



October 16, 2023

Company name: ITOCHU Techno-Solutions Corporation

Representative: Ichiro Tsuge, President & CEO
(Securities Code: 4739, TSE Prime Market)

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**Announcement of Special Shareholders' Meeting Concerning Share Consolidation,
Abolishment of Provisions regarding Number of Shares Constituting One Unit, and Partial
Amendment to Articles of Incorporation**

ITOCHU Techno-Solutions Corporation (the “**Company**”) announced in the “Announcement of Setting of Record Date for Convocation of Special Shareholders' Meeting” dated September 13, 2023 that the Company will hold a special shareholder's meeting in mid-November 2023 with a record date of September 30, 2023 (the “**Special Shareholders' Meeting**”).

With respect to the Special Shareholder's Meeting, the Company hereby announces that it has decided, by a resolution of its board of directors as of today, to convene the Special Shareholders' meeting and to submit to the Special Shareholders' meeting proposals regarding a share consolidation, abolishment of the provisions regarding the number of shares constituting one unit, and partial amendment to the Articles of Incorporation as described below.

The common shares of the Company (the “**Company Shares**”) will come to fall under the delisting criteria provided for in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (the “**TSE**”) in the course of the above procedures. As a result, after the Company Shares are designated as “stocks to be delisted” during the period from November 14, 2023 to November 30, 2023, they will be delisted as of December 1, 2023. Please note that after delisting, the Company Shares will no longer be traded on the Prime Market of TSE.

I. Date, Time, and Venue of the Special Shareholders' Meeting

1. Time and Date: 10:00 a.m. on Tuesday, November 14, 2023

2. Venue: Bellesalle Shiodome 2F Hall

Sumitomo Fudosan Shiodome Hamarikyū Building, 8-21-1 Ginza, Chuo-ku, Tokyo

II. Proposals to be Submitted to the Special Shareholders' Meeting

Matters to be Resolved:

Proposal 1: Share Consolidation

Proposal 2: Partial Amendment to the Articles of Incorporation

III. Share Consolidation

1. Purposes of and Reasons for the Share Consolidation

As the Company announced in the “Announcement of Opinion in Support of the Tender Offer for the Company Shares by Digital Value Chain Partners, GK, a Subsidiary of ITOCHU Corporation, the Parent Company and Recommendation for our Shareholders to Tender their Shares in the Tender Offer” released on August 2, 2023 by the Company (the “**Press Release**”), Digital Value Chain Partners, GK (the “**Tender Offeror**”) conducted a tender offer (the “**Tender Offer**”) for the Company Shares by setting the tender offer period in the Tender Offer (the “**Tender Offer Period**”) to be 30 business days from August 3, 2023 to September 14, 2023, as part of a series of transactions for the purpose of having the Company's shareholders comprise only of the Tender Offeror and ITOCHU Corporation (“**ITochu**”; collectively with the Tender Offeror, the “**Tender Offerors**”), and taking the Company private (such transactions are hereinafter referred to as the “**Transaction**”).

As a result of the Tender Offer, the Tender Offeror came to hold 57,099,146 Company Shares (Ownership Ratio (Note 1): 24.69%) as of September 22, 2023, which is the commencement date of the settlement of the Tender Offer.

(Note 1) “**Ownership Ratio**” means the percentage (rounded up or down to the nearest two decimal places) of the difference (231,227,366 shares) of the total number of issued shares of the Company as of June 30, 2023 (240,000,000 shares) stated in the “Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 (IFRS)” released on August 2, 2023 by the Company less the number of treasury shares held by the Company as of June 30, 2023 (8,772,634 shares; such treasury shares do not include 145,100 shares held by Mizuho Trust & Banking Co., Ltd. (re-trustee: Custody Bank of Japan, Ltd.), which has been delegated by the Company, pursuant to the “Board Benefit Trust” (“**BBT**”), which is a performance-based stock incentive plan for Directors and Managing Executive Officers of the Company (excluding part-time directors, outside directors, and non-residents of Japan)); the same applies hereinafter to statements of the Ownership Ratio, unless otherwise specified.

As announced in the Press Release, on March 7, 2023, the Company received from ITOCHU, the parent company of the Tender Offeror, a notice to the effect that ITOCHU had commenced deliberating on the implementation of the Transaction. Accordingly, in deliberating on the

Transaction, and consulting and negotiating with ITOCHU regarding the Transaction, given that ITOCHU is a controlling shareholder of the Company (parent company), whose Ownership Ratio of the Company Shares is 61.24%, and the Transaction (including the Tender Offer) constitutes a material transaction, etc. with a controlling shareholder, and the Transaction constitutes transactions that typically involve structural conflict of interest issues and information asymmetry issues, in order to address those issues and to ensure the fairness of the Transaction, the Company appointed in early March, 2023 (i) Mori Hamada & Matsumoto as its legal advisor independent of the ITOCHU Group (excluding the Tender Offeror and the Company Group (meaning the corporate group comprising the Company, 17 subsidiaries, and 13 affiliates, with a total of 31 companies (as of August 2, 2023) (hereinafter the same applies)) and the Tender Offeror (collectively, the “**Tender Offeror, Etc.**”), and the Company Group, and (ii) Daiwa Securities Co. Ltd. (“**Daiwa Securities**”) as its financial advisor and third-party valuation agent independent of the Tender Offeror, Etc. and the Company Group. The Company then received from ITOCHU once again a written proposal for the Transaction on April 4, 2023. In response to such proposal, in order to ensure the fairness of the Transaction, the Company immediately started establishing a framework for deliberating and negotiating and making decisions regarding the Transaction in terms of increasing its corporate value and securing the interests of general shareholders of the Company from a standpoint independent of ITOCHU, based on the advice of Mori Hamada & Matsumoto. Specifically, after preparation towards the establishment of a special committee as stated in “C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” below, by a resolution of the board of directors meeting held on April 7, 2023, soon after the receipt of the written proposal from ITOCHU on April 4, 2023, the Company (i) established a special committee (the “**Special Committee**”), which consisted of three members, namely Mr. Yasuhiro Ikeda (an independent outside director of the Company), Ms. Aya Motomura (an independent outside director of the Company), and Mr. Katsuhiko Hara (an independent outside audit & supervisory board member of the Company) (for the process of the review, and details of decisions made by the Special Committee, please refer to “C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” below.). The Company requested the Special Committee : (i) to deliberate on and determine regarding (a) whether the Transaction should be implemented from the perspective of enhancing the corporate value of the Company and (b) the reasonableness of the transaction terms and conditions and the fairness of the procedures from the viewpoint of securing the interests of the general shareholders of the Company, and then deliberate on and provide the Company’s board of directors with advice regarding whether or not the Company’s board of directors should approve the Transaction (including whether or not it should support the Tender Offer and whether or not it should recommend that shareholders of the Company tender their shares in the Tender Offer), and (ii) to deliberate on and provide the Company’s board of directors with an opinion regarding whether the decision by the Company’s board of directors on the implementation of the Transaction (including the expression by the Company’s board of directors of an opinion in support of the Tender Offer and the recommendation to the Company’s shareholders to tender their shares in the Tender Offer) is not disadvantageous to the minority shareholders of the Company (collectively, the “**Inquired Matters**”). In addition, the Company’s board of directors resolved, upon establishing the Special Committee, (i) to give the highest degree of respect to the decisions of the Special Committee when making decisions on the Transaction (including the decision whether to support the Tender Offer) and (ii) if the Special Committee

determines that the terms and conditions of the Transaction are not appropriate, not to approve the Transaction under those terms and conditions, and resolved to authorize the Special Committee (i) to be substantially involved in negotiations between the Company and ITOCHU (including, as necessary, giving instructions or requests about the Company's negotiation policy with ITOCHU), (ii) to appoint or nominate its own financial advisors or third-party valuation agents and legal advisors if necessary when deliberating and making decisions regarding the Inquired Matters (any expenses incurred in this case are to be borne by the Company) or to nominate or approve (including ex post facto approval) the Company's financial advisors, legal or other advisors and (iii) to receive from the Company's officers and employees and other persons whom the Special Committee considers necessary any information reasonably necessary for conducting the deliberations and making decisions regarding the Inquired Matters as necessary (please refer to "C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee" in "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" in "3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters" below on how these resolutions were made at this board of directors meeting.).

As stated in "C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee" in "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" in "3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters" below, the Special Committee determined on April 7, 2023 to appoint Shibata, Suzuki & Nakada as its own legal advisor and PLUTUS CONSULTING Co., Ltd. ("**Plutus**") as its own financial advisor and third-party valuation agent, based on the authority described above.

In addition, as stated in "C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee" in "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" in "3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters" below, the Special Committee confirmed that there were no concerns with respect to the independence from the Tender Offeror, Etc. and the Company Group, the expertise, accomplishments, and other matters concerning the Company's financial advisor and third-party valuation agent, Daiwa Securities, and the Company's legal advisor, Mori Hamada & Matsumoto, and approved the appointment of Daiwa Securities and Mori Hamada & Matsumoto.

Further, as stated in "G. Establishment of an Independent Deliberation Framework at the Company" in "(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest" in "3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters" below, the Company established an internal framework for deliberating, negotiating and making decisions regarding the Transaction (including the scope of the officers and employees of the Company involved in deliberating, negotiating and making decisions regarding the Transaction, and their duties) from a standpoint independent of the Tender Offeror, Etc., and obtained approval from the Special Committee that there were no concerns with respect to that deliberation framework from the standpoint of independence and fairness.

After that, the Company received advice from a financial point of view, including a report on the result of the valuation of the Company Shares and advice on the negotiation policy with ITOCHU, from Daiwa Securities and received legal advice, including advice on measures to

ensure the fairness of the procedures in the Transaction, from Mori Hamada & Matsumoto and has carefully discussed and deliberated on whether to implement the Transaction and the reasonableness of the transaction terms and conditions, giving the highest degree of respect to the details of the opinion of the Special Committee.

