measures to ensure the fairness of procedures related to the Transactions and other legal advice from Nishimura & Asahi and Blakemore & Mitsuki, based on which it carefully deliberated the merits of the Transactions and the appropriateness of the transaction terms while respecting to the maximum possible extent the opinions of the Special Committee.

After receiving the first proposal from the Tender Offeror on March 26, 2024 to set the Tender Offer Price at 2,700 yen, and the Stock Acquisition Right Purchase Price at 1 yen, the Target Company continued consultations and negotiations with the Tender Offeror regarding the terms of the Transactions, including the Tender Offer Price. Specifically, On March 26, 2024, the Target Company received the first proposal regarding the Tender Offer from the Tender Offeror. On April 3, the Target Company

to requested that the Tender Offeror increase the Tender Offer Price on the grounds that the Tender Offer Price was below the price level expected by the Special Committee and that the Special Committee believed that the Tender Offeror should request an increase in the Tender Offer Price from the perspective of giving due consideration to the interests of minority shareholders of the Target Company.

Having received that request, on April 15, 2024 the Tender Offeror made a proposal to the Target Company to set the Tender Offer Price at 2,900 yen. On April 17, 2024, the Target Company requested that the Tender Offeror increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request an increase in the Tender Offer Price from the perspective of giving sufficient consideration to the interests of minority shareholders and employees of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

Having received that request, on April 17, 2024 the Tender Offeror made a proposal to the Target Company to set the Tender Offer Price at 2,930 yen. On April 18, 2024, the Target Company requested that the Tender Offeror increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request that the Tender Offer Price be increased to 3,000 yen or more from the perspective of giving sufficient consideration to the interests of minority shareholders and employees of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

In response to this request, on April 19, 2024, the Tender Offeror notified the Target Company to the effect that the Tender Offeror had again considered the Tender Offer Price, but had reached the conclusion that it would be difficult to increase the Tender Offer Price because the proposed Tender Offer Price of 2,930 yen has been set by taking into consideration to the fullest extent the intrinsic value of the Target Company as well as taking into account past cases similar to the Transactions. On April 22, 2024, Target Company again requested that the Tender Offeror increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request that the Tender Offer Price be increased to 3,000 yen or more from the perspective of giving sufficient consideration to the interests of minority shareholders and employees of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

Based on this request, the Tender Offeror made a proposal on April 23, 2024 to set the Tender Offer Price at 2,950 yen. As a result, the Target Company responded to the Tender Offeror to the effect that it would agree to set the Tender Offer Price at 2,950 yen and reached an agreement on the same day.

In the course of the above deliberations and negotiation process, the Special Committee received, confirmed, and approved reports from the Target Company and the Target Company's advisors from time to time. Specifically, the Special Committee confirmed and approved the rationality of the Target Company's business plan, which was presented by the Target Company to the Tender Offeror and also forms the basis for the

valuations of the Target Company Shares by Daiwa Securities and Plutus Consulting, including the content, material assumptions, and background of preparation of that plan. In addition, the Target Company's financial advisor handled negotiations with the Tender Offeror in accordance with the negotiation policy determined following advance deliberation by the Special Committee. The Target Company immediately reported to the Special Committee each Tender Offer Price proposal received from the Tender Offeror, and when responding to those proposals, the Target Company followed the opinions, instructions, and requests of the Special Committee with respect to the policy for negotiation with the Tender Offeror.

On April 24, 2024, the Target Company then received a written report from the Special Committee (the "**Written Report**") which included responses to the effect that (i) the Special Committee believes that it is appropriate for the Target Company's board of directors to express its opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer and leave the decision as to whether to tender the Stock Acquisition Rights in the Tender Offer to the judgment of the Stock Acquisition Right Holders; and (ii) the Special Committee believes that conducting the Transactions is not disadvantageous to the minority shareholders of the Target Company. (For an outline of the Written Report, see "(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee" in "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "(B) Background of Valuation" in "(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called "Two-Step Acquisition"))" in "2. Outline of the Tender Offer" below.) In addition to the Written Report, the Target Company received from the Special Committee the share valuation report regarding the Target Company Shares (the "**Share Valuation Report (Plutus Consulting)**"), and the fairness opinion to the effect that the Tender Offer Price of 2,950 yen per share is fair to the Target Company's minority shareholders from a financial standpoint (the "**Fairness Opinion**"), each of which the Special Committee received from Plutus Consulting as of April 24, 2024. (For a summary of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, see "(iv) Obtainment by the Special Committee of a Share Price Valuation Report and Fairness Opinion from an Independent Third-Party Appraiser" in "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "(B) Background of Valuation" in "(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called "Two-Step Acquisition"))" in "2. Outline of the Tender Offer" below.)

C. Details of Determination

Based on the above background, at its board of directors meeting held on April 25, 2024, the Target Company carefully discussed and deliberated whether the Transactions including the Tender Offer would contribute to enhancing the corporate value of the Target Company and whether the terms of the Transactions, including the Tender Offer Price, are appropriate, based on the legal advice received from Nishimura & Asahi and Blakemore & Mitsuki, the advice from a financial standpoint from Daiwa Securities and the content of the valuation report regarding the Target Company Shares received from Daiwa Securities dated April 24, 2024 (the "**Target Company Valuation Report**"), and

the content of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, and while respecting the opinions indicated in the Written Report from the Special Committee to the maximum possible extent.

As a result, the Target Company concluded that the Transactions would contribute to enhancing the corporate value of the Target Company Group in light of the following points.

In the business environment surrounding the Target Company, companies are promoting DX and enhancing their operations using digital technology, increasing adoption of cloud computing in conjunction with work style reforms accelerated by the Covid-19 pandemic, and demanding DX to transform business models using digital technology, and Japanese companies are vigorously pursuing strategic IT investments. In addition, cyber crime targeting companies' security vulnerabilities is on the rise, and with an increasing number of companies disclosing their cyber security risks and countermeasures, cyber security measures are now being taken as an important element of business continuity. ICT companies like the Target Company Group are being called on to make major changes, not only by supporting DX and associated security measures but also through DX human resource development.

In this environment, although the Target Company Group's business areas of digital and ICT are expected to continue to grow steadily, the Target Company Group recognizes that in order to further increase its corporate value, it must both strengthen and grow its existing businesses, and also make investments and secure highly specialized personnel to provide customers with higher value-added services. In this regard, the Target Company recognizes that service planning/development and sales capabilities will need to be strengthened in the future to promote the shift to services, but one of the issues it faces is that, although it expects to benefit from collaboration with the Tender Offeror, the two are unable to share sufficient information and divide duties efficiently due to conflicts of interest and other factors, limiting the effectiveness of the collaboration.

In addition, the Target Company recognizes the difficulty of balancing the capital markets' demand for short-term returns with the need to make investments based on the changes in the business environment described above, and the fact that in light of the dual listing of both parent and subsidiary, the Target Company is burdened with listing maintenance costs while not necessarily being able to flexibly consider raising funds in the stock market.

As a result, the Target Company concluded that, in light of the management environment surrounding the Target Company Group described above, the Target Company can expect to create the following synergies by taking the Target Company Shares private through the Transaction, which will eliminate the structural conflict of interest between the Tender Offeror and the Target Company's minority shareholders and enable the Tender Offeror to further invest management resources in the Target Company Group, thereby enabling the Target Company to implement management measures in a flexible and steady manner, and would contribute to further enhancing the corporate value of the Target Company. The disadvantage of delisting through the Transactions is that there is a concern that there will be effects such as a temporary outflow of high-performing IT engineering talent, increase in resignation rate, and destabilization of hiring due to the loss of status as a listed company.

However, the ability to leverage the significant growth opportunities of the Tender Offeror Group will also serve to motivate the employees of the Target Company, so the

disadvantages with respect to staffing are believed to be limited. Conversely, as employees of the Tender Offeror Group, the Target Company's staff will be afforded a greater range of work environments and options, become subject to the non-monetary benefits system of the Tender Offeror, and be able to utilize training systems, which represent major advantages for those staff.

In addition, the Target Company's personnel policy after the Tender Offer will be discussed and adjusted with sufficient consideration for the opinions of the employees of the Target Company and with the inclusion of the human resources department of the Target Company, and the Target Company, acknowledging that staff retention is the most important aspect, has explained that it will deliberate the hiring policy and staff retention policy after the Transactions based on the existing policies of the Target Company; as such, the Target Company believes that the above disadvantages can be avoided.

Furthermore, although it can be noted that the Target Company will cease to enjoy the benefits of being a listed company, including the ability to raise financing on the capital markets, the Target Company believes that it will be able to raise financing from the share market through the Tender Offeror as a member of the Tender Offeror Group, and that based on the strong credit of the Tender Offeror Group as a whole, the Target Company's financing needs will be able to be met after the Transactions. Furthermore, the Tender Offeror has explained to the Target Company that financing will be possible based on the Tender Offeror's strong long-term and short-term credit, based on which the Target Company believes that the range of financing options available to satisfy the financing needs of the Target Company's business will expand after the Transactions. Moreover, the following initiatives anticipated from the perspective of synergy, which are necessary from the perspective of enhancing the Target Company's medium- to long-term corporate value, may not be sufficiently appreciated by the capital markets in the short term, and it is undeniable that they could harm the interests of the Target Company's general shareholders; as such, taking the Target Company Shares private is believed to be the most appropriate course of action.

I. Expansion of sales opportunities for the Target Company's services

The Target Company believes that it can leverage the Tender Offeror's broad customer base and sales base to cross-sell the Target Company's cloud security and operations services and AI services based on the systems demand from the Tender Offeror's telecommunications and networking customers, and expand into various business areas which will increase sales opportunities for the Target Company's services.

In addition, the Target Company believes that it will be able to leverage the Tender Offeror's sales capabilities for DX promotion to acquire further new customers and new projects, which will accelerate its growth strategy.

II. Enhancement and expansion of business areas by expanding the digital value chain

As part of its Beyond Carrier growth strategy, the Tender Offeror is seeking to expand the digital value chain. Specifically, the Tender Offeror intends to use its existing telecommunications business as a base while transitioning to a DX player that resolves customers' social issues by providing DX solutions that leverage cutting-edge

technologies such as cloud computing, AI, IoT, and 5G. The Target Company also considers DX support services utilizing the Target Company's cloud, security, and other technologies to be a core theme, and believes that it will be able to expand the scale of its projects through coordinated solutions and technical collaboration with the Tender Offeror in product areas such as mobile and network that the Target Company does not possess, and offer consulting and cutting-edge technological capabilities, which are the Target Company's strengths, to its customers as a higher value-added digital value chain. The Target Company believes that this will expand its business domain by enhancing its ability to offer solutions to its existing customers, secure new customers and new projects, and develop new services by utilizing such know-how.

III. Further enhancement of the Target Company Group's collective strength

Competition for highly skilled personnel is expected to increase in line with the intensification of the management environment surrounding the Target Company Group, but the Target Company believes that by laterally sharing the Target Company's experience, knowledge and know-how in cloud, security and public while leveraging the Tender Offeror's hiring power, thereby optimizing their mutually complementary human resources, countermeasures can be implemented against issues such as loss of proposal opportunities caused by a shortage of human resources.

The Target Company also believes that leveraging the market-leading overseas cases of the Tender Offeror will enable the enhanced development of new commercial products and services, which will lead increase the value of current services as well.

Furthermore, the Target Company believes that strategic investment of the Tender Offeror's abundant management resources (human resources, financial base, know-how, etc.) in marketing and other areas will enable it to develop new customers.

The Target Company further believes that the active exchange of human resources between the Target Company Group and the Tender Offeror will enable it to provide high value-added services to its client companies.

In addition, based on the following points, the Target Company determined that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable and that the Tender Offer provides the shareholders of the Target Company with an opportunity to sell their Target Company Shares at a reasonable premium and on reasonable terms and conditions.

- (a) The price has been determined by the Target Company, after taking sufficient measures to ensure the fairness of the business terms of the Transactions, including the Tender Offer Price, and was agreed upon as a result of negotiations in good faith with the Tender Offeror, in which the Special Committee independent of the Target Company and the Tender Offeror was substantially involved as described in "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "(B) Background of Valuation" in "(4) Basis of Valuation, Etc. regarding Price of the Tender Offer" under "II. Outline of the Tender Offer" below.
- (b) In the Written Report obtained from the Target Company's independent Special Committee, the Target Company's independent Special Committee has determined that the appropriateness of the business terms of the Transactions,

including the Tender Offer Price, has been ensured as described in “(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” under “II. Outline of the Tender Offer” below.

- (c) In the results of the calculation of the share value of the Target Company Shares by Daiwa Securities described in “(ii) Obtainment by the Target Company of a Share Valuation Report from an Independent Third-Party Appraiser” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” under “II. Outline of the Tender Offer” below, the Tender Offer Price is above the upper limit of the range of results obtained by the average market price method, and within the range of results obtained by the comparable companies method and the discounted cash flow method (the “**DCF Method**”).
- (d) In the results of the calculation of the share value of the Target Company Shares by Plutus Consulting described in “(iv) Obtainment by the Special Committee of a Share Valuation Report and Fairness Opinion from an Independent Third-Party Appraiser” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” under “II. Outline of the Tender Offer” below, the Tender Offer Price is above the upper limit of the range of results obtained by the average market price method, and within the range of results obtained by the comparable companies method and the DCF method. In addition, the Fairness Opinion has been issued by Plutus Consulting stating to the effect that 2,950 yen per share as the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial point of view as described in “(iv) Obtainment by the Special Committee of a Share Valuation Report and Fairness Opinion from an Independent Third-Party Appraiser” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” under “II. Outline of the Tender Offer” below.
- (e) The price represents a premium of 44.04% on 2,048 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on April 24, 2024 (which was the business day immediately preceding the announcement date of the Tender Offer); a premium of 43.48% on 2,056 yen (rounded to the nearest yen; the same applies hereinafter to simple average closing prices), which was the simple average closing price for the Target Company Shares over the one-month period prior to April 24, 2024 (from March 25, 2024 to April 24, 2024); a premium of 37.98% on 2,138 yen, which was the simple average closing price for the Target Company Shares over the three-month period prior to April 24, 2024 (from January 25, 2024 to April 24, 2024); and a premium of 30.42% on 2,262 yen, which was the simple average closing price over the six-month period prior to April 24, 2024 (from October 25, 2023 to April 24, 2024). Compared to the premiums in past instances (65 cases) (the average premium is

38.38% on the business day immediately preceding the announcement date, 41.18% for the last one-month period, 41.02% for the last three-month period, and 39.34% for the last six-month period, and the median premium is 40.50% on the business day immediately preceding the announcement date, 42.50% for the last one-month period, 40.01% for the last three-month period, and 40.32% for the last six-month period) of tender offers which were announced after June 28, 2019, the date on which the Ministry of Economy, Trade and Industry published the “Fair M&A Guidelines,” and before December 31, 2023, and in which the controlling shareholders successfully made its listed subsidiaries their wholly-owned subsidiaries, the premium on the simple average price over the preceding six-month period (approximately 30%) is lower than the premium level in past cases similar to the Transactions (approximately 40%), but the premium as of the business day before the announcement and on the preceding one-month and three-month periods (approximately 40% in each) is not inferior to the premium level in past cases similar to the Transactions (approximately 40%).