Also, since the receipt of a proposal for the Transaction from ITOCHU on April 4, 2023, the Company continued to discuss and negotiate with ITOCHU on the terms and conditions of the Transaction, including the purchase price per the Company Share in the Tender Offer (the **“Tender Offer Price”**).

Specifically, given that the Company and the Special Committee received the proposal for the Transaction on April 4, 2023, the Company continued deliberations and negotiations at the Special Committee and submitted to ITOCHU written questions regarding the significance and purpose of the Transaction on April 25, 2023. On May 19, 2023, the Company and the Special Committee received a written response to such questions from ITOCHU. Furthermore, given such response, the Company and the Special Committee submitted additional written questions on May 25, 2023. At the Special Committee meeting held on May 31, 2023, the Company and the Special Committee received a response to such questions and explanations about the significance and purpose of the Transaction from ITOCHU, held question-and-answer sessions regarding these matters, and also had discussions regarding the significance and purpose of the Transaction. After that, the Company and the Special Committee further submitted additional written questions on June 1, 2023 and June 6, 2023 and received written responses to such questions from ITOCHU on June 2, 2023 and June 14, 2023 respectively. In addition, at the Special Committee meeting held on June 22, 2023, the Company and the Special Committee once again received explanations about the significance and purpose of the Transaction from ITOCHU, held question-and-answer sessions regarding these matters, and also had discussions regarding the significance and purpose of the Transaction.

The Company has engaged in multiple rounds of negotiations with Itochu regarding the Tender Offer Price since July 7, 2023. Specifically, as a result of the comprehensive consideration of the information obtained through the due diligence conducted by ITOCHU on the Company, the initial analysis of the value of the Company Shares conducted by Nomura Securities Co., Ltd. (**“Nomura Securities”**), the financial advisor of ITOCHU, on the assumption of such information, and the details of the initial analysis of the value of the Company Shares conducted by ITOCHU on the assumption of such information, the Company received a proposal for the Transaction from ITOCHU on July 7, 2023 including a proposal to set the Tender Offer Price for the Tender Offer at 3,800 yen (a premium of 6.77% on the share price of 3,559 yen, the closing price of the Company Shares listed on the Prime Market of the TSE as of the previous business day). However, on July 10, 2023, the Company requested a reconsideration of the Tender Offer Price on the grounds that the Tender Offer Price was significantly below the price level reflecting the intrinsic value of the Company. In response to this, on July 12, 2023, ITOCHU requested that the Company explicitly indicate the reasons why it evaluated the Tender Offer Price presented in the proposal made by ITOCHU on July 7, 2023 to be significantly below the price level reflecting the intrinsic value of the Company. Based on such request, on July 14, 2023, the Company explained the explicit reasons why the Tender Offer Price presented by ITOCHU in the proposal made on July 7, 2023 was significantly below the price level reflecting the intrinsic value of the Company, based on the long-term movement of the market stock price, and made a request to ITOCHU again to raise the Tender Offer Price. Then, upon the Company’s request, the Company received a revised proposal on July 18, 2023 from ITOCHU to set the Tender Offer Price at 4,000 yen (a premium of 12.74% on the share price of 3,548 yen, the closing price of the Company shares on the TSE as of the previous business day). However, on July 19, 2023, the Company requested again a reconsideration of the Tender Offer Price on the grounds that the Tender Offer Price was significantly below the price level reflecting the

intrinsic value of the Company. After that, upon the Company's request, the Company received a revised proposal on July 26, 2023 from ITOCHU to set the Tender Offer Price at 4,080 yen (a premium of 16.47% on the share price of 3,503 yen, the closing price of the Company shares on the TSE as of the previous business day). However, on that day, the Company requested again to raise the Tender Offer Price on the grounds that the Tender Offer Price was not reached the price that the Company can support the Tender Offer based on the result of valuation of the Company Shares by the financial advisors of the Company and the Special Committee, and the current level of stock price. After that, upon the Company's request, the Company received a revised proposal on July 27, 2023 from ITOCHU to set the Tender Offer Price at 4,090 yen (a premium of 14.41% on the share price of 3,575 yen, the closing price of the Company shares on the TSE as of the previous business day). However, on that day, the Company requested again to raise the Tender Offer Price on the grounds that the Tender Offer Price was not reached the price that the Company can support the Tender Offer based on the result of valuation of the Company Shares by the financial advisors of the Company and the Special Committee, and the current level of stock price. Subsequently, upon receiving the Company's request, ITOCHU notified the Company once again on the same day that it would be difficult to raise the Tender Offer Price to 4,200 yen or above, however, on August 1, 2023, the Company again received a proposal from ITOCHU to set the Tender Offer Price at 4,325 yen per share (a premium of 20.07% on the share price of 3,602 yen, the closing price of the Company Shares on the TSE Prime Market as of the previous business day), and on the same day, the Company sent a response to ITOCHU indicating its acceptance of the proposal and reached agreement to set the Tender Offer Price at 4,325 yen.

During the above deliberation and negotiation processes, when consulting and negotiating with ITOCHU regarding the Tender Offer Price, the Company conducted the deliberations, taking into account the opinions of the Special Committee and advice received from Daiwa Securities and Mori Hamada & Matsumoto. At that time, the Special Committee received advice from Plutus and Shibata, Suzuki & Nakada, advisors of the Special Committee, from time to time, exchanged opinions with the Company and advisors of the Company, and carried out confirmation and approval as appropriate. Specifically, to start with, the Special Committee confirmed and approved in advance the reasonableness of the details, material assumptions, the preparation process, and the like of the Company's business plan that the Company presented to ITOCHU and constitutes the basis for the calculation of the value of the Company Shares by Daiwa Securities and Plutus. Also, Daiwa Securities, the financial advisor of the Company, handled the negotiations with ITOCHU in accordance with the policy for negotiation that was determined in advance upon deliberations at the Special Committee, and whenever it received a proposal on the Tender Offer Price from ITOCHU it immediately made a report to the Special Committee, and received opinions, instructions and requests, etc. on matters, such as the negotiation policy with ITOCHU, from the Special Committee and took measures in accordance with such opinions, instructions and requests, etc.

The Company received a written report (the “**Report**”) from the Special Committee on August 1, 2023 stating that the Special Committee believes that (i) it would be appropriate for the board of directors of the Company to resolve to express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer, and (ii) the decisions on the Transaction by the board of directors of the Company (in other words, (a) a decision to express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer and (b) a decision on the privatization procedures through the demand for share cash-out or the share consolidation which will be conducted after the Tender Offer as part of the Transaction (the “**Squeeze-Out Procedures**”)) would not be disadvantageous to the minority shareholders of the Company (for details of the Report, please refer to “C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee” in “(3) Measures to

Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” below). In addition to the Report, the Company also received from the Special Committee a share valuation report pertaining to the Company Shares that was submitted to the Special Committee by Plutus on August 1, 2023 (the “**Valuation Report (Plutus)**”) and a fairness opinion that the Tender Offer Price of 4,325 yen per share is fair to the Company’s minority shareholders from a financial perspective (the “**Fairness Opinion**”) (for outlines of the Valuation Report (Plutus) and the Fairness Opinion, please refer to “D. Obtainment by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Agent” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” below).

In light of this background, at its board of directors meeting held on August 2, 2023, the Company carefully discussed and deliberated whether the Transaction, including the Tender Offer, would contribute to enhancing the corporate value of the Company and whether the terms and conditions of the Transaction, including the Tender Offer Price, are reasonable, based on legal advice from Mori Hamada & Matsumoto, advice from a financial point of view from Daiwa Securities, and a share valuation report pertaining to the Company Shares received from Daiwa Securities on August 1, 2023 (the “**Company Valuation Report (Daiwa)**”), as well as the Valuation Report (Plutus) and the Fairness Opinion received through the Special Committee, giving the highest degree of respect to the decisions of the Special Committee presented in the Report.

As a result, as set out below, the Company reached a conclusion that the privatization of the Company through the Transaction including the Tender Offer by the Tender Offeror would contribute to the enhancement of the corporate value of the Company.

The Company Group has widely contributed to the customers’ needs and resolution of social issues in every industry by proving IT systems to a wide range of customers while staying ahead of industry trends and IT technology trends at all times since its foundation and utilizing solid partnerships with IT industry leaders in Japan and overseas with advanced technological capabilities.

With respect to the current environment surrounding the Company Group, in the course of the acceleration of DX (Digital Transformation) (Note 2) in the whole society due to the effects of COVID-19, purposes of IT investments by customers have shifted from its own cost reduction, business streamlining and the like to a creation of a new business model aiming at improving competitiveness, and the needs for IT services are becoming more sophisticated and diverse.

(Note 2) “DX” (digital transformation) refers to utilizing data and digital technology for the generation of a new business model and the reformation of existing business.

Specifically, the Company Group has been required not only to provide the most appropriate solutions while accurately identifying issues faced by customers but also to provide complex and sophisticated value-added services interweaving organically consulting, data analysis, business design/marketing, and operational improvement (BPO) (Note 3), etc. in addition to IT services in order to drive customers’ business transformation and solve social issues.

(Note 3) “BPO” (business process outsourcing) refers to the collective outsourcing of a part

of a company's business process (from planning/designing to implementation).

In addition, consulting firms with knowledge of their customers' activities on the business front are flexibly expanding their capabilities through M&A and the like, becoming players that handle everything from consulting to introduction of IT systems, and entering markets where previous system integrators, including the Company Group, have taken the lead.

As such, the business environment surrounding the Company Group has experienced significant structural changes, and it is expected to continue to change in the future.

In order to appropriately respond to such long-term changes in the business environment and further enhance the corporate value of the Company, the Company recognizes that in addition to strengthening and growing the existing businesses, expansion of highly value-added services including consulting, provision of advanced technologies and expansion of business activities in growing markets overseas are necessary and the Company needs to secure engineering resources, points of contact with foreign customers, further personnel exchanges with ITOCHU, and the like to provide the foregoing. The Company believes that it is also necessary to pursue non-organic growth (Note 4).

(Note 4) Non-organic growth refers to growth through capital and business alliance with or acquisition (M&A) of another company.

The Company believes that the early implementation of the above initiatives is necessary to enhance the corporate value of the Company over the medium to long term in the business environment which is expected to change dramatically in the future, in which the Company operates, but since it is necessary for the investments to be made in advance for the early implementation of the above initiatives and such investments entails uncertainty, the business performance of the Company might deteriorate in the short term. In addition, as long as the Company is listed, since the Company needs to pursue the interests of the shareholders of the Company, it is currently difficult for the Company to simultaneously and quickly execute investments that might cause the business performance of the Company to deteriorate in the short term.

Under these circumstances, the Company believes that the Company can steadily realize the above initiatives by utilizing the network and know-how of the ITOCHU Group as well as the management resources and know-how of the Company. With respect to the pursuit of non-organic growth, the Company is considering collaborating with, or acquiring a third party that can contribute to the enhancement of the corporate value of the Company by utilizing the network of the ITOCHU Group, and plans to secure engineering resources and acquire new business opportunities through such collaboration.

However, the Company received an explanation that there is an issue under the current capital relationship between ITOCHU and the Company, in that a part of the profits of the Company Group that is obtained from the management resources allocated to the Company Group by ITOCHU flows out to minority shareholders of the Company, therefore ITOCHU is unable to obtain all the profits obtained from the management resources it allocated, which creates structural conflicts of interest between ITOCHU and minority shareholders of the Company, and as a result, allocation of the management resources to the Company by ITOCHU will be restricted.

The Company reached a conclusion that given the above mentioned business environment surrounding the Company Group, the Company can expect the creation of the following synergies through flexible and steady implementation of management measures, which will lead to further enhancement of the corporate value of the Company, by privatizing the Company

through the Transaction, resolving the structural conflicts of interest between ITOCHU and minority shareholders of the Company and enabling further allocation of the management resources to the Company Group by ITOCHU.

I. Acceleration of growth strategies by securing engineering resources

Since approximately 70% of the members of the Company Group are engineers, the Company Group has established a system for training and utilizing the capacity of engineers who perform a role in the creation of value of the Company Group, and has expanded our businesses through a system of collaboration with alliance partners (domestic and overseas SI partners). While the Company assumes that in association with changes in the business environment surrounding the Company Group, the competition for engineering resources will further intensify in the future, it believes that the acceleration of growth strategies can be expected in the Company Group by utilizing ITOCHU's network or collaboration opportunities in various industry areas, countries or regions. For example, the Company believes that engineering resources are expected to be secured over the short term and medium to long term through a capital alliance with domestic and overseas major offshore and onshore development companies through ITOCHU, and further strengthening of the system of collaboration with alliance partners will lead to the acceleration of growth strategies.

II. Expansion of business areas through improvement of the digital value chain (Note 5)

ITOCHU has been undertaking improvement of its digital value chain for some time. The Company Group has utilized solid partnerships with IT industry leaders in Japan and overseas with advanced technological capabilities, and provided IT systems to a wide range of customers. The Company believes that by closely cooperating with companies that have various functions such as consulting and data analysis, UI design (Note 6) and UX design (Note 7) in various business channels owned by the ITOCHU Group, the Company, together with ITOCHU, will be able to provide customers with a digital value chain with higher added value, and expects to expand its business areas as a result.

(Note 5) “Digital value chain” refers to the collective functions set forth by ITOCHU that will be necessary for customers in utilizing IT and digital technology, as follows: “consulting and data analysis,” “business designing and marketing,” “IT service,” and “operational improvement and BPO” and means the collective term for those functions.

(Note 6) UI design: UI is an abbreviation of User Interface. It refers to design services or products so that users can use them easily.

(Note 7) UX design: UX is an abbreviation of User Experience. It refers to design services and products in order to improve all aspects of users' customer experience through services or products.

III. Expansion and sophistication of global business deployment

The Company believes that by utilizing ITOCHU's management know-how and network in

foreign countries, in addition to the Company's global partnership with the world's leading IT vendors, the Company will be able to achieve expansion and sophistication of business activities in developed IT markets such as North America, etc. The Company also believes that it can increase overseas profits by globally deploying its know-how in provision of IT systems in Japan by using ITOCHU's network. For example, the Company believes that the Company will be able to expand customer bases through the acquisition of or collaboration with North American companies using ITOCHU's network, and secure access to or form a technical alliance with partners with advanced IT technologies.

IV. Further strengthening of comprehensive capabilities of the Company Group through more active personnel exchanges

The main personnel exchanges until now have been between the Company and the ICT Division and IT & Digital Strategy Division of ITOCHU. The Company believes that by expanding the scope of personnel exchanges to other divisions and group companies of ITOCHU in the future, the Company will be able to increase the number of cases of DX provision to various divisions of the ITOCHU Group, and link such cases to service modelling, thereby increasing profits through horizontal expansion to customer companies.

In addition, the Company believes that seeking to improve skills of the employees of the Company Group through more active personnel exchanges between the Company Group and the ITOCHU Group will enable the Company to realize the provision of highly value-added services to customer companies. The Company Group believes that accelerating acquisition of new career opportunities through the knowledge and experience of the business front of the ITOCHU Group, as a client side for IT utilization and digitalization, experience engaging in M&A, capital and business alliances, experience in business management in Japan and overseas, and other experiences will enable the Company Group to further enhance the comprehensive capabilities of the Company Group.

The Company has considered the impacts on its business partners and other stakeholders as well as the possibility of a drop of employee motivation due to a decline in its brand power as a listed company, as a result of the privatization of the Company through the Transaction. However, ITOCHU intends (i) to continue discussions between the Tender Offerors and the Company after the Transaction regarding the management structure and the composition of the board of directors of the Company, with the aim to establish a structure that ensures appropriate governance that respects the uniqueness of the Company and maximizes the synergy effects with the ITOCHU Group, including the Company, after the Transaction, (ii) that with regard to changes of the continued employment policy or the treatment regarding employees of the Company, or transfer of the Company's employees to ITOCHU Group companies other than the Company after the completion of the Tender Offer, there is no matter decided at this time (however, in the future, ITOCHU may change the policy or the treatment, and conduct relocation after consultation with the Company in case where ITOCHU determines that it is strategically and rationally necessary.) and (iii) to examine measures leading to enhancement of the Company's branding while taking into consideration the Company's intentions carefully, in order to maintain the motivation of the Company's employees, etc. with the growth and structural changes continuing in the domestic IT market and securing engineering resources becoming important issues. In light of these factors, the Company believes that the Company's privatization through the Transaction will be acceptable to the Company Group's business partners, employees, and other stakeholders.

The Company has determined that the Tender Offer Price of 4,325 yen is a reasonable price that

secures the interests to be enjoyed by the general shareholders of the Company as stated in “(v) Amount Expected to be Delivered to the Shareholders as a result of the Processing of Fractions and Matters Concerning Appropriateness of Such Amount” of “B. Method of processing of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the processing of fractions and matters concerning appropriateness of such amount” of “(1) Grounds of and Reasons for the Amount Expected to be Delivered to the Shareholders as a result of the Processing of Fractions” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” below, and that the Tender Offer would provide the shareholders of the Company with an opportunity to sell their shares at a price inclusive of a reasonable premium and upon reasonable terms and conditions.

Based on the above, at its board of directors meeting held on August 2, 2023, the Company adopted a resolution to express an opinion in support of the Tender Offer and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

For the details of the method of the resolution of the Company’s board of directors described above, please refer to “H. Approval of All Disinterested Directors at the Company and Opinion of All Disinterested Audit & Supervisory Board Members that They Had No Objection” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” below.

Thereafter, as stated above, although the Tender Offer has been successfully completed, the Tender Offeror failed to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and ITOCHU, and the treasury shares held by the Company) through the Tender Offer. The Company, upon receiving a request from ITOCHU, has decided by a resolution of its board of directors as of October 16, 2023 to propose at the Special shareholders’ Meeting the Share Consolidation that would result in 35,400,400 Company Shares being consolidated into one Company Share as stated in “B. Consolidation ratio” of “(2) Details of the Share Consolidation” in “2. Outline of the Share Consolidation” below, in order to have the Company’s shareholders comprise of only the Tender Offerors, subject to the approval of the shareholders at that meeting.

Please note that, as a result of the Share Consolidation, the number of the Company Shares held by the shareholders other than the Tender Offerors will be a fraction of less than one share.

2. Outline of the Share Consolidation

(1) Schedule of the Share Consolidation

Date for public notice of record date for the Special Shareholders’ Meeting	Wednesday, September 13, 2023
Record date for the Special Shareholders’ Meeting	Saturday, September 30, 2023
Date of resolution by board of directors meeting	Monday, October 16, 2023

Date of the Special Shareholders' Meeting	Tuesday, November 14, 2023 (scheduled)
Date of designation as stock to be delisted	Tuesday, November 14, 2023 (scheduled)
Last trading date	Thursday, November 30, 2023 (scheduled)
Delisting date	Friday, December 1, 2023 (scheduled)
Effective date of the Share Consolidation	Tuesday, December 5, 2023 (scheduled)

(2) Details of the Share Consolidation

A. Class of shares subject to consolidation

Common Shares

B. Consolidation ratio

The Company will consolidate 35,400,400 shares of the Company Shares into one share.

C. Number of shares by which the total number of issued shares will be reduced

231,191,028 Shares

(Note): Since the Company decided, by a resolution of its board of directors as of today, to cancel 8,808,966 shares of its treasury shares to be effected on December 4, 2023, the number of shares by which the total number of issued shares will be reduced is based on the total number of issued shares after that cancellation.