- (f) The measures to ensure the fairness of the Tender Offer as described in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” under “II. Outline of the Tender Offer” below have been taken, and it is considered that the interests of general shareholders are secured.

Based on the foregoing, the Target Company has resolved, at its board of directors meeting held on April 25, 2024, to express its opinion approving the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer. Given that the Stock Acquisition Right Purchase Price is 1 yen, the Target Company has also resolved to leave the decision on whether the Stock Acquisition Right Holders tender their Stock Acquisition Rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

For the method of resolution at the Target Company’s board of directors meeting above, please refer to “(viii) Approval of All Disinterested Directors and Opinion of All Disinterested Audit and Supervisory Board Members that They Had No Objection at the Target Company” under “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” under “II. Outline of the Tender Offer” below.

(B) Management Policy After the Tender Offer

In order to steadily realize the synergies described in “(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer” above, and to accelerate the expansion of business and operations through prompt and flexible mutual utilization of the management resources (human resources, financial base, information, know-how, etc.) of the Tender Offeror Group, the Tender Offeror aims to implement a complete organizational integration of the Tender Offeror and the Target Company. The timing of the organizational integration has not been determined as of today. In order to maximize the effects of the organizational integration, the Tender Offeror will determine and announce the details through consultation with the Target Company’s

management team by establishing an integration committee composed of officers and employees of business divisions of the Tender Offeror and the Target Company, and after fully considering the opinions of the employees of the Target Company's business divisions, with the optimal timing to be determined in or after April 2025. The management structure and composition of the board of directors of the Target Company after the Transactions, including whether or not officers will be dispatched and other matters concerning personnel matters, have not been decided at this time, and the Tender Offeror and the Target Company will discuss those matters after the Transactions.

In addition, the Tender Offeror will continue to employ the employees of the Target Company after the Tender Offer. Although the Tender Offeror has not determined specific personnel policies, treatment, reassignment, etc. as of today, the Tender Offeror considers the retention of excellent human resources to be of the utmost importance, and plans to proceed with the examination of personnel systems and organizational design in the Target Company with due consideration after thoroughly discussing with the Target Company's management team.

(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

In light of the fact that the Target Company is a subsidiary of the Tender Offeror, that the Transactions including the Tender Offer constitute transactions with a controlling shareholder, and that the Transactions including the Tender Offer constitute transactions that typically involve structural conflict of interest issues between the Tender Offeror and minority shareholders of the Target Company and information asymmetry issues, the Tender Offeror and the Target Company implemented the following measures in order to address those issues and to ensure the fairness of the Tender Offer. Among the statements below, matters relating to the measures implemented by the Target Company are based on the explanations given by the Target Company.

The Tender Offeror believes that, as stated in "(1) Outline of the Tender Offer" above, because the Tender Offeror holds 10,735,000 Target Company Shares (ownership ratio: 52.81%) as of today, if the minimum number of share certificates, etc. to be purchased is set to the so-called "majority of minority" in the Tender Offer, it would rather create uncertainty as to whether the Tender Offer could be completed, and may not actually be in the interests of minority shareholders who wish to tender their shares in response to the Tender Offer. For this reason, in the Tender Offer, the Tender Offeror does not set the minimum number of share certificates, etc. to be purchased to the so-called "majority of minority." However, the Tender Offeror and the Target Company have implemented the following measures to ensure the fairness of the Tender Offer, and thus the Tender Offeror believes that the interests of minority shareholders of the Target Company have been sufficiently considered. In addition, given that it is understood in the Written Report that other measures to ensure the fairness have been sufficiently taken, the Special Committee has determined that the fact that the "majority of minority" conditions have not been set is not unreasonable, and the Target Company made the same determination.

- (i) Obtainment by the Tender Offeror of a share valuation report from an independent third-party appraiser.

- (ii) Obtainment by the Target Company of a share valuation report from an independent third-party appraiser.
- (iii) Establishment by the Target Company of an independent special committee, and obtainment of a written report from the special committee.
- (iv) Obtainment by the special committee of a share valuation report and fairness opinion from an independent third-party appraiser.
- (v) Advice received by the special committee from an independent law firm.
- (vi) Advice received by the Target Company from an independent law firm.
- (vii) Creation by the Target Company of an independent examination system.
- (viii) Approval of all disinterested directors and opinion of all disinterested audit and supervisory board members that they had no objection at the Target Company.
- (ix) No transaction protection clause.
- (x) Measures to ensure opportunities for the Target Company's shareholders to tender their shares in the Tender Offer.

For the details of the matters described above, please refer to “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” under “II. Outline of the Tender Offer” below.

- (4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”)

As stated in “(1) Outline of the Tender Offer” above, if the Tender Offeror is unable to acquire all of the Target Company Shares (excluding the Target Company Shares held by the Tender Offeror and treasury shares held by the Target Company) and the all of the Stock Acquisition Rights through the Tender Offer, the Tender Offeror intends, after the successful completion of the Tender Offer, to carry out the Squeeze-Out Process.

- (A) Demand for Cash-Out of Shares

If, after the successful completion of the Tender Offer, the Target Company comes to hold 90% or more of the voting rights of all shareholders of the Target Company, and becomes a special controlling shareholder as prescribed in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, pursuant to the provisions of Part II, Chapter II, Section 4-2 of the Companies Act, request all of the Target Company's shareholders (excluding the Tender Offeror and the Target Company) (“**Shareholders Subject to the Cash-Out**”) to sell all of the Target Company Shares (“**Shares Subject to the Cash-Out**”) that they hold (the “**Demand for Shares Cash-Out**”). In the Demand for Shares Cash-Out, the Tender Offeror plans to set forth that the amount equivalent to the Tender Offer Price will be delivered to the Shareholders Subject to the Cash-Out as the price per Share Subject to the Cash-Out. In such case, the Tender Offeror will notify the Target Company of such Demand for Shares Cash-Out and will request the Target Company to

approve the Demand for Shares Cash-Out. If the Target Company approves the Demand for Shares Cash-Out by a resolution of its board of directors, in accordance with the procedures set forth in the relevant laws and regulations, without individual approvals by the Shareholders Subject to the Cash-Out, the Tender Offeror will acquire, as of the acquisition date set forth in the Demand for Shares Cash-Out, all of the Target Company Shares held by the Shareholders Subject to the Cash-Out. In such case, the Tender Offeror intends to deliver the amount equivalent to the Tender Offer Price per Share Subject to the Cash-Out to such Shareholder Subject to the Cash-Out as the price per share of the Target Company Shares held by such Shareholder Subject to the Cash-Out. According to the Target Company's Press Release, if the Target Company receives notice of the Tender Offeror's intention to make the Demand for Shares Cash-Out and the matters set out in each item of Article 179-2, Paragraph 1 of the Companies Act, the Target Company plans to approve such Demand for Shares Cash-Out at the meeting of its board of directors.

The Companies Act provides as a provision for protecting the rights of minority shareholders involved in the Demand for Shares Cash-Out that the Shareholders Subject to the Cash-Out may file a petition with a court to determine the sale price of the Target Company Shares that they hold, pursuant to the provisions of Article 179-8 of the Companies Act and other relevant laws and regulations.

(B) Share Consolidation

If, after the successful completion of the Tender Offer, the Tender Offeror fails to secure 90% or more of the voting rights of all shareholders of the Target Company, the Tender Offeror will, promptly after the completion of the settlement of the Tender Offer, pursuant to Article 180 of the Companies Act, request the Target Company to hold an extraordinary shareholders' meeting of the Target Company, on or around August 2024, at which a share consolidation of the Target Company Shares (the "**Share Consolidation**") and a partial amendment to the Target Company's Articles of Incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation becomes effective will be proposed (the "**Extraordinary Shareholders' Meeting**"). According to the Target Company's Press Release, as of April 25, 2024, the Target Company plans to hold the Extraordinary Shareholders' Meeting in response to the Tender Offeror's request, with the date of the Extraordinary Shareholders' Meeting planned to be around early August 2024. Also, the Tender Offeror intends to approve each of the above proposals at the Extraordinary Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, a fraction less than one share arises, the shareholders of the Target Company who hold such fractional shares will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of such fractional shares (rounded down to the nearest whole number; the same applies hereinafter) to the Target Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. The Tender Offeror intends to request the Target Company to file a petition to the court for permission to purchase such Target Company Shares equivalent to the total number of such fractional shares calculating the purchase

price for such Target Company Shares in order that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Tender Offeror and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by such shareholder.

Although the ratio of the Share Consolidation has not been determined as of today, the Tender Offer intends to become the sole owner of all of the Target Company Shares (excluding treasury shares held by the Target Company) and request the Target Company to determine that shareholders (excluding the Tender Offeror and the Target Company) who do not tender their shares in the Tender Offer will have only fractional shares. According to the Target Company's Press Release, upon the successful completion of the Tender Offer, the Target Company will comply with those requests by the Tender Offeror.

The Companies Act provides, as a provision for protecting the rights of minority shareholders involved in the Share Consolidation, that if the Share Consolidation occurs and there are fractional shares as a result thereof, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, when the conditions prescribed therein are satisfied, each shareholder of the Target Company may request the Target Company to purchase all such fractional shares of the Target Company Shares at a fair price, and may file a petition to the court to determine such price.

It is further noted the Tender Offer does not intend to solicit shareholders of the Target Company to agree to the proposals at the Extraordinary Shareholders' Meeting.

(C) Acquisition of Stock Acquisition Rights without Compensation

With regard to the Stock Acquisition Rights, the terms and conditions of the issuance of the Stock Acquisition Rights provide that the Target Company may acquire the Stock Acquisition Rights without compensation on the day separately prescribed by the Target Company's board of directors if (a) the consolidation of shares regarding the class of shares underlying the Stock Acquisition Rights (limited to cases where the multiplication of the number of share units by the share consolidation ratio produces a fraction less than one) is approved at the shareholders' meeting of the Target Company, or (b) a request to sell shares by a special controlling shareholder is approved by the board of directors of the Target Company.

If the Tender Offeror is unable to acquire all of the Stock Acquisition Rights through the Tender Offer despite the successful completion of the Tender Offer, and the Stock Acquisition Rights are not exercised and are outstanding, the Tender Offeror intends to request the Target Company to acquire all of the outstanding Stock Acquisition Rights without compensation pursuant to the provisions of (a) or (b) above. According to the Target Company's Press Release, the Target Company will comply with such request if it is made.

With regard to the above procedures, depending on amendments to, the enforcement and interpretation by authorities of the relevant laws and regulations, it may require time to implement the procedures, or the methods of implementation may be altered. However, upon the successful completion of the Tender Offer, it is intended that a method will be used whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) will ultimately receive cash consideration equivalent to the number of Target Company

Shares held by such shareholder of the Target Company multiplied by the Tender Offer Price in exchange for their shares. If a petition for determination of the sale price regarding the Demand for Shares Cash-Out or a petition for determination of a price regarding a share purchase demand in relation to the Share Consolidation is filed, it is the court who will finally determine the sale price of the Target Company Shares held by such filing shareholder of the Target Company or a price regarding the share purchase demand.

The specific details and expected timing for the procedures described above will be determined by the Tender Offeror through consultation with the Target Company and then promptly announced by the Target Company.

All shareholders of the Target Company are solely responsible for seeking their own certified tax accountant or other specialist advice with regard to the tax consequences of tendering their shares in the Tender Offer or the procedures outlined above.

(5) Prospects and Reasons for Delisting

The Target Company Shares are currently listed on the Prime Market of the TSE as of today. However, since the Tender Offeror has not set a maximum number of share certificates, etc. to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set out by the TSE, depending on the results of the Tender Offer.

Also, even in the case that the delisting criteria are not met upon completion of the Tender Offer, the Tender Offeror plans to implement the Squeeze-Out Process as stated in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so called ‘Two-Step Acquisition’)” above after the successful completion of the Tender Offer, in which case the Target Company Shares will be delisted through the prescribed procedures in accordance with the delisting criteria of the TSE. After delisting, the Target Company Shares will no longer be traded on the Prime Market of the TSE.

(6) Important Agreements relating to the Tender Offer

There are no applicable matters.

II. Outline of the Tender Offer

(1) Outline of the Target Company

(1) Name	SB Technology Corp.
(2) Address	6-27-30, Shinjuku, Shinjuku-ku, Tokyo
(3) Name and Title of Representative	Shinichi Ata, Representative Director, President & CEO

(4)	Description of Business	ICT service business	
(5)	Capital	1,270 million yen (as of March 31, 2023)	
(6)	Date of Incorporation	October 16, 1990	
(7)	Major Shareholders and Shareholding Ratios (as of September 30, 2023) (Note)	SoftBank Corp.	53.94%
		Custody Bank of Japan, Ltd. (Trust Account)	6.03%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	5.86%
		SB Technology Corp. Employees Shareholding Association	1.68%
		SBI SECURITIES Co., Ltd.	1.41%
		CACEIS BANK/QUINTET LUXEMBOURG SUB AC/UCITS CUSTOMERS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Department)	1.11%
		Tomokazu Sato	0.91%
		BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE (Standing Proxy: MUFG Bank, Ltd.)	0.66%
		Katsuo Yamada	0.62%
		JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services)	0.60%
(8)	Relationship between the Tender Offeror and the Target Company		
	Capital Relationship	As of today, the Tender Offeror holds 10,735,000 shares (ownership ratio: 52.81 %) of the Target Company Shares, and the Target Company is a subsidiary of the Tender Offeror.	
	Personnel Relationship	As of today, one of the nine directors of the Target Company, Mr. Kunihiro Fujinaga, has a position as an executive officer of the Tender Offeror, and three of the nine directors of the Target Company, Mr. Shinichi Ata, Mr. Mitsuhiro Sato, and Mr. Masaaki Okazaki formerly	

	<p>worked for the Tender Offeror. One of the four Audit & Supervisory Board Members, Mr. Takashi Naito, has a position as an employee of the Tender Offeror.</p> <p>In addition to the above, as of today, fourteen employees of the Target Company are seconded to the Tender Offeror, and eleven employees of the Tender Offeror are seconded to the Target Company.</p>
Business Relationship	There are transactions between the Tender Offeror and the Target Company that involve purchase of goods, and system development and technical assistance, etc. from the Target Company.
Status as Related Party	The Target Company is a subsidiary of the Tender Offeror and falls under the category of a related party of the Tender Offeror.

(Note) “(7) Major shareholders and shareholding ratios (as of September 30, 2023)” are indicated based on the “Information Concerning Major Shareholders” stated in the 2nd Quarterly Securities Report for the 36th Fiscal Year filed by the Target Company on November 13, 2023.

(2) Schedule, Etc.

(A) Schedule

Date of Determination of Implementation of the Tender Offer	April 25, 2024 (Thursday)
Date of Public Notice of Commencement of the Tender Offer	<p>April 26, 2024 (Friday)</p> <p>An electronic public notice will be conducted, and a notice to that effect will be published in the <i>Nihon Keizai Shimbun</i>.</p> <p>(URL of the electronic public notice: http://disclosure2.edinet-fsa.go.jp/)</p>
Filing Date of the Tender Offer Registration Statement	April 26, 2024 (Friday)

(B) Period of the Tender Offer as of the Filing Date

From April 26, 2024 (Friday) through June 11, 2024 (Tuesday) (30 business days)

(C) Possibility of Extension by Request of the Target Company

There are no applicable matters.