D. Total number of issued shares before the consolidation takes effect

231,191,034 Shares

(Note): Since the Company decided, by a resolution of its board of directors as of today, to cancel 8,808,966 shares of its treasury shares to be effected on December 4, 2023, the total number of issued shares before the consolidation takes effect is the total number of issued shares after that cancellation.

E. Total number of issued shares after the consolidation takes effect

6 Shares

F. Total Number of Authorized Shares as of the effective date

24 Shares

G. Method of processing of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the processing of fractions

As stated in “Purposes of and Reasons for the Share Consolidation” above, as a result of the Share Consolidation, the number of Company Shares held by each shareholder other than the Tender Offeror will be a fraction of less than one share.

For the fractions of less than one share resulting from the Share Consolidation, a number of Company Shares equal to the aggregate number of fractional shares (any fraction of less than one share in the aggregate number of fractional shares will be rounded down) will be sold off, and the amount of proceeds from the sale of the shares will be delivered to the shareholders in proportion to the fractional shares attributed to them.

For this sale, in light of the fact that the Share Consolidation will be conducted as a part of the Transaction for the purpose of having the Company’s shareholders comprise of only the Tender Offerors, and that the Company Shares will become shares without a market price as they are intended to be delisted as of December 1, 2023, thus, are less likely to have a purchaser upon public auction, the Company plans to make the sale to the Tender Offeror (Digital Value Chain Partners, GK) after obtaining permission from a court pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter), which applies mutatis mutandis to Article 235, Paragraph 2 of the same Act.

In this case, if the above court permission is obtained as planned, the selling price would be set at a price that will ensure delivery of an amount of money to fractional shareholders that is equal to the amount derived by multiplying the number of the Company Shares held by shareholders by 4,325 yen, which is an amount equal to the Tender Offer Price.

3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters

(1) Grounds of and Reasons for the Amount Expected to be Delivered to the Shareholders as a result of the Processing of Fractions

A. Matters Noted in order not to be Disadvantageous to the Interests of the Shareholders other than the Parent Company, etc. when there is a Parent Company, etc.

Given that ITOCHU is a controlling shareholder of the Company (parent company), whose Ownership Ratio of the Company Shares is 61.24%, and the Transaction (including the Tender Offer) constitutes a material transaction, etc. with a controlling shareholder, and the Transaction constitutes transactions that typically involve structural conflict of interest issues and information asymmetry issues, in order to address those issues and to ensure the fairness of the Transaction, the Company implemented the measures stated in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” below. Of the measures set out below, the measures that have been implemented by the Tender Offerors are based on explanations given by the Tender

Offerors.

B. Method of processing of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the processing of fractions and matters concerning appropriateness of such amount

(i) Whether the processing is planned to be handled in accordance with the provisions of Article 235, Paragraph 1 of the Companies Act or Article 234, Paragraph 2 of the Companies Act, which applies mutatis mutandis to Article 235, Paragraph 2 of the Companies Act, and the reason thereof

Please refer to “G. Method of processing of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the processing of fractions” of “(2) Details of the Share Consolidation” in “2. Outline of the Share Consolidation” above.

(ii) Name or company name of the person who is expected to purchase shares for sale

Digital Value Chain Partners, GK

(iii) Method of securing funds for the payment of money for the share sale by the person who is expected to purchase the shares for sale, and appropriateness of that method

The Company has confirmed that the Tender Offeror is able to secure funds for the acquisition of the Company Shares in a number equal to the aggregate amount of the fractions resulting from the Share Consolidation by way of confirming the loan certificate dated August 2, 2023 from ITOCHU Treasury Corporation to the effect that it is prepared to make a loan to the Tender Offeror up to 312.1 billion yen, and the certificate of contribution dated August 2, 2023 from ITOCHU to the effect that it is prepared to make a contribution to the Tender Offeror up to 78.0 billion yen.

For that reason, the Company has determined that the method of securing funds by the Tender Offeror for the payment required for the purchase of Company Shares equal to the aggregate number of fractions less than one share is appropriate.

(iv) Prospective time of sale and prospective time of delivery of prospective sale proceeds to the shareholders

The Company will file a petition to the court to seek permission to sell the Company Shares equal to the aggregate number of fractional shares less than one share resulting from the Share Consolidation and to have the Tender Offeror purchase such Company Shares pursuant to the provisions of Article 234, Paragraph 2 of the Companies Act, which applies mutatis mutandis to Article 235, Paragraph 2 of the same Act, in or around middle of December 2023 or late December 2023. Although the time of obtaining such permission may vary depending on the circumstances of the court, the Company expects, with such court permission, to sell such Company Shares by way of the Tender Offeror purchasing such shares in or around late December 2023 or middle of January 2024, and after making preparations necessary for delivery of the proceeds from such sale to the shareholders, to deliver such sale proceeds to the shareholders in or around late February 2024 or middle of March 2024.

The Company has determined that Company Shares equal to the aggregate number of fractional shares less than one share resulting from the Share Consolidation will be sold

and that such sale proceeds will be delivered to the shareholders at the respective times stated above, taking into account the period necessary for the series of procedures for the sale after the effective date of the Share Consolidation.

(v) Amount Expected to be Delivered to the Shareholders as a result of the Processing of Fractions and Matters Concerning Appropriateness of Such Amount

In the Share Consolidation, the Company will deliver to the shareholders the amount equal to the number of Company Shares held by the shareholders multiplied by 4,325 yen that is the same amount as the Tender Offer Price.

The Company has determined that the Tender Offer Price (4,325 yen) is a reasonable price that secures the interests to be enjoyed by the general shareholders of the Company, and that the Tender Offer would provide the shareholders of the Company with an opportunity to sell their shares at a price inclusive of a reasonable premium and upon reasonable terms and conditions, based on:

- i the fact that the price exceeds the upper limit of the calculation result using the market price method and the comparable company comparison method, and is within the range of the calculation result using the discounted cash flow method (the “DCF Method”), in the calculation result of the share price valuation of the Company Shares by Daiwa Securities stated in “B. Obtainment by the Company of a Share Valuation Report from an Independent Third-Party Valuation Agent” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” below;
- ii the fact that the price exceeds the upper limit of the calculation result using the market price method and the comparable company comparison method, and exceeds the median value of the calculation result using the DCF method, in the calculation result of the share price valuation of the Company Shares by Plutus in the Valuation Report (Plutus) stated in “D. Obtainment by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Agent” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” below. The Special Committee also obtained the Fairness Opinion from Plutus, which states to the effect that 4,325 yen per share as the Tender Offer Price is fair to the minority shareholders of the Company from a financial point of view;
- iii the fact that the price represents (a) a premium of 18.69% on 3,644 yen, the closing price of the Company Shares on the Prime Market of the TSE as of August 1, 2023, which is the business day immediately preceding the announcement date of the Tender Offer, (b) a premium of 21.59% on 3,557 yen (rounded to two decimal places; the same applies for calculations of average closing prices hereinafter), which is the simple average closing price for the one-month period ending on that day (from July 3, 2023 to August 1, 2023), (c) a premium of 20.57% on 3,587 yen, which is the simple average closing price for the three-month period ending on that day (from May 2, 2023 to August 1, 2023), and (iv) a premium of 27.36% on 3,396 yen, which is the simple average closing price for the six-month period ending on that day (from February 2, 2023 to August 1, 2023).
- iv the fact that the price is set to be equal to the highest closing price of the Company Shares in the previous 20 years (meaning the closing price on August 3, 2020) in light of the long-term share price trends of the Company;
- v the fact that it is deemed that measures to ensure fairness of the Tender Offer stated in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” below have been taken and the interests of general shareholders

are secured;

vi the fact that the price is a price increased from 3,800 yen, the initial offer price proposed by ITOCHU, based on sufficient negotiations conducted on multiple occasions with ITOCHU, in which the Special Committee independent of the Company and the Tender Offeror, Etc. was substantially involved, and after the Company taking sufficient measures to ensure the fairness of the terms and conditions of the Transaction, including the Tender Offer Price stated in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below; and

vii the fact that as stated in “C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” below, in the Report obtained from the independent Special Committee at the Company, the Special Committee determined that the appropriateness of the terms and conditions of the Transaction including the Tender Offer Price had been ensured.

In addition to the above, the Company has confirmed that there has been no material change in the terms and conditions on which the decision on the Tender Offer Price by the Company was based after the Company expressed an opinion in support of the Tender Offer and to recommend the Company’s shareholders to tender their shares in the Tender Offer, and by the time when the Company resolved to convene the Special Shareholders’ Meeting at the Company’s board of directors meeting held on October 16, 2023.

Based on the above, the Company has determined that the amount to be delivered to the shareholders of the Company as a result of the processing of fractions is reasonable.

C. Disposal of material assets, assumption of large obligations, and other events having a material effect on the status of company finances arising since the last day of the Company’s last business year

The Company has also decided, by a resolution of its board of directors held on October 16, 2023, to cancel its treasury shares (8,808,966 shares) as of December 4, 2023 (the sum of (i) the Company Shares (8,773,172 shares; this does not include 139,200 shares held by Mizuho Trust & Banking Co., Ltd. (re-trustee: Custody Bank of Japan, Ltd.), which has been delegated by the Company, pursuant to BBT) held by the Company as of September 30, 2023 and (ii) the shares (35,794 shares) to be acquired without compensation as of November 21, 2023 by the Company from Mizuho Trust & Banking Co., Ltd. (re-trustee: Custody Bank of Japan, Ltd.), which has been delegated by the Company, based on the related regulations pursuant to BBT). The cancellation of such treasury shares is subject to the proposal of the Share Consolidation being approved as proposed at the Special Shareholders’ Meeting, and the total number of issued shares of the Company after the cancellation (before conducting the Share Consolidation) will be 231,191,034 shares.