- (3) Price of the Tender Offer
- (A) Common stock: 2,950 yen per share of common shares
- (B) Stock acquisition rights
- (a) Stock acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target Company held on September 26, 2018 (the “**2018 First Series Stock Acquisition Rights**”) (the exercise period is from October 1, 2020 to September 30, 2024): 1 yen per stock acquisition right
- (b) Stock acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target Company held on September 29, 2021 (the “**2021 First Series Stock Acquisition Rights**”) (the exercise period is from October 1, 2023 to September 30, 2025): 1 yen per stock acquisition right
- (c) Stock acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target Company held on June 20, 2022 (the “**2022 First Series Stock Acquisition Rights**”; the 2018 First Series Stock Acquisition Rights, the 2021 First Series Stock Acquisition Rights and the 2022 First Series Stock Acquisition Rights are hereinafter collectively referred to as the “**Stock Acquisition Rights**”) (the exercise period is from July 1, 2025 to June 30, 2025): 1 yen per stock acquisition right

(4) Basis of Valuation, Etc. regarding Price of the Tender Offer

(A) Basis of Valuation

(i) Common stock

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Nomura Securities, its financial advisor and third-party appraiser that is independent from the Tender Offeror and the Target Company, to calculate the share value of the Target Company before determining the Tender Offer Price.

Nomura Securities considered the Target Company’s financial condition, and the trends and other factors concerning the market price of the Target Company Shares, and then concluded that it is appropriate to calculate the value of the Target Company Shares multilaterally; it thus considered which of several share value calculation methods should be used to calculate the share value of the Target Company. As a result, Nomura Securities calculated the share value of the Target Company using the following calculation methods: (i) the average market price method given that the market price of the Target Company Shares is available, (ii) the comparable companies method, as there are multiple listed companies that are comparable to the Target Company, and an analogical inference of the share value of the Target Company Shares based on comparable companies is possible, and (iii) the DCF Method, to account for the Target Company’s future business operations in the valuation, and the Tender Offeror obtained a share valuation report from Nomura Securities on April 25, 2024 (the “**Tender Offeror Share Valuation Report**”). Nomura Securities is not affiliated with the Tender Offeror or the Target Company and does not have a material interest in the Tender Offer. Since the Tender Offeror believes that sufficient

consideration has been given to the interests of the minority shareholders of the Target Company by comprehensively considering the various factors stated in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation,” the Tender Offeror has not obtained from Nomura Securities an opinion on the fairness of the Tender Offer Price (a fairness opinion).

The range of values per share of the Target Company Shares calculated by Nomura Securities using the aforementioned methods is as follows (Note 1).

Average market price method: From 2,017 yen to 2,262 yen

Comparable companies method: From 2,674 yen to 3,677 yen

DCF Method: From 1,992 yen to 3,516 yen

The range of values per share of the Target Company Shares obtained from the average market price method is 2,017 yen to 2,262 yen, which is calculated, using April 24, 2024 as the record date, based on 2,048 yen, the closing price of the Target Company Shares quoted on the Prime Market of the TSE as of the record date, 2,017 yen, the simple average closing price over the preceding five-business day period, 2,056 yen, the simple average closing price over the preceding one-month period, 2,138 yen, the simple average closing price over the preceding three-month period, and 2,262 yen, the simple average closing price over the preceding six-month period.

The range of values per share of the Target Company Shares obtained from the comparable companies method is 2,674 yen to 3,677 yen, which is derived by evaluating the Target Company’s share value by comparing the market share prices and financial indicators such as the profitability of listed companies engaged in businesses that are similar to those that the Target Company operates.

The range of values per share of the Target Company Shares obtained from the DCF Method is 1,992 yen to 3,516 yen, which is derived by analyzing and evaluating the Target Company’s corporate value and share value as calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate in the future based on the Target Company’s estimated future earnings for the fiscal year ending March 2025 and onwards which take into account revenues and investment plans set out in the business plan of the Target Company for the three fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2027, as revised and provided by the Tender Offeror after being received from the Target Company (the business plan received from the Target Company does not include the free cash flow), interviews with the Target Company’s management, the Target Company’s performance trends up to present, as well as other factors such as publicly released information. The Target Company’s business plan used for the analysis based on the DCF Method does not include fiscal years in which a significant increase or decrease in profit is expected, but the financial forecasts used by Nomura Securities in the DCF analysis do include fiscal years in which a significant variation in free cash flow is expected. Specifically, in the fiscal year ending March 2026, a significant increase in free cash flow is expected compared to the previous year due to a reduction in the amount of capital expenditure arising from office investment. In addition, the business plan is not premised on the Transactions being executed, and does not reflect the synergies expected to be realized through the execution of the Transactions because such synergies are difficult to specifically estimate at this point in time.

The Tender Offeror ultimately decided on the Tender Offer Price of 2,950 yen on April 25, 2024 in light of the results of discussions and negotiations with the Target Company by comprehensively considering factors such as the result of the calculation of the share value of the Target Company in the Tender Offeror Share Valuation Report obtained from Nomura Securities, as well as the results of the due diligence of the Target Company conducted by the Tender Offeror from late February 2024 to late March 2024, whether the Tender Offer can be approved by the board of directors of the Target Company, and the prospect of shares being tendered in the Tender Offer.

The Tender Offer Price of 2,950 yen represents a premium of 44.04% on 2,048 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on April 24, 2024 (which was the business day immediately preceding the announcement date of the Tender Offer); a premium of 43.48% on 2,056 yen, which was the simple average closing price for the Target Company Shares over the one-month period prior to April 24, 2024; a premium of 37.98% on 2,138 yen, which was the simple average closing price for the Target Company Shares over the three-month period prior to April 24, 2024; and a premium of 30.42% on 2,262 yen, which was the simple average closing price over the six-month period prior to April 24, 2024.

Note 1: In calculating the share value of the Target Company Shares, Nomura Securities has assumed that the publicly available information and all of the information provided to it are accurate and complete and did not independently verify the accuracy and completeness of such information. Also, Nomura Securities has not conducted an independent evaluation, appraisal, or assessment, nor has it made any request to a third-party institution for any appraisal or assessment, with respect to any assets or liabilities (including derivatives, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Target Company and any of its affiliates, including any analysis or evaluation of individual assets and liabilities. Nomura Securities assumed that the financial forecast (including profit plans and other information) of the Target Company had been reasonably considered or prepared based on the best projections and judgment made in good faith that were currently available to the management of the Tender Offeror. The calculation by Nomura Securities reflects the information and the economic conditions available to it as of April 24, 2024. The sole purpose of the calculation by Nomura Securities is for the board of directors of the Tender Offeror to use the calculation results as a reference for considering the share value of the Target Company Shares.

(ii) Stock acquisition rights

Given that it is stipulated that the exercise of the Stock Acquisition Rights is conditional upon the Stock Acquisition Right Holders having the position of director, employee, or another similar position of the Target Company or the Target Company Group at the time of exercising the rights and it is understood that the Tender Offeror will not be able to exercise the Stock Acquisition Rights even if it acquires the Stock Acquisition Rights through the Tender Offer, the Tender Offeror decided on April 25, 2024 to set the Stock Acquisition Right Purchase Price for each Stock Acquisition Right at 1 yen.

The Tender Offeror has not obtained a valuation report or opinion (fairness opinion) from a third-party appraiser since the Tender Offeror has determined the Stock Acquisition Right Purchase Price as described above.

(B) Background of Valuation

(Background of the Decisions on the Tender Offer Price and Stock Acquisition Right Purchase Price)

As stated in “(ii) Process and Purpose with respect to Conducting the Tender Offer” in “(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer” in “I. Purpose of the Tender Offer, Etc.” above, in late October 2023, the Tender Offeror commenced initial examinations regarding taking the Target Company Shares private based on the expectation that it would be possible to realize the further enhancement of the corporate value of the Tender Offeror Group by taking the Target Company Shares private and integrating it with the businesses owned by the Tender Offeror, thereby creating a system that would enable the prompt and flexible mutual utilization of management resources.

Subsequently, on December 20, 2023, the Tender Offeror approached the Target Company with a request to commence examinations and discussions in order to implement the Transactions, and on January 19, 2024, the Tender Offeror presented the Target Company with initial materials for consideration regarding examinations and discussions in order to implement the Transactions. Furthermore, in late January 2024, the Tender Offeror appointed Nomura Securities as a financial advisor and third-party appraiser and Mori Hamada & Matsumoto as a legal advisor, and created a system for conducting discussions and negotiations pertaining to taking the Target Company Shares private. Subsequently, on February 8, 2024, the Tender Offeror submitted an initial proposal to the Target Company, stating an outline of the Transactions, the synergies the Tender Offeror expects to realize through the Transactions, and its future management policy.

Subsequently, the Tender Offeror and the Target Company started specific discussions and examinations in order to implement the Transactions. Specifically, the Tender Offeror conducted due diligence on the Target Company from late February 2024 to late March 2024 in order to closely examine the feasibility of the Tender Offer and the synergies the Tender Offeror expects from the Tender Offer, and at the same time, has conducted discussions with the Target Company and the Special Committee regarding the significance and purpose of the Transactions, the synergy effects expected to be created through the Transactions, and the management structure and policy of the Target Company after the Transactions. Specifically, on March 5, 2024, the Tender Offeror received written questions from the Target Company and the Special Committee regarding the significance and purpose of the Transactions in response to the initial proposal of February 8, 2024, to which Tender Offeror submitted a written response on March 12, 2024. In addition, at the meeting of the Special Committee held on March 14, 2024, the Tender Offeror provided an explanation on its response to the questions and the significance and purpose of the Transactions, conducted a question-and-answer session, and discussed the significance and purpose of the Transactions, the management structure after the Transactions, and the synergies

expected to be created through the Transactions, and on March 15, 2024, the Tender Offeror submitted an additional written response to the questions.

After March 26, 2024, the Tender Offeror also conducted negotiations with the Target Company on multiple occasions regarding the Tender Offer Price and Stock Acquisition Right Purchase Price. Specifically, by comprehensively taking into consideration the information obtained through the due diligence conducted by the Tender Offeror on the Target Company, the initial analysis of the value of the Target Company Shares conducted by Nomura Securities, the Tender Offeror's financial advisor, based on such information, and the initial analysis of the value of the Target Company Shares conducted by the Tender Offeror based on such information, the Tender Offeror made a proposal regarding the Transactions on March 26, 2024, including setting the Tender Offer Price in the Tender Offer at 2,700 yen (a premium of 28.69% on 2,098 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on the immediately preceding business day) and setting the Stock Acquisition Right Purchase Price at 1 yen, in light of the fact that it is understood that the Tender Offeror will not be able to exercise the Stock Acquisition Rights even if it acquires the Stock Acquisition Rights through the Tender Offer. However, on April 3, 2024, the Tender Offeror received a request from the Target Company to increase the Tender Offer Price because the Tender Offer Price was below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request an increase in the Tender Offer Price from the perspective of giving sufficient consideration to the interests of minority shareholders of the Target Company.

Based on this request, the Tender Offeror made a revised proposal on April 5, 2024 to set the Tender Offer Price in the Tender Offer at 2,764 yen (a premium of 37.17% on 2,015 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on the immediately preceding business day). However, on April 10, 2024, the Tender Offeror received a request from the Target Company to increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request an increase in the Tender Offer Price from the perspective of giving sufficient consideration to the interests of minority shareholders of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

Based on this request, the Tender Offeror made a proposal on April 15, 2024 to set the Tender Offer Price at 2,900 yen (a premium of 38.29% on 2,097 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on the immediately preceding business day). However, on April 17, 2024, the Tender Offeror received a request from the Target Company to increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request an increase in the Tender Offer Price from the perspective of giving sufficient consideration to the interests of minority shareholders and employees of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

Based on this request, the Tender Offeror made a proposal on April 17, 2024 to set the Tender Offer Price at 2,930 yen (a premium of 43.14% on 2,047 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on the immediately preceding business day). However, on April 18, 2024, the Tender Offeror received a request from the Target Company to increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request that the Tender Offer Price be increased to 3,000 yen or more from the perspective of giving sufficient consideration to the interests of minority shareholders of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

In response to this request, on April 19, 2024, the Tender Offeror notified the Target Company to the effect that the Tender Offeror had again considered the Tender Offer Price, but had reached the conclusion that it would be difficult to increase the Tender Offer Price because the proposed Tender Offer Price of 2,930 yen has been set by taking into consideration to the fullest extent the intrinsic value of the Target Company as well as taking into account past cases similar to the Transactions. However, on April 22, 2024, the Tender Offeror again received a request from the Target Company to increase the Tender Offer Price because the Tender Offer Price was still below the price level anticipated by the Special Committee and the Special Committee believed that the Target Company should request that the Tender Offer Price be increased to 3,000 yen or more from the perspective of giving sufficient consideration to the interests of minority shareholders and employees of the Target Company, taking into account the results of the estimated share valuation by the financial advisors of the Target Company and the Special Committee as well as the level of premiums in past cases similar to the Transactions.

Based on this request, the Tender Offeror made a proposal on April 23, 2024 to set the Tender Offer Price at 2,950 yen (a premium of 45.32% on 2,030 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on the immediately preceding business day). As a result, the Tender Offeror received a response from the Target Company to the effect that it would agree to set the Tender Offer Price at 2,950 yen and reached an agreement on the same day.

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Nomura Securities, its financial advisor and third-party appraiser that is independent from the Tender Offeror and the Target Company, to calculate the share value of the Target Company before determining the Tender Offer Price.

Nomura Securities considered the Target Company's financial condition, and the trends and other factors concerning the market price of the Target Company Shares, and then concluded that it is appropriate to calculate the value of the Target Company Shares multilaterally; it thus considered which of several share value calculation methods should be used to calculate the share value of the Target Company. As a result, Nomura Securities calculated the share value of the Target Company using the following calculation methods: (i) the average market price method given that the market price of the Target Company Shares is available, (ii) the comparable companies method, as there are multiple listed companies that are comparable to the Target Company, and an analogical inference of the share value of the Target Company Shares based on comparable companies is possible, and (iii) the DCF Method, to account for

the Target Company's future business operations in the valuation, and the Tender Offeror obtained the Tender Offeror Share Valuation Report from Nomura Securities on April 25, 2024. Nomura Securities is not affiliated with the Tender Offeror or the Target Company and does not have a material interest in the Tender Offer. In addition, since the Tender Offeror believes that sufficient consideration has been given to the interests of the minority shareholders of the Target Company by comprehensively considering the various factors stated below, the Tender Offeror has not obtained from Nomura Securities an opinion on the fairness of the Tender Offer Price (a fairness opinion). The outline of the Tender Offeror Share Valuation Report and the reason for determination of the Tender Offer Price based on the Tender Offeror Share Valuation Report are as follows.

(i) Outline of the Tender Offeror Share Valuation Report

Nomura Securities calculated the share value of the Target Company using the average market price method, comparable companies method, and the DCF Method, and the range of values per Target Company Share calculated based on those methods are as follows.

Average market price method: From 2,017 yen to 2,262 yen

Comparable companies method: From 2,674 yen to 3,677 yen

DCF Method: From 1,992 yen to 3,516 yen

(ii) Reasons for Determining the Tender Offer Price Based on the Tender Offeror Share Valuation Report

The Tender Offeror ultimately decided on the Tender Offer Price of 2,950 yen on April 25, 2024, in light of the results of discussions and negotiations with the Target Company by comprehensively considering factors such as the result of the calculation of the share value of the Target Company in the Tender Offeror Share Valuation Report obtained from Nomura Securities, as well as the results of the due diligence of the Target Company conducted by the Tender Offeror from late February 2024 to late March 2024, whether the Tender Offer can be approved by the board of directors of the Target Company, and the prospect of shares being tendered in the Tender Offer.

(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)

In light of the fact that the Target Company is a subsidiary of the Tender Offeror, that the Transactions, including the Tender Offer, constitute transactions with a controlling shareholder, and that the Transactions, including the Tender Offer, constitute transactions in which there are typically issues involving structural conflicts of interest and issues regarding information asymmetry between the Tender Offeror and the minority shareholders of the Target Company, in order to respond to these issues and to ensure the fairness of the Tender Offer, the Target Company implemented the following measures. Among the statements below, matters relating to the measures implemented by the Target Company are based on the explanations given by the Target Company.

(i) Obtainment by the Tender Offeror of a Share Valuation Report from an Independent Third-Party Appraiser

The Tender Offeror has obtained the Tender Offeror Share Valuation Report regarding the valuation of the share value of the Target Company from Nomura Securities as of April 25, 2024. For details, please refer to “(A) Basis of Valuation” above.

(ii) Obtainment by the Target Company of a Share Valuation Report from an Independent Third-Party Appraiser

(a) Name of Appraiser and Its Relationship with the Target Company and Tender Offeror

In order to express its opinion concerning the Tender Offer, the Target Company requested Daiwa Securities, a financial advisor and third-party appraiser independent of the Target Company and the Tender Offeror, to calculate the share value of the Target Company, and obtained the Target Company Valuation Report as of April 24, 2024. Daiwa Securities is not affiliated with the Target Company Group or the Tender Offeror Group and does not have a material interest in the Tender Offer that should be stated. Since the Tender Offeror and the Target Company have implemented measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, the Target Company has not obtained an opinion from Daiwa Securities on the fairness of the Tender Offer Price (a fairness opinion). The fees to be paid to Daiwa Securities for the Transactions include contingency fees which will be payable subject to the successful completion of the Transactions. Taking into consideration the general practice in similar transactions and the pros and cons of the compensation system in which a reasonable amount of expenses will be incurred by the Target Company even if the Transactions are unsuccessful, the Target Company has determined that independence is not compromised by the fact that the contingency fees will be paid on the condition that the Transactions are completed and has appointed Daiwa Securities as a financial advisor and third-party appraiser of the Target Company based on the said fee structure.

(b) Outline of Valuation of Target Company Shares

After considering which of several calculation methods should be used to calculate the value of the Target Company Shares, on the assumption that the Target Company is a going concern, and based on the belief that multifaceted valuation of the value of the Target Company Shares would be appropriate, Daiwa Securities analyzed the share value of the Target Company Shares using the following valuation methods: (i) the market price method that takes into account trends in the market price of the Target Company Shares; (ii) the comparable companies method, as there are multiple listed companies that are comparable to the Target Company, and an analogical inference of the value of the Target Company Shares based on comparable companies is possible; and (iii) the DCF Method that reflects the content of the Target Company’s business results and projections, etc. in the valuation, and the Target Company obtained the Target Company Valuation Report from Daiwa Securities as of April 24, 2024.

The range of values per share of the Target Company Shares calculated by using the aforementioned methods is as follows (Note 2).

Market price method: From 2,048 yen to 2,262 yen

Comparable companies method: From 2,362 yen to 3,198 yen

DCF Method: From 2,614 yen to 3,881 yen

The range of values per share of the Target Company Shares obtained from the market price method is 2,048 yen to 2,262 yen, which is calculated by using April 24, 2024 as the record date for calculation, based on 2,048 yen, the closing price of the Target Company Shares quoted on the Prime Market of the TSE as of the record date, 2,056 yen, the simple average closing price over the preceding one-month period (from March 25, 2024 to April 24, 2024), 2,138 yen, the simple average closing price over the preceding three-month period (from January 15, 2024 to April 24, 2024), and 2,262 yen, the simple average closing price over the preceding six-month period (from October 25, 2023 to April 24, 2024).

The range of values per share of the Target Company Shares obtained from the comparable companies method is 2,362 yen to 3,198 yen, which is calculated by using the multiple of EBITDA to corporate value, selecting CAC Holdings Corporation, LAC Co., Ltd., ID Holdings Corporation, CORE CORPORATION, Digital Information Technologies Corporation, and R&D COMPUTER CO., LTD. as comparable listed companies that are deemed to have similarities to the Target Company.

The range of values per share of the Target Company Shares obtained from the DCF Method is 2,614 yen to 3,881 yen, which is derived by analyzing the Target Company's corporate value and share value as calculated by discounting to the present value, at a certain discount rate, the free cash flow that the Target Company is expected to generate in and after the fiscal year ending March 2025 based on revenues and investment plans set out in the Target Company's business plan prepared by the Target Company for the three fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2027, as well as other factors such as publicly released information. The financial forecasts used by Daiwa Securities for the DCF analysis do not include fiscal years in which a significant increase or decrease in profit is expected, but the financial forecasts used by Daiwa Securities in the DCF analysis do include fiscal years in which a significant variation in free cash flow is expected. Specifically, in the fiscal year ending March 2026, a significant increase in free cash flow is expected compared to the previous year due to a reduction in the amount of capital expenditure arising from office investment. In addition, the discount rate adopted is 7.1% to 9.4%, and the permanent growth rate method is adopted in calculating the going concern value and the permanent growth rate adopted is 0.0% to 1.0%.

In the business plan prepared by the Target Company, which Daiwa Securities used for the analysis based on the DCF Method, the synergy effects expected to be realized through the Transactions have not been taken into account, as it is difficult to make a specific estimate at this time.

The figures of the Target Company's financial forecast, which were used as a premise for the calculation in the DCF Method, are as follows:

(Unit: million yen)

	Fiscal year ending March 2025	Fiscal year ending March 2026	Fiscal year ending March 2027

Net sales	69,544	74,204	79,384
Operating income	5,725	6,203	6,796
EBITDA	7,350	7,921	8,614
Free cash flow	2,402	3,342	3,729

Note 2: When calculating the share value of the Target Company Shares, Daiwa Securities adopted, in principle, the information provided by the Tender Offeror and the Target Company and publicly available information as they are, and has not independently verified the accuracy and completeness of that information on the assumption that all of those materials and information are accurate and complete. In addition, Daiwa Securities has not independently valued or appraised the assets and liabilities (including off-the-book assets and liabilities, and other contingent liabilities) of the Target Company or its affiliates, and has not requested any third-party institution to conduct valuation or appraisal. Further, Daiwa Securities assumed that with respect to the information of financial forecasts of the Target Company, such forecasts were reasonably prepared based on the best forecasts and determinations by the Tender Offeror and the Target Company that may be acquired as of April 24, 2024. The calculation of Daiwa Securities reflects the above information up to April 24, 2024.

(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee

(a) Background Behind Establishment, etc.

As stated in “(iii) Background Behind, and Reasons for, the Decision by the Target Company” in “(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer” in “I. Purpose of the Tender Offer, Etc.” above, the Target Company established the Special Committee by a resolution at the board of directors meeting dated as of February 17, 2024. Prior to the establishment of the Special Committee, since late January 2024, the Target Company had individually explained to independent outside directors and independent outside audit and supervisory board members of the Target Company, who do not have a material interest in the Tender Offeror, while receiving the advice from Nishimura & Asahi and Blakemore & Mitsuki, to the effect that the Target Company received a proposal from the Tender Offeror stating that it wished to commence examination and discussions for the implementation of the Transactions and to the effect that it is necessary to take sufficient measures to ensure fairness of conditions pertaining to the Transactions such as the establishment of the Special Committee for conducting examinations and negotiations pertaining to the Transactions, in order to create a system for examining, negotiating, and making determinations about the Transactions independently of the Tender Offeror and from the perspective of enhancing the Target Company’s corporate value and securing the interests of the Target Company’s general shareholders. The

Target Company also gave explanations including the necessity to sufficiently ensure fairness of procedures in the Transactions in order to respond to issues involving structural conflicts of interest and issues regarding information asymmetry as well as the role of the Special Committee, and held a question-and-answer session. Concurrently, the Target Company confirmed the independence and appropriateness of the independent outside directors and the independent outside audit and supervisory board members of the Target Company, who were candidates to be members of the Special Committee, while receiving advice from Nishimura & Asahi and Blakemore & Mitsuki, and also confirmed that the candidates did not have a material interest in the Tender Offeror nor have a material interest different from general shareholders regarding whether the Transactions succeed. Subsequently, the Target Company discussed with the independent outside directors of the Target Company, while receiving advice from Nishimura & Asahi and Blakemore & Mitsuki and since it was confirmed that there was no objection to the appointment as a result of the discussion, the Target Company nominated three candidates to be members of the Special Committee: Mr. Shigeo Suzuki (an independent outside director of the Target Company), Mr. Yoshie Munakata (an independent outside director of the Target Company), and Ms. Yuka Miyagawa (an independent outside director of the Target Company), all of whom have extensive experience and broad expertise regarding corporate management (Mr. Shigeo Suzuki, who is an independent outside director of the Target Company, acts as the chairperson of the Special Committee. The members of the Special Committee have not changed since the committee was first established.).

As stated in “(iii) Decision-Making Process and Reasoning of the Target Company” in “(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer” in “I. Purpose of the Tender Offer, Etc.” above, the Target Company then established the Special Committee by a resolution of its board of directors dated as of February 17, 2024 and requested the Special Committee to consider (i) the reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to the enhancement of the corporate value of the Target Company), (ii) the terms and conditions of the Transactions, (iii) fairness of the procedures for the Transactions, (iv) whether it is disadvantageous to the Target Company’s general shareholders to conduct the Transactions, and (v) whether or not the board of directors of the Target Company should express its opinion in favor of the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the Tender Offer (items (i) through (v) are hereinafter collectively referred to as the “**Matters for Consultation**”).

In the abovementioned resolution of the board of directors, the Target Company’s board of directors has also resolved that, in making its decision on the Transactions (including the Target Company’s expression of its opinion regarding the Tender Offer), the Target Company’s board of directors intends to respect the decisions of the Special Committee to the fullest extent, and to disapprove the Transactions if the Special Committee determines that the terms of the Transactions are inappropriate and that it should not approve the Transactions. In addition, pursuant to the abovementioned resolution of the board of directors, the Target Company has granted the Special Committee the following authority: (a) when the Target Company discusses or negotiates the terms and conditions of the Transactions with the Tender Offeror, authority to be substantially involved in the negotiation process for the terms and conditions of the Transactions by means such as confirming the negotiation policy in

advance, receiving timely reports on the status of negotiations, stating its opinion on important aspects, and issuing directions and making requests, and to negotiate directly with the Tender Offeror as necessary, (b) when the Special Committee determines it necessary for examining the Matters for Consultation Items, authority to appoint its own financial advisor, third-party appraiser, and legal advisor (“**Advisors, Etc.**”) at the Target Company’s reasonable cost in order to ensure appropriate decision-making with respect to the Transactions, and if the Special Committee determines that the Target Company’s Advisors, Etc. are reliable in providing professional advice, such as by having a high level of expertise and no issues regarding independence, to seek professional advice from the Target Company’s Advisors, Etc., and (c) authority to require the Target Company’s directors, employees, or any other persons deemed necessary by the Special Committee to attend a meeting of the Special Committee and to demand explanations of necessary information.

Discussions were held, and a unanimous resolution was made, at the above board of directors meeting by eight out of the nine directors of the Target Company excluding Mr. Kunihiro Fujinaga, because Mr. Kunihiro Fujinaga holds a position as an officer and employee of the Tender Offeror. At the board of directors meeting of the Target Company above, all three of the audit and supervisory board members of the Target Company other than Mr. Takashi Naito, who holds a position as an officer and employee of the Tender Offeror, expressed the opinion that they had no objection to the resolution above.

Of the Target Company’s directors, Mr. Shinichi Ata, Mr. Mitsuhiro Sato, and Mr. Masaaki Okazaki have worked for the Tender Offeror in the past, but they have participated in the deliberations and resolutions at the Target Company’s board of directors meetings above in light of the fact that more than 11 years and 25 years have elapsed respectively since Mr. Shinichi Ata and Mr. Mitsuhiro Sato transferred from the Tender Offeror to the Target Company, and Mr. Masaaki Okazaki left the Tender Offeror in March 2016, worked for Nidec Corporation from April 2016, and joined the Target Company in January 2021; therefore, they are not in any position to receive instructions from the Tender Offeror Group, nor do they have any involvement in the Transactions from the side of the Tender Offeror Group nor are they in a position to be so involved. Therefore, the Target Company has determined that there is no potential conflict of interest with regard to the Target Company’s decision-making in the Transactions. On the other hand, of the Target Company’s directors, Mr. Kunihiro Fujinaga, who holds a position as an officer and employee of the Tender Offeror, did not participate in the deliberations and considerations at the Target Company’s board of directors meeting pertaining to the Transactions including the board of directors meeting above, nor did they participate in the discussions regarding the Transactions or the discussions and negotiations with the Tender Offeror regarding the Transactions on behalf of the Target Company from the viewpoint of eliminating to the extent possible any possible impact of issues involving structural conflicts of interest and issues regarding information asymmetry in the Transactions. Also, of the audit and supervisory board members of the Target Company, Mr. Takashi Naito, who holds a position as an officer and employee of the Tender Offeror, did not participate in any of the deliberations and refrained from stating his opinion at the Target Company’s board of directors meeting pertaining to the Transactions including the board of directors meeting above from the viewpoint of eliminating to the extent possible the risk of being affected by issues involving structural conflicts of interest and issues regarding information asymmetry in the Transactions.

Each member of the Special Committee will be paid a fixed fee irrespective of whether the Transactions succeed as remuneration for his or her duties.

(b) Background Behind Examination

The Special Committee held meetings 11 times in total during the period from February 21, 2024 to April 23, 2024, with all three members in attendance at each meeting (however, the sixth, seventh, and eighth meetings were held with one member absent for health reasons and two members in attendance, after which the intentions of the absent member were confirmed upon separately sharing the details of deliberations at those meetings with the absent member), and the members of the Special Committee performed their duties for the Matters for Consultation by reporting to and sharing information with other members as well as deliberating and making decisions on the relevant matters through emails as necessary from time to time during periods in between those meetings. Specifically, upon firstly examining the independence, expertise, and performance of multiple candidates for legal advisor and financial advisor and third-party valuation institution, on February 21, 2024, the Special Committee determined to the effect that it appoints Kensei Law Offices as its own legal advisor independent from the Tender Offeror and the Target Company and Plutus Consulting as its own financial advisor and third-party appraiser independent from the Tender Offeror and the Target Company. The Special Committee confirmed that Kensei Law Offices and Plutus Consulting are not affiliated with the Tender Offeror or the Target Company, do not have a material interest in the Transactions, including the Tender Offer, and that there is otherwise no concern with respect to the independence of the Transactions.

Also, the Special Committee approved the appointment by the Target Company of Daiwa Securities as its financial advisor and third-party appraiser and Nishimura & Asahi and Blakemore & Mitsuki as its legal advisors after confirming that there was no concern with respect to the independence, expertise, and performance of Daiwa Securities, Nishimura & Asahi, or Blakemore & Mitsuki.