(2) Prospects of Delisting

A. Delisting

As stated in “1. Purposes of and Reasons for the Share Consolidation” above, in order to have the Company’s shareholders comprise of only the Tender Offerors, subject to the approval of the shareholders at the Special Shareholders’ Meeting, the Company will conduct the Share Consolidation. As a result, the Company Shares will be delisted through designated procedures in accordance with the delisting criteria established by the TSE.

After the Company Shares are designated as “stocks to be delisted” during the period from November 14, 2023 to November 30, 2023, they will be delisted on December 1, 2023. The Company Shares will no longer be traded on the Prime Market of the TSE after the delisting.

B. Reasons for Intending to Delist

As stated in “1. Purposes of and Reasons for the Share Consolidation” above, the Company concluded that taking the Company Shares private will contribute to the further enhancement of the corporate value of the Company.

C. Impact of the Delisting on Minority Shareholders and the Company’s Views Thereon

As stated in “C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” below, the Company received the Report from the Special Committee on August 1, 2023, which includes contents to the effect that the decisions on the Transaction by the board of directors of the Company (in other words, (a) a decision to express an opinion in support of the Tender Offer and recommend that the Company’s shareholders tender their shares in the Tender Offer and (b) a decision on the privatization procedures through the Squeeze-Out Procedures by the demand for share cash-out or the share consolidation which will be conducted after the Tender Offer as part of the Transaction) the Transaction is not disadvantageous to the minority shareholders of the Company.

(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest

A. Obtainment by ITOCHU of a Share Valuation Report from an Independent Third-Party Valuation Agent

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, ITOCHU requested that Nomura Securities, a financial advisor of ITOCHU, as a third-party valuation firm independent from the Tender Offerors and the Company, evaluate the Company Shares (Note 8).

After reviewing the financial condition of the Company and trends in the market price of Company Shares, Nomura Securities reached the view that the value of the Company Shares should be evaluated from multi-viewpoints. As a result of considering the valuation methods to be applied among several methods to evaluate the value of the Company Shares, Nomura Securities elected to use the following methods: the average

market price method, due to the existence of the market share price; comparable company analysis method, due to the fact that the existence of listed companies comparable to the Company enabled valuation of the value of the Company Shares by analogy; and the **DCF Method**, in order to reflect future business activities. ITOCHU has received a stock valuation report (hereinafter referred to as the “**Tender Offeror Stock Valuation Report**”) from Nomura Securities on August 2, 2023. Nomura Securities is not a related party of the Tender Offerors or the Company and does not have any material interest in the Tender Offer. Furthermore, by comprehensively considering the factors stated in “(4) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest,” ITOCHU considers that the interests of the Company’s minority shareholders have been sufficiently considered. Therefore, ITOCHU has not obtained a written opinion concerning the fairness of the Tender Offer Price (known as a fairness opinion) from Nomura Securities.

The ranges of the per-share-value of the Company Shares evaluated by Nomura Securities using each of the above methods are as follows:

Average market price method:	3,396 yen to 3,644 yen
Comparable company analysis method:	3,135 yen to 3,905 yen
DCF Method:	3,635 yen to 4,605 yen

The analysis under the average market price method demonstrates that the range of the per-share-value of the Company Shares is between 3,396 yen and 3,644 yen, on the basis that the closing price of the Company Shares on the record date was 3,644 yen; a simple average of the closing prices of the Company Shares in the previous five business days was 3,579 yen; a simple average of the closing prices of the Company Shares in the previous month was 3,557 yen; a simple average of the closing prices in the previous three months was 3,587 yen; and a simple average of the closing prices in the previous six months was 3,396 yen, all of which prices are those on the Prime Market of the TSE having August 1, 2023, as the record date.

Under the comparable company analysis method, through comparison with the market prices and financial indicators showing profitability of listed companies that engage in businesses comparatively similar to those of the Company, the analysis demonstrates that the range of the per-share-value of the Company Shares is between 3,135 yen and 3,905 yen.

The analysis under the DCF Method demonstrates that the range of the per-share-value of the Company Shares is between 3,635 yen and 4,605 yen, as a result of analyzing the corporate value and the share value of the Company by discounting the free cash flow that is expected to be generated by the Company in the future with a certain discount rate, based on the estimated revenue of the Company from the fiscal year ending March 31, 2024, taking into consideration revenue and investment plans in the business plan for the five fiscal years from the fiscal year ending March 31, 2024 through the fiscal year ending March 31, 2028, received from the Company, (the business plan received from the Company does not include the free cash flow) and provided after modification by ITOCHU, management interview of the Company, recent trends in the business performance, information publicly available and other factors. The business plan of the Company

based on the DCF Method does not include fiscal years in which a substantial increase/decrease in profit is expected. That business plan is not premised on the Transaction being implemented, and does not reflect the synergies expected by the Transaction being completed because it is difficult to specifically estimate those synergies at present.

By cumulatively considering the valuation results of the value of the Company Shares stated in the Tender Offeror Stock Valuation Report obtained from Nomura Securities, as well as the results of the due diligence conducted with respect to the Company from late April 2023 to late June 2023, the possibility of obtaining support for the Tender Offer from the Company's board of directors, and the outlook for the applications for the Tender Offer, and based on results of the discussions and negotiations of the Company, ITOCHU ultimately decided on August 2, 2023, that the Tender Offer Price would be 4,325 yen.

The Tender Offer Price of 4,325 yen is the amount obtained by adding a premium of 18.69% to 3,644 yen, which is the closing price of Company Shares on the Prime Market of the TSE on August 1, 2023, the business day immediately prior to the date of the announcement regarding the conduct of the Tender Offer, 21.59% to 3,557 yen, which is the simple average closing price for the past month, 20.57% to 3,587 yen, which is the simple average closing price for the past three months, and 27.36% to 3,396 yen, which is the simple average closing price for the past six months, respectively.

(Note 8) In evaluating the Company Shares, Nomura Securities has assumed, without independent verification, the accuracy and completeness of the information that was publicly available or supplied to it. Nomura Securities has not made any independent valuation, assessment, or appraisal of the assets or liabilities (including financial derivatives, out-of-book assets and liabilities, and other contingent liabilities) of the Company and its related companies, including analysis and valuation of individual assets and liabilities, nor has Nomura Securities requested an assessment or appraisal from any third-party organization. With respect to the financial projections (including the profit plan and other information) of the Company, Nomura Securities has assumed that they have been reasonably examined or revised by the management of ITOCHU based on the best and most faithful projections and judgments available at present. The valuation by Nomura Securities reflects the information and economic conditions that it obtained by August 1, 2023. The aim of Nomura Securities' valuation is only to contribute to the examination by the board of directors of ITOCHU of the value of the Company Shares.

B. Obtainment by the Company of a Share Valuation Report from an Independent Third-Party Valuation Agent

(i) Name of Valuation Agent and its Relationship with the Company and the Tender Offeror

When expressing its opinion on the Tender Offer, the Company requested Daiwa Securities, its financial advisor and third-party valuation agent independent from the Tender Offeror, Etc. and the Company Group, to calculate the Company's share value and obtained the Company Valuation Report (Daiwa) on August 1, 2023. Daiwa Securities is not a related party of the Tender Offeror, Etc. or the Company Group, and does not have any material interest in connection with the Transaction, including the Tender Offer, needing to be disclosed. Further, since the Tender Offeror and the Company have implemented the measures to ensure the fairness of the Tender Offer

Price and measures to avoid conflicts of interest, as stated in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest,” the Company has not obtained from Daiwa Securities any opinion concerning the fairness of the Tender Offer Price (Fairness Opinion). Remuneration for Daiwa Securities includes contingency fees to be paid subject to the completion or the like of the Transaction, but the Company appointed Daiwa Securities as its financial advisor and third-party valuation agent based on this remuneration system after taking into consideration customary practices in similar kinds of transactions.

(ii) Outline of Valuation pertaining to the Company Shares

After considering which methods should be applied to calculate the value of the Company Shares among various share value calculation methods available, and assuming that the Company is a going concern and keeping in mind that it is appropriate to evaluate the value of the Company Shares from various perspectives, Daiwa Securities analyzed the value per share of the Company Shares using (i) the market price method in order to take trends of the Company’s share price in the market into account, (ii) the comparable company comparison method because there are several listed companies that are comparable with the Company and it is possible to make an analogical inference of the share value of the Company Shares by comparing similar companies, and (iii) the DCF method so as to reflect in the evaluation the current and expected business results of the Company. The Company obtained from Daiwa Securities the Company Valuation Report (Daiwa) on August 1, 2023.

The following are the ranges of values per share of the Company Shares that were calculated based on each calculation method mentioned above.

Market Price Method: 3,396 yen – 3,644 yen

Comparable Company Comparison Method: 2,613 yen – 3,202 yen

DCF Method: 3,929 yen – 6,835 yen

Under the market price method, using August 1, 2023 as the valuation reference date, the value per share of the Company Shares was evaluated to range from 3,396 yen to 3,644 yen, based on the closing price of the reference date (3,644 yen), the simple average closing price for the most recent one month (from July 3, 2023 to August 1, 2023) (3,557 yen), the simple average closing price for the most recent three months (from May 2, 2023 to August 1, 2023) (3,587 yen) and the simple average closing price for the most recent six months (from February 2, 2023 to August 1, 2023) (3,396 yen) of the Company Shares on the Prime Market of the TSE.

Under the comparable company comparison method, the value per share of the Company Shares was evaluated to range from 2,613 yen to 3,202 yen, by selecting NS Solutions Corporation, TIS Inc., Information Services International-Dentsu, Ltd., Net One Systems Co., Ltd., BIPROGY Inc. and SCSK Corporation as comparable listed companies, which are considered similar to the Company, and using an enterprise-value-to-EBITDA multiple.

Under the DCF method, the value per share of the Company Shares was evaluated to

range from 3,929 yen to 6,835 yen, after analyzing the enterprise value and the share value of the Company calculated by discounting to the current value at a certain discount rate the free cash flow that the Company is expected to generate from the second quarter of the fiscal year ending March 31, 2024 based on the Company's estimated future earnings and investment plan in the business plan for a period of five fiscal years from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2028 prepared by the Company, publicly disclosed information, and other information. The financial forecasts used by Daiwa Securities for DCF analysis do not include business years during which a significant increase or decrease in revenue and free cash flow is expected. 4.8% to 6.8% is adopted as the discount ratio, the perpetuity growth rate method is adopted for the calculation of continuous value, and the perpetuity growth rate is determined to be 0.0% to 1.0%.

In the business plan prepared by the Company that was used for the DCF analysis conducted by Daiwa Securities, the synergies expected by the Transaction being completed are not reflected in the above evaluation because it is difficult to specifically estimate those synergies at present.

The figures of the Company's financial forecasts used as the basis for calculation by the DCF method are as follows.

(Unit: million yen)

	FY ending March 31, 2024 (nine months)	FY ending March 31, 2025	FY ending March 31, 2026	FY ending March 31, 2027	FY ending March 31, 2028
Sales Revenue	492,555	688,864	762,291	842,561	941,455
Operating Profit	49,224	71,476	79,069	87,271	97,478
EBITDA	55,544	85,991	93,584	101,786	111,993
Free Cash Flow	19,896	42,490	31,500	35,879	38,687

C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee

(i) Process of the Establishment of the Special Committee

As explained in “1. Reasons for the Share Consolidation” above, the Company established the Special Committee by a resolution at the meeting of the board of directors of the Company held on April 7, 2023. Prior to the establishment of the Special Committee, in order to establish a system to deliberate, negotiate, and make

decisions regarding the Transaction from the perspective of improving the Company's corporate value and ensuring the interests of the Company's general shareholders from a position independent from the Tender Offeror, Etc., the Company individually explained to the independent outside directors and independent outside audit & supervisory board members of the Company who do not have any significant interest in the Tender Offeror, Etc. based on advice from Mori Hamada & Matsumoto that (a) it received a written proposal about commencing deliberations and negotiations on the implementation of the Transaction from ITOCHU on April 4, 2023 and (b) it is necessary to take full measures, including establishing the Special Committee, in the course of conducting discussions and negotiations on the Transaction to ensure the fairness of the terms and conditions of the Transaction.

At the same time, the Company verified the independence and competence of its independent outside directors and independent outside audit & supervisory board members who were to be nominated as Special Committee members with the advice from Mori Hamada & Matsumoto, and confirmed that each of those candidate Special Committee members had no significant interest in the Tender Offeror, Etc. and no significant interest in the successful or unsuccessful completion of the Transaction that is different from the general shareholders. Thereafter, as a result of discussions by the independent outside directors and independent outside audit & supervisory board members of the Company with the advice from Mori Hamada & Matsumoto, the Company confirmed that there was no objection among them and appointed three people as candidate members of the Special Committee: Mr. Yasuhiro Ikeda (an independent outside director of the Company), who has abundant experience and insight as the Representative Director, President, and Chairman of Nichirei Foods Inc. and considerable knowledge with respect to business operations, Ms. Aya Motomura (an independent outside director of the Company), who has abundant experience and broad knowledge as a lawyer, and Mr. Katsuhiko Hara (an independent outside audit & supervisory board member of the Company), who has abundant experience and expertise as a certified public accountant (Mr. Yasuhiro Ikeda, who is an independent outside director of the Company, was appointed as a chairperson of the Special Committee, and members of the Special Committee have not been changed since its establishment.).

Thereafter, as explained in "1. Reasons for the Share Consolidation" above, the Company established the Special Committee by a resolution at the board of directors meeting held on April 7, 2023, and the Company commissioned the Special Committee to consider the Inquired Matters. Further, the Company's board of directors passed a resolution upon establishing the Special Committee that (i) the decision of the board of directors regarding the Transaction, including a decision on whether to support the Tender Offer, shall give the highest degree of respect to the contents of the decisions of the Special Committee and (ii) if the Special Committee determines that the terms and conditions of the Transaction are not appropriate, the Company's board of directors shall not approve the Transaction under those terms and conditions. Moreover, the Company's board of directors passed a resolution that it will authorize the Special Committee (i) to be substantially involved in the process of negotiations between the Company and ITOCHU (including, as necessary, giving instructions or requests about the Company's negotiation policy of negotiations with ITOCHU), (ii) to appoint or nominate its own financial advisors or third-party valuation agents and legal advisors if necessary when deliberating and making decisions regarding the Inquired Matters (any expenses incurred in this case are to be borne by the Company), or nominate or approve (including ex post facto approval) the Company's financial advisors, legal and other advisors and (iii) to receive from the Company's officers and employees and other

persons whom the Special Committee considers necessary any information reasonably necessary for deliberations and decisions regarding the Inquired Matters as necessary.

Of the seven directors of the Company, Mr. Ichiro Tsuge, Mr. Mamoru Seki, and Mr. Hiroshi Kajiwara formerly worked at ITOCHU or currently related to ITOCHU, so, in consideration of the fact that the Company is ITOCHU's subsidiary and that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, from the perspective of eliminating the possibility of the deliberations and resolution at the meeting of the board of directors of the Company being affected by such issues, the four directors excluding these three directors deliberated and passed the above resolutions with the unanimous approval at the above meeting of the board of directors of the Company. In addition, all of three audit & supervisory board members excluding Mr. Yasuyuki Harada, who formerly worked at ITOCHU, attended the above board of directors meeting and all of the audit & supervisory board members who attended the meeting expressed an opinion that they had no objection to the above resolutions.

Further, in consideration of the fact that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, from the perspective of eliminating the possibility of being affected by such issues, those three directors (Mr. Ichiro Tsuge, Mr. Mamoru Seki, and Mr. Hiroshi Kajiwara) out of directors of the Company and Mr. Yasuyuki Harada out of audit & supervisory board members of the Company did not participate in deliberations and resolutions at the board of directors meetings on the Transaction including the above board of directors meeting, and did not participate in discussions and negotiations on the Transaction in the position of the Company.

It was also decided that a fixed fee is to be paid to each Special Committee member as compensation for his or her duties regardless of whether the Transaction is successfully completed.

(ii) Process of Review

The Special Committee held a total of 19 meetings during the period from April 7, 2023 to August 1, 2023. In addition, the members of the Special Committee performed their duties regarding the Inquired Matters by, among other actions, reporting to and sharing information with other members as well as deliberating and making decisions on the relevant matters through e-mails from time to time as necessary between those meetings.

Specifically, the Special Committee first deliberated on matters such as the independence, expertise, accomplishments, and other matters, and it then made a decision to appoint Shibata, Suzuki & Nakada as its own legal advisor independent from the Tender Offeror, Etc. and the Company Group, and appoint Plutus as its own financial advisor and third-party valuation agent independent from the Tender Offeror, Etc. and the Company Group on April 7, 2023. The Special Committee confirmed that each of Shibata, Suzuki & Nakada and Plutus is not a related party of the Tender Offeror, Etc. or the Company Group and it does not have any significant interest in relation to the Transaction including the Tender Offer and that there is not any other concern with respect to the independence in the Transaction.

The Special Committee confirmed that there was no problem in terms of the independence, expertise, accomplishments, and other matters of Daiwa Securities, which is the Company's financial advisor and third-party valuation agent, and Mori

Hamada & Matsumoto, which is the Company's legal advisor, and approved the appointment of Daiwa Securities and Mori Hamada & Matsumoto.

The Special Committee also confirmed and approved that there is no problem, from the perspective of independence and fairness, with the internal system established by the Company for deliberations on the Transaction (including the scope of officers and employees of the Company who will be involved in deliberations, negotiations, and decisions on the Transaction, and their duties).

The Special Committee then deliberated on measures that need to be taken to ensure the fairness of the procedures in the Transaction based on the legal advice received from Shibata, Suzuki & Nakada and opinions heard from Mori Hamada & Matsumoto.

The Special Committee received explanations from and conducted Q&A sessions with ITOCHU about the background of decision-making on the proposal of the Transaction, the significance and purpose of the Transaction, management structure and policies after the Transaction, and other matters.

Moreover, the Special Committee obtained the Company's opinion and related information from the Company about the significance and purpose of the Transaction, the impact that the Transaction may have on the Company's businesses, management structure and policies after the Transaction, and other matters, and the Special Committee held a Q&A session on those matters.

In addition, the Special Committee was given an explanation from the Company on matters such as the contents, material conditions precedent, and the preparation progress of the business plan prepared by the Company and held a Q&A session on those matters, and the Special Committee confirmed and approved the reasonableness of those matters based on advice from a financial perspective from Plutus. Thereafter, as explained in "B. Obtainment by the Company of a Share Valuation Report from an Independent Third-Party Valuation Agent" above and "D. Obtainment by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Agent" below, Plutus and Daiwa Securities conducted valuations of the Company Shares based on the content of the business plans of the Company. The Special Committee received explanations from Plutus and Daiwa Securities about the calculation methods used in the valuation of the Company Shares by Plutus and Daiwa Securities, the reasons for using those calculation methods, the details of the calculation made using each of those calculation methods, and material conditions precedent for the valuation of the Company Shares conducted by Plutus and Daiwa Securities, and confirmed the reasonableness of those matters after holding Q&A sessions and discussing and deliberating on those matters. In addition, as explained in "B. Obtainment by the Company of a Share Valuation Report from an Independent Third-Party Valuation Agent" above and "D. Obtainment by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Agent" below, the Special Committee received a Fairness Opinion from Plutus as of August 1, 2023. Upon the receipt, the Special Committee received explanations from Plutus about the details of and material conditions precedent for the Fairness Opinion and confirmed those matters.