Furthermore, the Special Committee approved the internal system for examining the Transactions (including the scope of officers and employees of the Target Company involved in the examinations, negotiations, and decision-making pertaining to the Transactions, and their duties) established by the Target Company after confirming that there was no concern with respect to that examination system from the standpoint of independence and fairness.

Subsequently, the Special Committee examined measures to be taken to ensure the fairness of the procedures in the Transactions, taking into account legal advice received from Kensei Law Offices and the opinions of Nishimura & Asahi and Blakemore & Mitsuki.

The Special Committee received explanations from the Tender Offeror with respect to the background for proposing the Transactions, the significance and purpose of the Transactions, the management structure and policy after implementation of the Transactions, and held a question-and-answer session.

Also, the Special Committee received information from the Target Company with respect to the Target Company's views on the significance and purpose of the Transactions, the effect on the business of the Target Company to be caused by the

Transactions, the management structure and policy after implementation of the Transactions and any related information, and held a question-and-answer session regarding those matters.

In addition, the Special Committee approved the content, material conditions precedent, and background of preparation of the business plan prepared by the Target Company after confirming the reasonableness thereof based on explanations provided by the Target Company and a question-and-answer session, as well as taking into account the advice from a financial point of view received from Plutus Consulting. Subsequently, as stated in “(ii) Obtainment by the Target Company of a Share Valuation Report from an Independent Third-Party Appraiser” above and “(iv) Obtainment by the Special Committee of a Share Valuation Report and Fairness Opinion from an Independent Third-Party Appraiser” below, Plutus Consulting and Daiwa Securities conducted evaluations of the Target Company Shares based on the content of the Target Company’s business plan, and the Special Committee received explanations from and held question-and-answer sessions with Plutus Consulting and Daiwa Securities about (i) the calculation methods used by them for their evaluations of the Target Company Shares, (ii) the reasons for using those calculation methods, and (iii) the content of calculations and material conditions precedent for each calculation method, and then deliberated on and examined these matters to confirm that they are reasonable. Also, as stated in “(ii) Obtainment by the Target Company of a Share Valuation Report from an Independent Third-Party Appraiser” above and “(iv) Obtainment by the Special Committee of a Share Valuation Report and Fairness Opinion from an Independent Third-Party Appraiser” below, the Special Committee received the Fairness Opinion from Plutus Consulting on April 24, 2024, together with an explanation from Plutus Consulting regarding the content and material conditions precedent for the Fairness Opinion, and the Special Committee has confirmed such content and material conditions precedent.

Also, the Special Committee received reports from time to time from the Target Company and the advisors of the Target Company regarding negotiations between the Target Company and the Tender Offeror, and deliberated and discussed such negotiations, taking into account the advice from a financial point of view received from Plutus Consulting and the advice from a legal point of view received from Kensei Law Offices, and expressed necessary opinions from time to time with respect to the negotiation policy of the Target Company. Specifically, the Special Committee received a report on each proposal received from the Tender Offeror regarding the Tender Offer Price and the Stock Acquisition Right Purchase Price. After receiving analysis and opinions from the Target Company’s advisors and the Special Committee’s advisors on policies for responding to those proposals and policies for negotiation with the Tender Offeror, the Special Committee reviewed those proposals by taking into account the advice from a financial point of view received from Plutus Consulting and the advice from a legal point of view received from Kensei Law Offices. On that basis, the Special Committee stated its opinion to the Target Company on matters that need to be discussed with the Tender Offeror to achieve the meaning and purpose of the Transactions from the standpoint of the Target Company, and was involved throughout the entire course of discussions and negotiations between the Target Company and the Tender Offeror on the terms of the Transactions, including the Tender Offer Price.

As a result, the Target Company received on April 23, 2024 a proposal from the Tender Offeror to set the Tender Offer Price at 2,950 yen and to set the Stock Acquisition

Right Purchase Price at 1 yen; accordingly, the Tender Offer Price increased from the initial amount of 2,700 yen proposed by the Tender Offeror to 2,950 yen.

Furthermore, the Special Committee received explanations from Nishimura & Asahi regarding the content of the draft of the Target Company's Press Release to be announced by the Target Company, while receiving advice from Kensei Law Offices, and has confirmed that sufficient information disclosure would be provided.

(c) Details of the Decision

In light of the above background, the Special Committee submitted the Written Report, mainly to the following effect, to the Target Company's board of directors as of April 24, 2024, with the unanimous consent of the members, taking into account the advice from a legal point of view received from Kensei Law Offices, the advice from a financial point of view received from Plutus Consulting, and the content of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion received as of April 24, 2024 and as a result of a series of careful discussions and examinations by the Special Committee on the Matters for Consultation.

(A) Contents of the Written Report

1. The Transactions will contribute to enhancing the corporate value of the Target Company, and the purpose of the Transactions is reasonable.
2. The terms and conditions of the Transactions are reasonable.
3. The procedures of the Transactions are fair.
4. The execution of the Transactions is not adverse to the interests of the general shareholders.
5. It is appropriate for the board of directors of the Target Company to express its opinion approving the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer, and to leave the decision on whether the Stock Acquisition Right Holders tender their Stock Acquisition Rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

(B) Reasons for the Written Report

1. Reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to enhancing the corporate value of the Target Company).

In light of the following, the Transactions will contribute to enhancing the corporate value of the Target Company, and the purpose of the Transactions is reasonable.

- (1) Meaning and purpose of the Transactions in light of the business environment surrounding the Target Company and the management challenges of the Target Company

According to the Target Company, the Target Company's understanding is generally as follows, and there are no contradictions between that understanding and the Tender Offeror's understanding as explained by the Tender Offeror, nor are there any particularly unreasonable points.

- Strategic IT investments are being vigorously pursued due to increasing adoption of cloud computing, demand DX.
- ICT companies like the Target Company Group are being called on to make major changes through DX human resource development.
- In order to further increase its corporate value, the Target Company must secure highly specialized personnel to provide customers with higher value-added services.
- In the area of service planning/development and sales capabilities, the Target Company expects to benefit from collaboration with the Tender Offeror, but the two are currently unable to share sufficient information and divide duties efficiently due to conflicts of interest and other factors, limiting the effectiveness of the collaboration.
- There is a difficulty of balancing the capital markets' demand for short-term returns with the need to make investments based on the changes in the business environment described above, and in light of the dual listing of both parent and subsidiary, the Target Company is burdened with listing maintenance costs while not necessarily being able to flexibly consider raising funds in the stock market.
- The Target Company can expect to create the synergies set out (2) below by taking the Target Company Shares private through the Transactions, which will enable the Tender Offeror to further invest management resources, thereby enabling the Target Company to implement management measures in a flexible and steady manner, and would contribute to further enhancing the corporate value of the Target Company.

(2) Synergy effects expected to be created by the Transactions

According to the Target Company, the Target Company understands that by taking the Target Company Shares private it can expect to create synergies such as (i) expansion of sales opportunities for the Target Company's services and acceleration of its growth strategy, (ii) enhancement and expansion of business areas by expanding the digital value chain, and (iii) further enhancement of the Target Company Group's collective strength, and there are no contradictions between that understanding and the Tender Offeror's understanding as explained by the Tender Offeror, nor are there any particularly unreasonable points.

(3) Merits of the Transactions

According to the Target Company, in addition to the synergy effects expected to be created by the Transactions, the Target Company expects that it will be able to reduce management burden due to listing maintenance, and reduce costs by re-examining business flow and functions, locations and resource allocation of the management divisions within the Tender Offeror Group including the Target Company and promoting efficiency through allocation of abundant resources, etc.

(4) Demerits of the Transactions

- While there is a concern that the Transactions will have effects such as a temporary outflow of high-performing IT engineering talent, increase in resignation rate, and destabilization of hiring due to the loss of status as a listed company, the ability to leverage the significant growth opportunities of the Tender Offeror Group will also serve to motivate the employees of the Target Company, and as a result of the Transactions, as employees of the Tender Offeror Group, the Target Company's staff will be afforded a greater range of work environments and options, become subject to the non-monetary benefits system of the Tender Offeror, and be able to utilize training systems, which represent major advantages for those staff. There are no particularly unreasonable points with respect to this explanation. In addition, according to the Tender Offeror, the Tender Offeror considers the retention of excellent human resources to be of the utmost importance, and plans to proceed with the examination of personnel systems and organizational design in the Target Company with due consideration after thoroughly discussing with the Target Company's management team. The Target Company and the Tender Offeror will give sufficient attention to measures to avoid an outflow of human resources and other effects after fully explaining the meaning and purpose of the Transactions to the employees, by which it will be possible to reduce the likelihood of a temporary outflow of human resources and other effects as a result of the execution of the Transactions.
- According to the Target Company, although the Target Company itself will no longer be able to secure financing from the markets as a result of delisting through the Transactions, it will be able to raise financing from the share market through the Tender Offeror as a member of the Tender Offeror Group, and after the Transactions, the Tender Offeror will be able to meet the financing needs of the Target Company's business based on the strong credit of the Tender Offeror Group as a whole. In addition, financing will be possible based on the Tender Offeror's strong long-term and short-term credit, based on which the Target Company believes that the range of financing options available to satisfy the financing needs of the Target Company's business will expand after the Transactions. There are no particularly unreasonable points with respect to this explanation, and it is recognized that the disadvantages of the Transactions to the Target Company in terms of financing will be limited.
- There are no other circumstances sufficient to recognize that the Transactions will cause disadvantages that clearly outweigh the advantages of the Transactions.

2. Reasonableness of terms and conditions of the Transactions

The terms and conditions of the Transactions are reasonable in light of the following points.

(A) Tender Offer Price

- The Tender Offer Price has been agreed upon after taking adequate measures to ensure the fairness of the transaction terms and holding

repeated negotiations in good faith between the Tender Offeror and the Target Company, in which the Special Committee, which is independent from the Target Company and the Tender Offeror, was substantially involved. The Tender Offer Price is an adequate increase from the price of 2,700 yen initially proposed by the Tender Offeror. The price of 2,700 yen initially proposed by the Tender Offeror and the prices of 2,764 yen, 2,900 yen, and 2,930 yen subsequently proposed by the Tender Offeror are all above the upper limit of the range of results obtained by the average market price method, and within the range of results obtained by the comparable companies method and the DCF Method among the results of the calculation of the share value of the Target Company Shares by Plutus Consulting and Daiwa Securities, and of those prices proposed by the Tender Offeror, 2,900 yen, and 2,930 yen represent a premium of approximately 40% over the closing price on the date of the proposal and the simple average closing price over the one-month period prior to the date of the proposal, which is comparable to the premium level in past cases similar to the Transactions. As such, the Special Committee believes that the prices proposed by the Tender Offeror are appropriate to a certain degree in light of the interests of the general shareholders of the Target Company, and are of a level that could be considered to exceed the price level at which the Target Company's board of directors could recommend that the shareholders of the Target Company tender their shares in the Tender Offer. However, based on the policy of making every effort in negotiations with the aim of conducting the Transactions on the most favorable terms possible for the general shareholders, the Special Committee repeatedly requested that the Tender Offeror raise the price to 3,000 yen or more from the perspective of negotiation strategy, even in the final stages of the negotiations, and otherwise continued serious negotiations with the Tender Offeror until just prior to the date of announcement, resulting in the Tender Offer Price ultimately being increased to 2,950 yen.

- The Tender Offer Price is above the upper limit of the range of results obtained by the average market price method, and within the range of results obtained by the comparable companies method and the discounted cash flow method among the results of valuation of the Target Company Shares by Plutus Consulting. No particular unreasonable points were found with respect to the valuation methods adopted by Plutus Consulting or the details of its valuation in light of common practices.
- The Tender Offer Price is above the upper limit of the range of results obtained by the average market price method, and within the range of results obtained by the comparable companies method and the discounted cash flow method among the results of valuation of the Target Company Shares by Daiwa Securities. No particular unreasonable points were found with respect to the valuation methods adopted by Daiwa Securities or the details of its valuation in light of common practices.

- Nothing unreasonable was found in particular with respect to the content, material assumptions, or background of preparation of the business plan prepared by the Target Company, which forms the basis for the above valuations of the Target Company Shares.
- In addition, the Target Company received a fairness opinion from Plutus Consulting to the effect that the Tender Offer Price of 2,950 yen per share is fair to minority shareholders from a financial perspective.
- The Tender Offer represents a premium of 44.04% on 2,048 yen, which was the closing price for the Target Company Shares quoted on the Prime Market of the TSE on April 24, 2024 (which was the business day immediately preceding the announcement date of the Tender Offer); a premium of 43.84% on 2,056 yen, which was the simple average closing price for the Target Company Shares over the one-month period prior to April 24, 2024; a premium of 37.98% on 2,138 yen, which was the simple average closing price for the Target Company Shares over the three-month period prior to April 24, 2024; and a premium of 30.42% on 2,262 yen, which was the simple average closing price over the six-month period prior to April 24, 2024. Compared to the premiums in past instances (65 cases) (the average premium is 38.38% on the business day immediately preceding the announcement date, 41.18% for the last one-month period, 41.02% for the last three-month period, and 39.34% for the last six-month period, and the median premium is 40.50% on the business day immediately preceding the announcement date, 42.50% for the last one-month period, 40.01% for the last three-month period, and 40.32% for the last six-month period) of tender offers which were announced after June 28, 2019, the date on which the Ministry of Economy, Trade and Industry published the “Fair M&A Guidelines,” and before December 31, 2023, and in which the controlling shareholders successfully made its listed subsidiaries their wholly-owned subsidiaries, the premium on the simple average price over the preceding six-month period is lower than the premium level in past cases similar to the Transactions, but the premium as of the business day before the announcement and on the preceding one-month and three-month periods is not inferior to the premium level in past cases similar to the Transactions.
- The Tender Offer Price exceeds the highest market price of the Target Company during the period after January 1, 2022, which was 2,764 yen (on July 5, 2023), and represents a premium of 6.73% on that price.

(B) Amount of money to be delivered to minority shareholders in the Squeeze-Out Process

In the Squeeze-Out Process to be conducted in the event that the Tender Offeror is not able to acquire all of the Target Company Shares (excluding the Target Company Shares owned by the Tender Offeror and treasury shares owned by the Target Company) and all of the Stock Acquisition Rights, the Target Company plans to calculate the amount of money to be delivered to the Target Company’s shareholders who do not tender their shares in the Tender Offer in such a way that such amount will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares owned by those shareholders.