Furthermore, the Special Committee received reports from the Company and the Company's advisors about the negotiation between the Company and ITOCHU from time to time, and stated its necessary opinion with respect to the negotiation policy of the Company after deliberations and discussions based on advice from a financial

perspective from Plutus and advice from a legal perspective from Shibata, Suzuki & Nakada as necessary. Specifically, after the Company received each of the proposals for the Tender Offer Price from ITOCHU, the Special Committee was substantially involved in the discussion and negotiation process between the Company and the Tender Offeror by taking actions such as providing opinions to the Company on five occasions to the effect that the Company should request ITOCHU to increase the Tender Offer Price as a result of which the Company held negotiations with ITOCHU based on timely reports from the Company on the process, details, and the like of discussions and negotiations regarding the Tender Offer Price.

As a result, the Company received from ITOCHU a proposal that includes a Tender Offer Price of 4,325 yen per share on August 1, 2023. Consequently, the Tender Offer Price has been increased to 4,325 yen from the initial offer price (3,800 yen) proposed by ITOCHU.

In addition, the Special Committee received several explanations from Mori Hamada & Matsumoto about the details of the draft of this press release concerning the Tender Offer to be released by the Company, and the Special Committee confirmed that information will be fully disclosed while obtaining advice from Shibata, Suzuki & Nakada.

(iii) Decisions by the Special Committee

Under the above circumstances, the Special Committee submitted the Report mainly stating the matters set out below on August 1, 2023 to the board of directors of the Company with the unanimous agreement of its members as a result of careful and repeated discussions and deliberations about the Inquired Matters based on the details of the advice from a legal perspective from Shibata, Suzuki & Nakada, advice from a financial perspective from Plutus, and the Valuation Report (Plutus) and the Fairness Opinion submitted on August 1, 2023.

i Contents of the Decisions by the Special Committee

(a) The Special Committee believes it is appropriate for the board of the directors of the Company to pass a resolution to express its opinion in support of the Tender Offer and recommend that the Company's shareholders tender their Company Shares in the Tender Offer.

(b) The Special Committee believes the decision by the board of directors of the Company on the implementation of the Transaction (including the decision by the Company's board of directors to express an opinion in support of the Tender Offer and recommend to the Company's shareholders to tender their shares in the Tender Offer, and the decision to implement the Squeeze-out Procedures by the demand for share cash-out or the share consolidation which are to be conducted as part of the Transaction after the successful completion of the Tender Offer) would not be disadvantageous to the minority shareholders of the Company.

ii Reasons for the Decision

(a) Whether the Transaction Would Contribute to Enhancing the Corporate Value of the Company

Based on the following aspects, the Special Committee believes that the Transaction will contribute to enhancing the corporate value of the Company and that the purpose of the Transaction is reasonable.

- a. The Special Committee confirmed the following understandings and thoughts of ITOCHU by conducting Q&A in writing and by interviewing ITOCHU, and no particular issues or concerns needing to be indicated were found.
 - Since a certain portion of profits will flow out to minority shareholders of the Company when the ITOCHU Group provides management resources to the Company, ITOCHU considers that there are certain limitations on the allocation of the management resources to the Company Group by the ITOCHU Group from the perspective of economic rationality.
 - ITOCHU believes that the ITOCHU Group will be able to allocate further management resources to the Company Group by privatizing the Company through the Transaction, resolving the structural conflicts of interest between ITOCHU and minority shareholders of the Company, and completely reconciling the interests of the ITOCHU Group and the Company Group.
 - At present, ITOCHU does not anticipate any change in the Company's basic management policy, business operation policy, technology strategy and policy, and other policies even after the Transaction and intends to add new measures that utilize the management resources of the Company to the maximum extent while following the Company's growth strategies. If ITOCHU deems it strategically and reasonably necessary for the growth and development of the Company in the future, ITOCHU intends to make such addition or change after consulting with the Company.
 - With respect to personnel measures, ITOCHU considers that it is appropriate to maintain the systems currently adopted by the Company. At present, ITOCHU is not conducting any specific considerations of personnel measures such as changes in the working conditions of employees of the Company or a reduction in the number of employees of the Company after the Transaction.
 - ITOCHU intends to examine measures leading to enhancement of the Company's branding, taking into account the Company's intentions.
- b. The Special Committee confirmed the following understandings and thoughts of the Company by conducting Q&A sessions with the Company with respect to the understandings and thoughts of ITOCHU regarding the Transaction, and a Q&A session by interviewing Ichiro Tsuge, President & CEO of the Company, and no particular issue or concern needing to be indicated was found.
 - The Company believes that the implementation of management measures with support from the ITOCHU Group will enable the Company to execute non-organic growth strategies in addition to the existing organic growth, and expects advantages, such as the expansion of highly value-added services including consulting.
 - The Company does not recognize any particular material dissynergies arising from the integration of various functions with ITOCHU.

- ITOCHU already directly holds 61.24% of the Company Shares and many of business partners are aware of this, the Company considers that the business partners that would contemplate changing the business relationship due to the growing influence of ITOCHU would be limited.
 - The Company considers that while there are concerns that the delisting of the Company resulting from the Transaction may have an impact, etc. on a decrease in motivation and resignation of some employees, and the ability to secure personnel, such impact will be limited by implementing measures leading to enhancement of the Company's branding and providing sufficient explanations regarding the Transaction to employees of the Company.
- c. Upon prudent deliberation and examination, the Special Committee believes that the Company's view that the implementation of management measures with support from the ITOCHU Group will contribute to enhancing the corporate value of the Company is reasonable, given that (i) the explanations by ITOCHU about the significance and purpose of the Transaction had a certain degree of specificity, (ii) there were no unreasonable points with respect to the explanations by the Company based on the explanations by ITOCHU, (iii) while there are advantages in the Transaction, no particular material disadvantages of the Transaction were found, and (iv) the Company and ITOCHU share a common understanding regarding the issues and future direction of the business operations of the Company.

(b) Fairness of Procedures

Based on the following points, the Special Committee believes that from the perspective of securing the interests of the Company's general shareholders, fair procedures have been taken in the Transaction.

a. Establishment of the Special Committee

- In consideration of the fact that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, from the perspective of (i) addressing these issues, (ii) ensuring the fairness of the Transaction including the Tender Offer Price, (iii) eliminating arbitrariness in the decision-making process leading to the decision to conduct the Tender Offer, and (iv) avoiding conflicts of interest, the Company established and made inquiries with the Special Committee, which consisted of three members in total (two independent outside directors of the Company and one independent outside audit & supervisory board member of the Company).
- The Special Committee consisted of three members, namely Mr. Yasuhiro Ikeda, who has abundant experience and insight as the Representative Director, President, and Chairman of Nichirei Foods Inc. and considerable knowledge with respect to business operations, Ms. Aya Motomura, who has sophisticated expertise as a lawyer and abundant knowledge with respect to corporate legal affairs, and Mr. Katsuhiko Hara, who has sophisticated expertise and abundant

knowledge in finance and accounting as a certified public accountant, and therefore, the Special Committee is considered to have the experience and knowledge necessary to consider the Inquired Matters.

- From April 7, 2023 to August 1, 2023, the Special Committee conducted several discussions by holding 19 meetings in total for around 25 hours in total.
 - With respect to negotiations between the Company and ITOCHU, it is recognized that ITOCHU made 6 price proposals in total and that earnest negotiations in which the Special Committee was substantially involved have taken place after securing a situation in which reasonable efforts have been made with the aim of the Transaction being conducted under terms and conditions that are as advantageous as possible for general shareholders, in other words, a situation substantially equivalent to an arm's length transaction.
- b. Obtainment by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Agent
- In considering the Inquired Matters, the Special Committee appointed Plutus, which is its own financial advisor and third-party valuation agent independent from the Tender Offeror, Etc. and the Company Group, and obtained advice from Plutus from a financial perspective, including advice on the valuation of the share value of the Company and on negotiations with ITOCHU, and it obtained the Valuation Report (Plutus) and the Fairness Opinion dated August 1, 2023.
- c. Advice Obtained by the Special Committee from an Independent Law Firm
- In considering the Inquired Matters, the Special Committee appointed Shibata, Suzuki & Nakada as its own legal advisor independent from the Tender Offeror, Etc. and the Company Group, and obtained advice from a legal perspective concerning measures to be taken to ensure the fairness of the procedures in the Transaction and negotiations with ITOCHU from Shibata, Suzuki & Nakada.
- d. Obtainment by the Company of a Share Valuation Report from an Independent Third-Party Valuation Agent
- In order to ensure the fairness of the Tender Offer Price and fairness of other aspects of the Transaction, the Company appointed Daiwa Securities as its financial advisor and third-party valuation agent independent from the Tender Offerors, Etc. and the Company Group and the Special Committee approved the appointment after confirming that there is no concern with respect to its independence, expertise, accomplishments, and other matters at the meeting of the Special Committee.
 - Then, the Company received advice and assistance from Daiwa Securities from a financial perspective, including advice regarding the valuation of the share value of the Company and the negotiation policy with ITOCHU, and

obtained the Company Valuation Report (Daiwa) as of August 1, 2023.

e. Advice Obtained by the Company from an Independent Law Firm

- In order to ensure the fairness of the Tender Offer Price and fairness of other aspects of the Transaction, the Company appointed Mori Hamada & Matsumoto as its legal advisor independent from the Tender Offerors, Etc. and the Company Group and the Special Committee approved the appointment after confirming that there is no concern with respect to its independence, expertise, accomplishments, and other matters at the meeting of the Special Committee.
- Then, the Company obtained from Mori Hamada & Matsumoto legal advice concerning matters such as measures to be taken to ensure the fairness of the procedures in the Transaction, various procedures of the Transaction, and the method and process of decision-making or other matters to be noted in relation to decision-making by the Company on the Transaction.

f. Measures to Avoid Mutual Influence on Valuation by Plutus and Daiwa Securities