(C) Other transaction terms and conditions

- The Tender Offeror intends to ensure that the Target Company's shareholders are provided with an opportunity to make an appropriate decision on whether or not to accept the Tender Offer by setting the period of purchase, etc. of the Tender Offer (the "**Tender Offer Period**") at 30 business days, which is relatively long in light of the minimum period set forth in the law and regulations.
- Because the Tender Offeror holds 10,735,000 Target Company Shares (ownership ratio: 52.81%) as of today, if the minimum number of share certificates, etc. to be purchased is set to the so-called "majority of minority" in the Tender Offer, it would rather create uncertainty as to whether the Tender Offer could be completed, and may not actually be in the interests of minority shareholders who wish to tender their shares in response to the Tender Offer. For this reason, in the Tender Offer, the Tender Offeror does not set the minimum number of share certificates, etc. to be purchased to the so-called "majority of minority." However, in light of the fact that sufficient other measures have been taken to ensure fairness, this is not unreasonable.
- Although the type of consideration for the Transactions could potentially be shares of the Tender Offeror, according to the Tender Offeror and the Target Company, (i) there is a possibility that a certain number of minority shareholders may not wish to hold shares of the Tender Offeror, considering the difference in business activities between the Tender Offeror and the Target Company, and if consideration is given in the form of shares, it may take time and effort to convert those shares into cash, potentially leading to a loss of opportunity for minority shareholders, and (ii) with respect to minority shareholders who will hold shares less than one unit, in the case of consideration in the form of shares, if the type of consideration in the Transactions is shares of the Tender Offeror, there is a possibility that the interests of minority shareholders in the Target Company may not be fully considered if the consideration is shares of the Tender Offeror, considering that it is necessary to use the additional purchase system, etc. for shares of less than one unit in order to make a share unit, that shares of less than one unit cannot be sold in the market, which may limit the liquidity of minority shareholders, and other factors. There are no particularly unreasonable points with respect to this explanation, and it is recognized that it is reasonable to have cash as the type of consideration for the Transactions.
- Given that the exercise of the Stock Acquisition Rights is conditional upon the Stock Acquisition Right Holders having the position of director, employee, or another similar position of the Target Company or the Target Company Group at the time of exercising the rights and it is understood that the Tender Offeror will not be able to exercise the Stock Acquisition Rights even if it acquires the Stock Acquisition Rights through the Tender Offer, it is reasonable to set the Stock Acquisition Right Purchase Price for each Stock Acquisition Right at 1 yen.

3. Fairness of the procedures for the Transactions

In light of the following points, the procedures for the Transactions are fair.

(A) Establishment of the Special Committee

The Target Company established the Special Committee, and in view of the timing of its establishment, the composition of its members, the nature of its powers, the background of its deliberations, and its involvement in the negotiation process, the Special Committee is recognized to be functioning effectively as a measure to ensure fairness.

- (B) Share valuation report and fairness opinion from an independent third-party appraiser

The Special Committee has obtained from Plutus Consulting, its third-party appraiser independent of the Target Company and the Tender Offeror, the Share Valuation Report (Plutus Consulting) and the Fairness Opinion.

- (C) Obtainment by the Special Committee of advice from an independent law firm

The Special Committee has appointed Kensei Law Offices as its legal advisor independent of the Target Company and the Tender Offeror, and has received legal advice regarding the deliberation and discussion of the Advisory Matters by the Special Committee.

- (D) Obtainment by the Target Company of a share valuation report

The Target Company has obtained from Daiwa Securities, its third-party appraiser independent of the Target Company and the Tender Offeror, the Target Company Valuation Report.

- (E) Obtainment by the Target Company of advice from independent law firms

The Target Company has appointed Nishimura & Asahi and Blakemore & Mitsuki as its legal advisors independent of the Target Company and the Tender Offeror, and has received legal advice regarding measures to be taken to ensure the fairness of procedures for the Transactions and other matters.

- (F) Creation of an independent examination system at the Target Company

The Target Company created an internal system for conducting its examinations, negotiations, and determinations regarding the Transactions independently from the Tender Offeror, and received the approval of the Special Committee to the effect that there was no concern with respect to that examination system from the standpoint of independence and fairness.

- (G) Non-participation by interested directors and Audit and Supervisory Board members of the Target Company

- Of the Target Company's directors, Mr. Shinichi Ata, Mr. Mitsuhiro Sato, and Mr. Masaaki Okazaki, who have worked for the Tender Offeror in the past, did participate in the deliberations and resolutions at the Target Company's board of directors meetings above, but none was in any position to receive instructions from the Tender Offeror Group, nor do they have any involvement in the Transactions from the side of the Tender Offeror Group nor are they in a position to be so involved. Therefore, there is no potential conflict of interest with regard to the Target Company's decision-making in the Transactions.
- Of the Target Company's directors, Mr. Kunihiro Fujinaga, who holds a position as an officer and employee of the Tender Offeror, and of the audit

and supervisory board members of the Target Company, Mr. Takashi Naito, who holds a position as an officer and employee of the Tender Offeror, did not attend nor participate in any of the deliberations regarding the Transactions or the discussions and negotiations regarding the Transactions on behalf of the Target Company.

(H) No transaction protection clause

The Target Company and the Tender Offeror have not made any agreement on any matter that would restrict acquisition offerors other than the Tender Offeror (“**Competing Acquisition Offerors**”) from contacting the Target Company, and have not prevented any opportunity for a competing offer.

(I) Measures to ensure opportunities for the Target Company’s shareholders to make an appropriate decision on whether or not to tender their shares in the Tender Offer

- In the Squeeze-out Process, the Tender Offeror gives consideration to avoid placing coercive pressure on the Target Company’s shareholders by not adopting any method that does not secure the right of the Target Company’s shareholders to request purchase of shares or to petition for a determination of the price of shares, and clarifying that the amount of money to be delivered to the Target Company’s shareholders as consideration for each Target Company Share in the Demand for Shares Cash-Out or the Share Consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares owned by those shareholders (excluding the Target Company and the Tender Offeror).
- In addition, by setting the Tender Offer Period at 30 business days, the Tender Offeror intends to ensure that the shareholders of the Target Company are provided with an opportunity to make an appropriate decision on whether or not to tender their shares in response to the Tender Offer.

(J) Sufficient disclosure of information

The disclosure of information through the tender offer registration statement, the opinion report, and the press releases submitted and issued by the Tender Offeror and the Target Company can be considered substantial information disclosures that contribute to appropriate decision-making by the Target Company’s shareholders.

(K) Majority of minority

Not setting the minimum number of share certificates, etc. to be purchased to the so-called “majority of minority” is not unreasonable as stated in 2.(C) above.

4. Whether it is disadvantageous to the Target Company’s general shareholders to conduct the Transactions

As described in 1 through 3 above, the Transactions will contribute to the enhancement of the Target Company’s corporate value, and given that the purpose of the Transactions is reasonable, the terms and the conditions of the Transactions are reasonable, and the procedures for the Transactions are fair, the Special

Committee believes that it is not disadvantageous to the Target Company's general shareholders to conduct the Transactions.

5. Whether or not the board of directors of the Target Company should express its opinion in favor of the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the Tender Offer

As described in 1 through 4 above, the Transactions will contribute to the enhancement of the Target Company's corporate value, and given that the purpose of the Transactions is reasonable, the terms of the Transactions are reasonable, the procedures for the Transactions are fair, and the Special Committee believes that it is not disadvantageous to the Target Company's general shareholders to conduct the Transactions, it is appropriate for the board of directors of the Target Company to express its opinion in favor of the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the Tender Offer and leave the decision as to whether to tender the Stock Acquisition Rights in the Tender Offer to the judgment of the Stock Acquisition Right Holders.

- (iv) Obtainment by the Special Committee of a Share Valuation Report and Fairness Opinion from an Independent Third-Party Appraiser

- (a) Name of Appraiser and Its Relationship with the Target Company and Tender Offeror

In order to examine the Matters for Consultation, the Special Committee requested Plutus Consulting, a financial advisor and third-party appraiser independent of the Target Company and the Tender Offeror, to calculate the share value of the Target Company Shares and to provide an opinion on whether the terms and conditions of the Transactions are fair to the minority shareholders of the Target Company from a financial point of view, and obtained the Share Valuation Report (Plutus Consulting) and the Fairness Opinion as of April 24, 2024.

Plutus Consulting is not affiliated with the Target Company Group or the Tender Offeror Group and does not have a material interest in the Tender Offer that should be stated. Also, the fees to be paid to Plutus Consulting for the Transactions is solely composed of a fixed fee to be paid irrespective of whether the Transactions are successfully completed and do not include any contingency fees which will be payable subject to the successful completion of the Transactions, including the Tender Offer.

- (b) Outline of Valuation of Target Company Shares

After considering which of several calculation methods should be used to calculate the value of the Target Company Shares, on the assumption that the Target Company is a going concern, and based on the belief that multifaceted valuation of the value of the Target Company Shares would be appropriate, Plutus Consulting analyzed the share value of the Target Company Shares using the following valuation methods: (i) the market price method that takes into account trends in the market price of the Target Company Shares; (ii) the comparable companies method, as there are multiple listed companies that are comparable to the Target Company, and an analogical inference of the value of the Target Company Shares based on comparable companies is possible; and (iii) the DCF Method that reflects the content of the Target Company's business results and projections, etc. in the valuation, and the Target Company obtained the

Share Valuation Report (Plutus Consulting) from Plutus Consulting as of April 24, 2024.

The range of values per share of the Target Company Shares calculated by using the aforementioned methods is as follows (Note 3).

Market price method: From 2,048 yen to 2,262 yen

Comparable companies method: From 1,707 yen to 4,533 yen

DCF Method: From 2,327 yen to 3,234 yen

The range of values per share of the Target Company Shares obtained from the market price method is 2,048 yen to 2,262 yen, which is calculated by using April 24, 2024 as the record date for calculation, based on 2,048 yen, the closing price of the Target Company Shares quoted on the Prime Market of the TSE as of the record date, 2,056 yen, the simple average closing price over the preceding one-month period (from March 25, 2024 to April 24, 2024), 2,138 yen, the simple average closing price over the preceding three-month period (from January 25, 2024 to April 24, 2024), and 2,262 yen, the simple average closing price over the preceding six-month period (from October 25, 2023 to April 24, 2024).

The range of values per share of the Target Company Shares obtained from the comparable companies method is 1,707 yen to 4,533 yen, which is calculated by using the multiple of EBITDA to corporate value, selecting NEC Networks & System Integration Corporation, Startia Holdings, Inc., Internet Initiative Japan Inc., Net One Systems Co., Ltd., and TSUZUKI DENKI CO., LTD. as comparable listed companies that are deemed to have similarities to the Target Company.

The range of values per share of the Target Company Shares obtained from the DCF Method is 2,327 yen to 3,234 yen, which is derived by analyzing the Target Company's corporate value and share value as calculated by discounting to the present value, at a certain discount rate, the free cash flow that the Target Company is expected to generate in and after the fiscal year ending March 2025 based on revenues and investment plans set out in the Target Company's business plan prepared by the Target Company for the three fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2027, as well as other factors such as publicly released information. The financial forecasts used by Plutus Consulting for the DCF analysis do not include fiscal years in which a significant increase or decrease in profit is expected, but the financial forecasts used by Plutus Consulting in the DCF analysis do include fiscal years in which a significant variation in free cash flow is expected. Specifically, in the three-month financial forecast for the fourth quarter of the fiscal year ending March 2024, a significant variation in profit in the fiscal year ending March 2025 is expected. In addition, in the fiscal year ending March 2025, a significant increase in free cash flow is expected compared to the previous year, in consideration of the amount of tax related to the sale of a subsidiary in the fiscal year ending March 2024. In the fiscal year ending March 2026, a significant increase in free cash flow is expected compared to the previous year due to a reduction in the amount of capital expenditure arising from office investment. In addition, the discount rate adopted is 8.4% to 12.3%, and the permanent growth rate method is adopted in calculating the going concern value and the permanent growth rate adopted is 0%.

In the business plan prepared by the Target Company, which Plutus Consulting used for the analysis based on the DCF Method, the synergy effects expected to be realized

through the Transactions, except for the effects of reduced listing maintenance costs, have not been taken into account, as it is difficult to make a specific estimate at this time.

The figures of the Target Company's financial forecast, which were used as a premise for the calculation in the DCF Method, are as follows. The differences from the EBITDA and free cash flow figures that Daiwa Securities assumed in its DCF Method calculations are due to differences in the assumptions for listing maintenance costs and working capital, respectively:

(Unit: million yen)

	Fiscal year ending March 2024	Fiscal year ending March 2025	Fiscal year ending March 2026	Fiscal year ending March 2027
Net sales	18,416	69,544	74,204	79,384
Operating income	1,993	5,725	6,203	6,796
EBITDA	2,374	7,380	7,951	8,644
Free cash flow	(17)	2,562	3,621	4,028

Note 3: When calculating the share value of the Target Company Shares, Plutus Consulting adopted, in principle, the information provided by the Target Company and publicly available information as they are, and has not independently verified the accuracy and completeness of that information on the assumption that all of those materials and information are accurate and complete. In addition, Plutus Consulting has not independently valued or appraised the assets and liabilities of the Target Company (including off-the-book assets and liabilities, and other contingent liabilities), and has not requested any third-party institution to conduct valuation or appraisal. Further, Daiwa Securities assumed that with respect to the information of financial forecasts of the Target Company, such forecasts were reasonably prepared based on the best forecasts and determinations of the management of the Target Company that may be acquired as of the time of calculation. However, Plutus Consulting has analyzed and reviewed the contents of the Target Company's business plan, which was used as the basis for the calculation, by conducting multiple interviews. In addition, as stated above in "(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee" above, the Special Committee has confirmed the reasonableness of the contents, material assumptions and the process of preparation of the Special Committee's report.

In calculating the share value of the Target Company Shares, Plutus Consulting used information provided by the Target Company and publicly available information on an as-is basis in principle, and assumed that all such materials and information are accurate and complete and did not independently verify the accuracy and completeness of such information. Also, Plutus Consulting has not conducted any independent

evaluation or assessment, nor has it made any request to a third-party institution for any appraisal or assessment, with respect to any assets or liabilities (including off-balance-sheet assets and liabilities, and other contingent liabilities) of the Target Company. In addition, Plutus Consulting assumed that the information regarding the financial forecast of the Target Company had been reasonably prepared based on the best projections and judgment that were available to the management of the Target Company at the time of calculation. Plutus Consulting did conduct multiple interviews to analyze and examine the content of Target Company's business plan which served as the basis for calculation. Also, as stated in "(iii) Establishment by the Target Company of an Independent Special Committee, and Obtainment of a Written Report from the Special Committee" above, the Special Committee has confirmed the content, material conditions precedent, and background of preparation of the business plan.

(c) Overview of the Fairness Opinion

On April 24, 2024, the Special Committee obtained the Fairness Opinion from Plutus Consulting which stated to the effect that the Tender Offer Price of 2,950 yen per share is fair to the minority shareholders of the Target Company from a financial point of view (Note 4). The Fairness Opinion expressed the opinion that the Tender Offer Price of 2,950 yen per share is fair to the minority shareholders of the Target Company from a financial point of view in light of factors such as the results of the valuation of the Target Company Shares based on the business plan.

The Fairness Opinion was issued by Plutus Consulting based on the results of the valuation of the Target Company Shares calculated after receiving disclosure of information such as the current state of the Target Company Group's business and business forecasts from the Target Company and receiving explanations thereof, as well as question-and-answer sessions with the Target Company regarding the outline, background, and purpose of the Tender Offer, examination of factors such as the Target Company Group's business environment and economic, market and financial conditions to the extent deemed necessary by Plutus Consulting, and the review procedures carried out by an examination committee independent of the engagement team of Plutus Consulting.

Note 4: When preparing and providing the Fairness Opinion, and calculating the share value based on which the Fairness Opinion was prepared, Plutus Consulting relied on the information and basic materials provided by the Target Company or discussed with the Target Company, and publicly available information on the assumption that they are accurate and complete and there is no fact that may materially affect the analysis and calculation of the share value of the Target Company Shares and has not been disclosed to Plutus Consulting, and Plutus Consulting has not independently investigated or verified them and has no obligation to conduct such investigation or verification.

Plutus Consulting assumes that the business forecasts and other materials of the Target Company used as the base materials for the Fairness Opinion have been reasonably prepared based on the best projections and judgment that were available to the management of the Target Company at the time. Plutus Consulting does not guarantee the feasibility thereof and does not express any opinion regarding any

analysis or forecasts that is the basis of the preparation of those materials or any premises that serve as grounds for those materials.

Plutus Consulting has not conducted an independent evaluation or appraisal with respect to any assets or liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of the Target Company and any of its affiliates, including any analysis or appraisal of individual assets or liabilities, and it has not received any written evaluation or appraisal regarding these matters. Accordingly, Plutus Consulting has not evaluated the solvency of the Target Company or any of its affiliates.

Plutus Consulting is not a professional legal, accounting, or tax organization. Accordingly, Plutus Consulting does not express any opinion regarding the legal, accounting, or tax issues relating to the Tender Offer and is not obligated to do so.

The Fairness Opinion states an opinion on the fairness of the Tender Offer Price from a financial point of view, which is to be used when the Special Committee reports on matters on behalf of the Target Company. Accordingly, the Fairness Opinion does not state any opinion on the advantages or disadvantages compared with transactions that could serve as alternatives to the Tender Offer, the benefits that could be derived by executing the Tender Offer, or the appropriateness of executing the Tender Offer.

The Fairness Opinion states an opinion on whether or not the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial point of view based on financial and capital markets, economic conditions, and other circumstances as of the submission date of the Fairness Opinion and based on information obtained by Plutus Consulting up to that submission date. Plutus Consulting assumes no obligation to amend, modify, or supplement the contents of the Fairness Opinion even if those contents are affected by a subsequent change in conditions. Further, the Fairness Opinion does not make a deduction or suggestion of any opinion regarding any matters that is not explicitly stated in the Fairness Opinion or any matters on or after the submission date of the Fairness Opinion.

Plutus Consulting is not soliciting investments in the Target Company and is not authorized to make any such solicitation. The Fairness Opinion only expresses an opinion that the Tender Offer Price is fair and not disadvantageous to the minority shareholders of the Target Company from a financial point of view and does not express an opinion or make a recommendation on whether the Tender Offer should be implemented, tendering shares in the Tender Offer, or other activities and does not state any opinion to holders of securities issued by the Target Company, creditors, or other persons related to the Target Company. Accordingly, Plutus Consulting will bear no liability to shareholders or third parties who have relied on the Fairness Opinion.

Further, the Fairness Opinion has been provided by Plutus Consulting to be used as a base material for the judgment of the Target Company's board of directors and the Special Committee regarding the Tender Offer Price and may not be relied upon by any other person.

(v) Advice Received by the Special Committee from an Independent Law Firm

The Special Committee has appointed Kensei Law Offices as its legal advisor independent from the Target Company and the Tender Offeror, and receives legal advice regarding examinations and deliberations on the Matters for Consultation at the

Special Committee. In addition, Kensei Law Offices is not affiliated with the Target Company or the Tender Offeror and does not have a material interest in the Transactions, including the Tender Offer. The fees to be paid to Kensei Law Offices for the Transactions will be calculated by multiplying the number of hours worked by an hourly rate irrespective of whether the Transactions are successfully completed and do not include any contingency fees which will be payable subject to the successful completion of the Transactions, including the Tender Offer.

(vi) Advice Received by the Target Company from an Independent Law Firm

The Target Company has appointed Nishimura & Asahi and Blakemore & Mitsuki as its legal advisors independent from the Target Company and the Tender Offeror. The Target Company receives legal advice from Nishimura & Asahi and Blakemore & Mitsuki on measures to be taken to ensure the fairness of the procedures of the Transactions, various procedures for the Transactions, and the method and process of the decision-making of the Target Company for the Transactions, as well as other matters requiring considerations on decision-making. The fees to be paid to Nishimura & Asahi and Blakemore & Mitsuki for the Transactions will be calculated by multiplying the number of hours worked by an hourly rate irrespective of whether the Transactions are successfully completed and do not include any contingency fees which will be payable subject to the successful completion of the Transactions, including the Tender Offer.

In addition, Nishimura & Asahi and Blakemore & Mitsuki are not affiliated with the Target Company or the Tender Offeror and do not have a material interest in the Transactions, including the Tender Offer.

(vii) Creation of an Independent Examination System at the Target Company

As stated in “(iii) Decision-Making Process and Reasoning of the Target Company” in “(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer” in “I. Purpose of the Tender Offer, Etc.” above, the Target Company created an internal system for conducting its examinations, negotiations, and determinations regarding the Transactions independently from the Tender Offeror. Specifically, after receiving initial materials for consideration from the Tender Offeror on January 19, 2024, the Target Company established a project team for conducting examinations regarding the Transactions (including preparing the business plan which serves as the basis for the calculation of the value of the Target Company Shares) as well as discussions and negotiations with the Tender Offeror. The project team comprises, and will continue to comprise, solely members who do not concurrently hold a position as an officer or employee in any company of the Tender Offeror Group (excluding the Target Company Group). In addition, in the process of preparing the business plan that forms the basis for the valuation of the Target Company Shares, from the viewpoint of eliminating any issues involving structural conflicts of interest, the Target Company has decided not to involve any officers or employees of the Target Company who concurrently serve as officers or employees of the Tender Offeror Group (including Mr. Kunihiro Fujinaga, who is currently an executive officer of the Tender Offeror, and Mr. Takashi Naito, who is currently an employee of the Tender Offeror).

The Target Company has received the approval of the Special Committee to the effect that there was no concern with respect to the internal system of the Target Company (including the scope of the officers and employees of the Target Company involved in the examinations, negotiations, and decision-making pertaining to the Transactions, and their duties), including the above treatment, from the standpoint of independence and fairness.

(viii) Approval of All Disinterested Directors of the Target Company and Opinion of All Disinterested Audit and Supervisory Board Members that They Had No Objection at the Target Company

The Target Company carefully discussed and considered whether the Transactions, including the Tender Offer, contribute to enhancing the Target Company's corporate value and whether various terms of the Transactions by the Tender Offeror, including the Tender Offer Price, are appropriate, based on the legal advice obtained from Nishimura & Asahi and Blakemore & Mitsuki, the advice from a financial point of view obtained from Daiwa Securities, the details of the Target Company Valuation Report, the Share Valuation Report (Plutus Consulting) and the Fairness Opinion received through the Special Committee, the Written Report obtained from the Special Committee, the details of continuous discussions conducted several times with the Tender Offeror, and other related materials. As a result, as stated in "(iii) Decision-Making Process and Reasoning of the Target Company" in "(A) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer" in "I. Purpose of the Tender Offer, Etc." above, the Target Company has resolved, at its board of directors meeting held on April 25, 2024, to express its opinion approving the Tender Offer and to recommend that the Target Company's shareholders tender their shares in the Tender Offer, and to leave the decision on whether the Stock Acquisition Right Holders tender their Stock Acquisition Rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

Discussions were held, and a unanimous resolution was made, at the above board of directors meeting by eight of the nine directors of the Target Company excluding Mr. Kunihiro Fujinaga, because Mr. Kunihiro Fujinaga holds a position as an officer and employee of the Tender Offeror. At the board of directors meeting of the Target Company above, all three of the audit and supervisory board members other than Mr. Takashi Naito, who holds a position as an officer and employee of the Tender Offeror, expressed the opinion that they had no objection to the resolution above.

Of the Target Company's directors, Mr. Shinichi Ata, Mr. Mitsuhiro Sato, and Mr. Masaaki Okazaki have worked for the Tender Offeror in the past, but they have participated in the deliberations and resolutions at the Target Company's board of directors meetings above in light of the fact that more than 11 years and 25 years have elapsed respectively since Mr. Shinichi Ata and Mr. Mitsuhiro Sato transferred from the Tender Offeror to the Target Company, and Mr. Masaaki Okazaki left the Tender Offeror in March 2016, worked for Nidec Corporation from April 2016, and joined the Target Company in January 2021; therefore, they are not in any position to receive instructions from the Tender Offeror Group, nor do they have any involvement in the Transactions from the side of the Tender Offeror Group nor are they in a position to be so involved. Therefore, the Target Company has determined that there is no potential

conflict of interest with regard to the Target Company's decision-making in the Transactions. On the other hand, of the Target Company's directors, Mr. Kunihiro Fujinaga, who holds a position as an officer and employee of the Tender Offeror, did not participate in the deliberations and considerations at the Target Company's board of directors meeting pertaining to the Transactions including the board of directors meeting above, nor did they participate in the discussions regarding the Transactions or the discussions and negotiations with the Tender Offeror regarding the Transactions on behalf of the Target Company, from the viewpoint of eliminating to the extent possible any possible impact of issues involving structural conflicts of interest and issues regarding information asymmetry in the Transactions. Also, of the audit and supervisory board members of the Target Company, Mr. Takashi Naito, who holds a position as an officer and employee of the Tender Offeror, did not attend nor participate in any of the deliberations and refrained from stating his opinion at the board of directors meeting above from the viewpoint of eliminating to the extent possible the risk of being affected by issues involving structural conflicts of interest and issues regarding information asymmetry in the Transactions.

(ix) No Transaction Protection Clause

The Target Company and the Tender Offeror have not agreed to any transaction protection clause that prohibits the Target Company from contacting Competing Acquisition Offerors or made any other agreement on any matter that would restrict competing offerors from contacting the Target Company, and have been mindful of ensuring fairness in the Tender Offer by not preventing any opportunity for a competing offer.

(x) Measures to Ensure Opportunities for the Target Company's Shareholders to Make an Appropriate Decision on Whether or Not to Tender their Shares in the Tender Offer

As stated in "(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called "Two-Step Acquisition")" in "I. Purpose of the Tender Offer, Etc." above, the Tender Offeror ensures an opportunity for the Target Company's shareholders to make an appropriate decision on whether or not to tender their shares in the Tender Offer and gives consideration to avoid placing coercive pressure on the Target Company's shareholders by (i) employing methods ensuring the right of the Target Company's shareholders to request purchase of shares or to petition for a determination of the price of shares, wherein depending on the number of Target Company Shares acquired by the Tender Offeror through the successful completion of the Tender Offer, the Tender Offeror, promptly after the completion of the settlement of the Tender Offer, either will make the Demand for Shares Cash-Out or will make a demand to the Target Company to convene the Extraordinary Shareholders' Meeting at which the agenda items will include proposals for the Share Consolidation and a partial amendment to the Target Company's articles of incorporation to abolish the provisions on share units on the condition that the Share Consolidation takes effect, and (ii) clarifying that the amount of money to be delivered to the Target Company's shareholders as consideration for each Target Company Share in the Demand for Shares Cash-Out or the Share Consolidation will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company

Shares owned by those shareholders (excluding the Target Company and the Tender Offeror).

In addition, while the minimum tender offer period set forth in the laws and regulations is 20 business days, the Tender Offeror has set the Tender Offer Period at 30 business days, which is relatively long in light of the minimum period set forth in the law and regulations. By setting the Tender Offer Period to a relatively long period, the Tender Offeror ensures that the shareholders of the Target Company are provided with an opportunity to make an appropriate decision on whether or not to tender their shares in response to the Tender Offer, and thereby the Tender Offeror intends to ensure the fairness of the Target Offer Price.

(C) Relationship with Appraiser

Nomura Securities, which is a financial advisor (appraiser) of the Tender Offeror, is not affiliated with the Tender Offeror or the Target Company and does not have a material interest in the Tender Offer.

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

Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
9,590,933 shares	2,815,600 shares	– shares

Note 1: If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the share certificates, etc. to be purchased (2,815,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of the Share Certificates, Etc. to be purchased, the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

Note 2: Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

Note 3: The Tender Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

Note 4: In the Tender Offer, the Tender Offeror has not set a maximum number of share certificates, etc. to be purchased, and thus the number of share certificates, etc. to be purchased is stated as the maximum number of share certificates, etc. of the Target Company to be acquired by the Tender Offeror through the Tender Offer. Such maximum number of share certificates, etc. to be acquired in the Tender Offer is the number of shares (9,590,933 shares) representing the sum of (i) the total number of issued shares of the Target Company (22,757,800 shares) as of March 31, 2024 stated in the Target

Company’s Financial Results, plus (ii) the number of shares (424,200 shares in total) underlying all of the Stock Acquisition Rights (4,242 units in total) outstanding as of March 31, 2024 of the Stock Acquisition Rights stated in the Target Company’s Securities Report (according to the Target Company, 1,580 units of the 2018 First Series of Stock Acquisition Rights (underlying shares: 158,000 shares), 2,160 units of the 2021 First Series of Stock Acquisition Rights (underlying shares: 216,000 shares), and 502 units of the 2022 First Series of Stock Acquisition Rights (underlying shares: 50,200 shares)), less (iii) the 2,856,067 treasury shares held by the Target Company as of March 31, 2024 as stated in the Target Company’s Financial Results and the number of Target Company Shares (10,735,000 shares) owned by the Tender Offeror as of today.

Note 5: The Stock Acquisition Rights may be exercised up to the last day of the Tender Offer Period, but any Target Company Shares issued or transferred through that exercise are also subject to the Tender Offer.

(6) Changes in Ownership Ratio of Share Certificates, Etc. through the Tender Offer

Number of voting rights represented by the share certificates, etc. held by the Tender Offeror before the Tender Offer	107,350	(Ownership ratio of share certificates, etc. before the Tender Offer: 52.81%)
Number of voting rights represented by the share certificates, etc. held by special related parties before the Tender Offer	1,257	(Ownership ratio of share certificates, etc. before the Tender Offer: 0.62%)
Number of voting rights represented by the share certificates, etc. held by the Tender Offeror after the Tender Offer	203,259	(Ownership ratio of share certificates, etc. after the Tender Offer: 100.00%)
Number of voting rights represented by the share certificates, etc. held by special related parties after the Tender Offer	0	(Ownership ratio of share certificates, etc. after the Tender Offer: -%)
Total number of voting rights of all shareholders, etc. of the Target Company	198,863	

Note 1: “Number of voting rights represented by the share certificates, etc. held by special related parties before the Tender Offer” and “Number of voting rights represented by the share certificates, etc. held by special related parties after

the Tender Offer” states the total number of voting rights represented by share certificates, etc. held by each special related party (other than special related parties who are not considered special related parties pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Ordinance with respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended; the “**Cabinet Ordinance**”) for the purpose of calculation of ownership ratio of share certificates, etc. under each Item of Article 27-2, Paragraph 1 of the Act). Since share certificates, etc. held by the special related parties (excluding the treasury shares held by the Target Company) are subject to the Tender Offer, “Number of voting rights represented by the share certificates, etc. held by special related parties after the Tender Offer” is stated as “0.” If it is necessary for the Tender Offeror to revise the statement above upon confirming the share certificates, etc. of the Target Company held by special related parties in the future, the Tender Offeror will promptly disclose the revised details.

Note 2: “Number of voting rights represented by the share certificates, etc. held by the Tender Offeror after the Tender Offer” is the number of voting rights equal to the sum of the number of voting rights (95,909) represented by the number of shares to be purchased in the Tender Offer (9,590,933 shares) as stated in “(5) Number of Share Certificates, Etc. to be Purchased” above plus the “Number of voting rights represented by the share certificates, etc. held by the Tender Offeror before the Tender Offer.”

Note 3: “Total number of voting rights of all shareholders, etc. of the Target Company” is the number of voting rights of all shareholders of the Target Company as of September 30, 2023 stated in the Quarterly Securities Report for the third quarter of the 36th fiscal year filed by the Target Company on February 13, 2024 (based on the number of shares per unit being 100 shares). However, since shares less than one unit and Target Company Shares that may be issued or transferred through the exercise of stock acquisition rights are subject to the Tender Offer, when calculating “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer,” the number of voting rights (203,259) represented by 20,325,933 shares, which is the difference of the sum of (i) the total number of issued shares (22,757,800 shares) of the Target Company as of March 31, 2024 stated in the Target Company’s Financial Results , plus (ii) the number of shares (424,000 shares in total) underlying all of the Stock Acquisition Rights (4,242 units in total) outstanding as of March 31, 2024 of the Stock Acquisition Rights stated in the Target Company’s Securities Report (according to the Target Company, the 1,580 units of the 2018 First Series of Stock Acquisition Rights (underlying shares: 158,000 shares), 2,160 units of the 2021 First Series of Stock Acquisition Rights (underlying shares: 216,000 shares), and 502 units of the 2022 First Series of Stock Acquisition Rights (underlying shares: 50,200 shares)), less (iii) the number of treasury shares held by the Target Company (2,856,067 shares) as of March 31, 2024 stated in the Target Company’s Financial Results, is used as the denominator.

Note 4: “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer” have been rounded to the nearest two decimal places.

(7) Purchase Price 28,293 million yen

Note: The purchase price shows the amount obtained by multiplying the number of share certificates, etc. to be purchased in the Tender Offer (9,590,933 shares) by the Tender Offer Price (2,950 yen).

(8) Method of Settlement

(A) Name and Address of Head Office of Financial Instruments Business Operator, Bank, Etc. in Charge of Settlement of the Tender Offer

Nomura Securities, Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

(B) Commencement Date of Settlement

June 18, 2024 (Tuesday)

(C) Method of Settlement

A notice regarding the purchase under the tender offer will be mailed to the address of persons who accept the offer for the purchase of share certificates, etc. in the Tender Offer or offer the sale of share certificates, etc. in the Tender Offer (the “**Tendering Shareholders, Etc.**”) (or the address of the standing proxy in the case of shareholders, etc. residing in foreign countries who do not have accounts with the tender offer agent that are available for trading (including corporate shareholders, etc.)) without delay after the expiration of the Tender Offer Period.

The purchase will be settled in cash. The Tendering Shareholders, Etc. may receive the sales proceeds from the tender offer in the manner they specify, including by way of remittance, without delay after the commencement date of the settlement (a remittance fee may be charged).

(D) Method of Return of Share Certificates, Etc.

In the event that all of the Tendered Share Certificates, Etc. will not be purchased under the terms set forth in “(A) Conditions Set forth in Each Item of Article 27-13, Paragraph 4 of the Act and the Details Thereof” and “(B) Conditions of Withdrawal, Etc. of the Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, Etc.” in “(9) Other Conditions and Methods of the Tender Offer” below, the share certificates, etc. that are to be returned will be returned promptly after the business day that is two days after the last day of the Tender Offer Period (or the business day following the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer). With respect to the shares, the shares that are to be returned will be returned to the accounts held by the Tendering Shareholders, Etc. with the tender offer agent by restoring the record to the status immediately preceding the tendering of those shares (if the Tendering Shareholders, Etc. wish their shares to be transferred to an account opened with other financial instruments business operators, please confirm with the head office or any domestic branch office of the tender offer agent that accepted the tender). With respect to the Stock Acquisition Rights, the documents submitted at

the time of tendering of the Stock Acquisition Rights are to be delivered to the Tendering Shareholders, Etc. or mailed to the address of the Tendering Shareholders, Etc. in accordance with the instructions given by each Tendering Shareholder, Etc.

(9) Other Conditions and Methods of the Tender Offer

(A) Conditions Set forth in Each Item of Article 27-13, Paragraph 4 of the Act and the Details Thereof

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of share certificates, etc. to be purchased (2,815,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or more than the minimum number of share certificates, etc. to be purchased (2,815,600 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

(B) Conditions of Withdrawal, Etc. of the Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, Etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)10 and Items (1)13 through (1)19, and Items (3)1 through (3)8 and (3)10, as well as Article 14, Paragraph 2, Items (3) through (6) of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended) (the “**Enforcement Order**”) occurs, the Tender Offeror may withdraw the Tender Offer.

In the Tender Offer, the “events which are equivalent to those listed in Items (3)1 through (3)9” set out in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order refers to (i) the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated, but the Tender Offeror was not aware of the existence of such false statement nor the Tender Offeror could have been aware of such false statement even with reasonable care, or (ii) the case where any of the facts listed in Article 14, Paragraph 1, Items (3)1 through (3)8 of the Enforcement Order occurs in respect of a significant subsidiary of the Target Company.

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the *Nihon Keizai Shinbun*. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

(C) Conditions to Reduce Price of the Tender Offer, Details Thereof and Method of Disclosure of Reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the price of the Tender Offer in accordance with the standards set out in the provision of Article 19, Paragraph 1 of the Cabinet Ordinance. If the Tender Offeror intends to reduce the price of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the *Nihon Keizai Shinbun*. However, if it is deemed difficult to give the

public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement. If the price of the Tender Offer is reduced, the Tender Offeror will also purchase the Tendered Share Certificates, Etc. tendered on or before the date of the public notice at the reduced price.

(D) Matters concerning Right of Tendering Shareholders, Etc. to Terminate the Agreement

Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, terminate the agreement for the Tender Offer. If a Tendering Shareholder, Etc. intends to terminate the agreement, he/she will be requested to deliver or mail a document stating the intention to terminate the agreement for the Tender Offer (a “**Termination Notice**”) to the head office or a domestic branch office of the tender offer agent that accepted the tendering of share certificates, etc. by 3:30 p.m. on the last day of the Tender Offer Period. However, if a Termination Notice is sent by mail, it will become effective on the condition that it arrives by 3:30 p.m. on the last day of the Tender Offer Period.

Please request the termination of the agreement for share certificates, etc. tendered through the online service through the online service at <https://hometrader.nomura.co.jp/> or by delivering or mailing a Termination Notice. If terminating through the online service, please follow the methods described on the web page and complete the termination procedures by 3:30 p.m. on the last day of the Tender Offer Period. Any agreement for the share certificates, etc. tendered at the handling branch cannot be terminated by the termination procedures through the online service. If terminating by delivering or mailing a Termination Notice, please request the handling branch to send a Termination Notice in advance and deliver or mail the Termination Notice to the handling branch by 3:30 p.m. of the last day of the Tender Offer Period. However, if a Termination Notice is sent by mail, it will become effective on the condition that it arrives by 3:30 p.m. on the last day of the Tender Offer Period.

Party authorized to receive the Termination Notice:

Nomura Securities Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

(or any other domestic branch of Nomura Securities Co., Ltd.)

The Tender Offeror will not make any claim for damages or a penalty payment due to the Tendering Shareholders, Etc.’s termination of their agreements. Further, the cost of returning Tendered Share Certificates, Etc. to the Tendering Shareholders, Etc. will be borne by the Tender Offeror. If a Tendering Shareholder, Etc. requests to terminate its agreement for the Tender Offer, the Tendered Share Certificates, Etc. will be returned promptly after the completion of the termination procedures in accordance with the method set out in “(D) Method of Return of Share Certificates, Etc.” of “(8) Method of Settlement” above.

(E) Method of Disclosure if the Conditions, Etc. of the Tender Offer are Changed

The Tender Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13, Paragraph 2 of the Enforcement Order. If the Tender Offeror intends to change any conditions, etc. of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the *Nihon Keizai Shinbun*. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement. If the conditions, etc. of the Tender Offer are changed, the Tender Offeror will also purchase the Tendered Share Certificates, Etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(F) Method of Disclosure if an Amendment Statement is Filed

If an amendment statement is submitted to the Director-General of the Kanto Local Finance Bureau (unless otherwise provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of that amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the Tendering Shareholders, Etc. who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to Tendering Shareholders, Etc. a document stating the reason for the amendments, the matters amended, and the details thereof.

(G) Method of Disclosure of Results of the Tender Offer

The results of the Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(H) Other Information

The Tender Offer will not be conducted, directly or indirectly, in or targeted at the United States, nor through the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication), nor through any stock exchange facilities in the United States. No tender in the Tender Offer may be made through any of the aforementioned methods or means, through those stock exchange facilities, or from the United States. In addition, neither the tender offer registration statement related to the Tender Offer nor other relevant documents will, or may, be sent or distributed in, to, or from the United States by the postal mail services or other means. No tender in the Tender Offer that violates, directly or indirectly, any of the aforementioned restrictions will be accepted.

When applying for the Tender Offer, the Tendering Shareholder, Etc. (or standing proxies in the case of foreign shareholders) may be required to provide the Tender Offer Agent with the representations and warranties listed below:

The Tendering Shareholder, Etc. is not located in the United States both at the time of applying for the Tender Offer and at the time of sending an application form for the Tender Offer; The Tendering Shareholder, Etc. has not, directly or indirectly, received or sent any information (including its copies) related to the Tender Offer to, in, or from the United States. The Tendering Shareholder, Etc. has not used, directly or indirectly, in connection with the tender offer acceptance or the provision of his/her signature to the application form and submission of the application form for the Tender Offer, the U.S. postal mail services or any other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communications) or any stock exchange facilities in the United States; The Tendering Shareholder, Etc. is not acting as an agent, entrustee or delegate, without discretion, of another entity (except where such other entity provides the Tendering Shareholder, Etc. with all instructions relating to the Tender Offer from outside the United States).

(10) Date of Public Notice of Commencement of the Tender Offer

April 26, 2024 (Friday)

(11) Tender Offer Agent

Nomura Securities, Co., Ltd. 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo

III. Policies after the Tender Offer and Future Prospects

For policies after the Tender Offer, please refer to “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer,” “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the so-called “Two-Step Acquisition”),” and “(5) Prospects and Reasons for Delisting” in “I. Purpose of the Tender Offer, Etc.” above.

IV. Other Matters

(1) Agreements between the Tender Offeror and the Target Company or its Officers, and the Contents Thereof

(A) Approval of the Tender Offer

According to the Target Company’s Press Release, the Target Company has resolved, at its board of directors meeting held on April 25, 2024, to express its opinion approving the Tender Offer and to recommend that the Target Company’s shareholders tender their shares in the Tender Offer, and to leave the decision on whether the Stock Acquisition Right Holders tender their Stock Acquisition Rights in the Tender Offer to the judgment of those Stock Acquisition Right Holders.

For details of the decision-making process of the Target Company, please refer to the Target Company’s Press Release and “(viii) Approval of All Disinterested Directors of the Target Company and Opinion of All Disinterested Audit and Supervisory Board Members that They Had No Objection at the Target Company” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “II. Outline of the Tender Offer” above.

(B) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer

Please refer to “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy after the Tender Offer” in “I. Purpose of the Tender Offer, Etc.” above.

(C) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

Please refer to “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “(B) Background of Valuation” in “(4) Basis of Valuation, Etc. regarding Price of the Tender Offer” in “II. Outline of the Tender Offer” above.

(2) Other Information Deemed Necessary for Investors to Decide Whether or not to Tender Shares in Response to the Tender Offer

(A) Release of the “Consolidated Financial Results for the Fiscal Year Ended March 2024 (Under Japanese GAAP)”

The Target Company released the Target Company’s Financial Results on April 25, 2024. The details of the profit and loss of the Target Company based on such release are as follows. The details of the profit and loss have not been audited by an audit firm as provided for in Article 193-2, Paragraph 1 of the Act. For details, please refer to the contents of the release.

(i) Profit and Loss (Consolidated)

Fiscal year	Fiscal year ended March 2024
Net sales	65,704 million yen
Operating profit	5,699 million yen
Net income attributable to the shareholders of the parent company	8,363 million yen

(ii) Per Share Information (Consolidated)

Fiscal year	Fiscal year ended March 2024
Net income per share	420.55 yen
Dividend per share	70 yen

(B) Release of the “Announcement of Dividend of Surplus for the Fiscal Year Ending March 2025 (No Dividends)”

The Target Company has resolved at its board of directors meeting held on April 25, 2024 not to pay out any dividend of surplus with a record date of September 30, 2024 (the end of the second quarter) and March 31, 2025 (the end of the fiscal year) on the condition that the Tender Offer is successfully completed. For details, please refer to the “Announcement of Dividend of Surplus for the Fiscal Year Ending March 2025 (No Dividends)” released by the Target Company today.

(3) Other Information Deemed Necessary for Investors to Decide Whether or not to Tender Shares in Response to the Tender Offer

The Transactions will have an immaterial impact on the Tender Offeror’s consolidated results in the fiscal year ending March 2024 and March 2025.

Reference: Consolidated results forecast for the fiscal year ending March 2024 (April 1, 2023 to March 31, 2024) (announced on February 7, 2024) and consolidated results for the previous period

(Unit: million yen)

	Net sales	Operating profit	Net income attributable to the shareholders of the parent company
Consolidated results forecast in the current period (fiscal year ending March 2024)	6,060,000	840,000	462,000
Consolidated results for the previous period (fiscal year ended March 2023)	5,911,999	1,060,168	531,366

End

Regulation on Solicitation

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting the sale of shares. If shareholders wish to make an offer to sell their shares, they should first read the tender offer explanatory statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of an offer to buy, any securities. In addition, neither this press release (nor any part of it) nor the fact of its distribution shall form the basis of any agreement regarding the Tender Offer, nor shall it be relied on in connection with executing any such agreement.

Forward-Looking Statements

This press release contains forward-looking statements concerning the outlook for business development based on the views of the Tender Offeror's management in case the Target Company Shares and the Stock Acquisition Rights are acquired. Actual results could differ significantly from these forward-looking statements due to many factors. This press release may contain forward-looking expressions, such as "expect," "forecast," "intend," "plan" "believe" and "anticipate," including expressions regarding future business of the Tender Offeror or other companies. These expressions are based on the Tender Offeror's current business outlook and are subject to change depending on conditions in the future. The Tender Offeror assumes no obligation to update these expressions concerning forward-looking statements in this press release to reflect factors such as actual business performance, various future circumstances and conditions, and changes to terms and conditions.

U.S. Regulation

The Tender Offer will not be conducted, directly or indirectly, in or targeted at the United States, nor through the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication), nor through any stock exchange facilities in the United States. No tender in the Tender Offer may be made through any of the aforementioned methods or means, through those stock exchange facilities, or from the United States. In addition, neither the press release related to the Tender Offer nor other relevant documents will, or may, be sent or distributed in, to, or from the United States by the postal mail services or other means. No tender in the Tender Offer that violates, directly or indirectly, any of the aforementioned restrictions will be accepted. Solicitation to purchase securities or other equivalent instruments is not conducted to residents in the United States or within the United States. Even if such securities or other equivalent instruments are sent to the Tender Offeror by residents in the United States or from the United States, they will not be accepted.

Other Countries

Some countries or regions may impose restrictions on the announcement, issuance, or distribution of this press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to purchase share certificates, etc. related to the Tender Offer and shall be deemed to be a distribution of materials for informative purposes only.