- When the Special Committee received explanations from and held Q&A sessions with Plutus and Daiwa Securities about (i) calculation methods used by them for their valuations of the share value of the Company Shares, (ii) the reasons for using those calculation methods, and (iii) the details of calculations and material conditions precedent for each calculation method, the measures were taken to avoid mutually influencing their valuations, not having Plutus participate in Daiwa Securities' explanatory and Q&A sessions, and not having Daiwa Securities participate in Plutus' explanatory and Q&A sessions.

g. Establishment of an Independent Deliberation Framework at the Company

- After the Company received a notice on March 7, 2023 to the effect that the Tender Offeror has commenced deliberations on the implementation of the Transaction, it has established a project team that implements deliberations on the Transaction (including preparation of a business plan that is to be the basis for the valuation of shares of the Company) and discussions and negotiations with ITOCHU. The project team only consists of officers and employees of the Company who do not concurrently serve as officers and employees of companies of the ITOCHU Group (excluding the Company Group) and had never held a position as officers or employees of companies in the ITOCHU Group (excluding the Company Group) in the past.
- Although Senior Managing Executive Officer Takanori Minatohara, who is an officer in charge of negotiating the Transaction, held a position as an employee at ITOCHU INTERACTIVE CORP. (“**ITOCHU INTERACTIVE**”; the trade name was ITOCHU ELECTRONICS CORP. at that time), a subsidiary of ITOCHU, until 1993, the Company has determined that there is no possibility

of being affected by the structural conflict of interests in the Transaction since approximately 30 years have passed since his resignation from his position as an employee of ITOCHU INTERACTIVE. The Special Committee has determined that such determination is reasonable and approved that there is no problem from the perspective of independence and fairness with the system for deliberation of the Company, including that treatment (including the scope and duties of the officers and employees of the Company involved in deliberations, negotiations, and decisions on the Transaction).

h. Non-Participation of Interested Directors and Audit & Supervisory Board Members at the Company

- Since of the seven directors of the Company, three (Mr. Ichiro Tsuge, Mr. Mamoru Seki, and Mr. Hiroshi Kajiware) formerly worked at ITOCHU or currently related to ITOCHU, so, in consideration of the fact that the Company is a subsidiary of ITOCHU and that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, from the perspective of eliminating the possibility of the deliberations and resolutions at the meeting of the board of directors of the Company being affected by such issues, those three directors had not participated in deliberations and resolutions at the board of directors meeting on the Transaction until August 1, 2023 and will not participate (or substantially participate) in any deliberation and resolution at the board of directors meeting scheduled to be held on August 2, 2023 with respect to expressing an opinion on the Transaction, and did not participate in examinations, discussions, and negotiations on the Transaction in the position of the Company.
- Mr. Yasuyuki Harada, who is an audit & supervisory board member formerly worked at ITOCHU. Therefore, he had not participated (or substantially participated) in any deliberation at the board of directors meeting on the Transaction until August 1, 2023 and will not participate in deliberations at the board of directors meeting scheduled to be held on August 2, 2023.

i. No Transaction Protection Clause

- The Company and the Tender Offeror have not agreed to any transaction protection clause that prohibits the Company from contacting acquisition offerors other than the Tender Offeror (“**Competing Acquisition Offerors**”) or made any other agreement on any matter that would restrict Competing Acquisition Offerors from contacting the Company.

j. Measures to Ensure Opportunities for the Company’s Shareholders to Appropriately Determine Whether to Tender Shares in the Tender Offer

- As a scheme of the Squeeze-Out Procedures, the Tender Offeror ensures an opportunity for the Company’s shareholders to properly decide whether or not to tender their shares in the Tender Offer and gives consideration to avoid

placing coercive pressure on the Company's shareholders by (i) planning to demand for share cash-out or make a demand to the Company to convene the special shareholders' meeting at which the agenda items will include proposals for the share consolidation of all of the Company Shares (excluding the Company Shares owned by ITOCHU and treasury shares owned by the Company), in accordance with the number of shares acquired by the Tender Offeror through the successful completion of the Tender Offer promptly after the completion of the settlement of the Tender Offer and a partial amendment to the Company's articles of incorporation to abolish the provisions on share units on the condition that the share consolidation takes effect, and employing methods ensuring the right of the Company's shareholders to request purchase of shares or to petition for a determination of the price of shares and (ii) clarifying that the amount of money to be delivered to the Company's shareholders as consideration for each Company Share in the demand for share 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 Company Shares owned by each of those shareholders (excluding ITOCHU, the Tender Offeror, and the Company).

- In order to ensure an appropriate opportunity for the shareholders of the Company to make a decision about the tendering of shares in response to the Tender Offer as a means to guarantee the fairness of the Tender Offer Price, the Tender Offeror has set the tender offer period in the Tender Offer to be 30 business days, which is longer than 20 business days, the shortest tender offer period specified in the laws and regulations.
- k. Not Setting of Minimum Number of Shares to be Purchased Exceeding the Number Equivalent to the Majority of Minority cannot be said unreasonable
- ITOCHU, the parent company of the Tender Offeror, has not set a minimum number of shares to be purchased by the so-called "majority of minority" in the Tender Offer because ITOCHU directly owns 141,601,600 shares of the Company Shares (Ownership Ratio: 61.24%), due to which the setting of a minimum number of shares to be purchased in the Tender Offer may make the successful completion of the Tender Offer unstable, which, in turn, may be disadvantageous for general shareholders that wish to tender their shares in the Tender Offer. However, based on the fact that (i) the Company has employed each of the methods above and implemented each of the measures as measures to ensure the fairness of the Tender Offer and to avoid conflicts of interest, and it may be considered that the interests of general shareholders of the Company are fully considered and (ii) it is considered that the Tender Offer Price is set at a reasonable level as described below, it cannot be said that not setting a minimum number of shares to be purchase by the so-called "majority of minority" in the Tender Offer is unreasonable.

(c) Appropriateness of Transaction Terms and Conditions

a. Tender Offer Price

The Special Committee considers that the Tender Offer Price of 4,325 yen is a

reasonable price for the reasons set out below.

- The Tender Offer Price is a price agreed to after a total of 6 price proposals by ITOCHU and is believed to be a price agreed to based on sufficient negotiations conducted on multiple occasions, from the initial offer price (3,800 yen) to the last offer price (4,325 yen), in which the Special Committee independent from the Company and the Tender Offerors was substantially involved, and after securing a situation in which reasonable efforts have been made with the aim of the Transaction being conducted under transaction terms and conditions that are as advantageous as possible for general shareholders, in other words, a situation substantially equivalent to an arm's length transaction.
- In light of the long-term share price trends of the Company, the Tender Offer Price is set to be equal to the highest closing price of the Company Shares in the previous 20 years (meaning the closing price on August 3, 2020) and does not have an adverse economic effect on the shareholders who have acquired the Company Shares on the market.
- The Company's business plan (from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2028), which was used as the basis for calculation of the share value by Plutus and Daiwa Securities, assumes a level of improvement and growth that is not inferior compared to the Medium-Term Management Plan (for the three years from April 2021 to March 2024) announced by the Company on April 28, 2021 and did not tend to be conservative compared to sales and operating profit forecasts set by competitors. As such, no unreasonable points were found, such as making assumptions that would cause an unreasonably low calculation of the Tender Offer Price.
- In the calculation result of the share price valuation by Daiwa Securities, the value per share of the Company Shares was evaluated to range from 3,396 yen to 3,644 yen under the market price method, from 2,613 yen to 3,202 yen under the comparable company comparison method, and from 3,929 yen to 6,835 yen under the DCF Method, and the Tender Offer Price exceeds the upper limit value of the calculation result using the market price method and the comparable company comparison method, and is within the range of the calculation result using the DCF Method. In addition, this calculation of the share price valuation was conducted after taking measures to avoid mutually influencing the respective calculations of the share value by Plutus and Daiwa Securities, and such calculation is determined to be credible since no particular unreasonable points were found with respect to the explanations provided by Daiwa Securities to the Special Committee.
- In the calculation result of the share price valuation by Plutus, the value per share of the Company Shares was evaluated to range from 3,396 yen to 3,644 yen under the market price method, from 3,490 yen to 3,938 yen under the comparable company comparison method, and from 3,916 yen to 4,722 yen under the DCF Method, and the Tender Offer Price exceeds the upper limit of the calculation result using the market price method and the comparable company comparison method, and is within the range of the calculation result using the DCF Method. In addition, this calculation of the share price valuation was conducted after taking measures to avoid mutually influencing

the respective calculations of the share value by Plutus and Daiwa Securities, and such calculation is determined to be credible since no particular unreasonable points were found with respect to the explanations provided by Plutus to the Special Committee.

- The Special Committee obtained the Fairness Opinion from Plutus on August 1, 2023. Plutus has stated the opinion that it believes that the Tender Offer Price is fair to the Company's minority shareholders from a financial perspective, and no particular unreasonable points were found with respect to the issuance procedures and details of the Fairness Opinion. As such, it is believed that the appropriateness of the Tender Offer Price is supported.
- The Tender Offer Price represents (a) a premium of 18.69% on 3,644 yen, the closing price of the Company Shares on the Prime Market of the TSE as of August 1, 2023, which is the business day immediately preceding the announcement date of the Tender Offer, (b) a premium of 21.59% on 3,557 yen, which is the simple average closing price for the one-month period ending on that day (from July 3, 2023 to August 1, 2023), (c) a premium of 20.57% on 3,587 yen, which is the simple average closing price for the three-month period ending on that day (from May 2, 2023 to August 1, 2023), and (iv) a premium of 27.36% on 3,396 yen, which is the simple average closing price for the six-month period ending on that day (from February 2, 2023 to August 1, 2023).

b. Amount to be Delivered to the Minority Shareholders Through Squeeze-Out Procedures

With respect to the Squeeze-Out Procedures that are planned to be implemented if the Tender Offeror fails to acquire all of the Company Shares in the Tender Offer, the amount of cash to be delivered to the minority shareholders will be calculated to be equal to the Tender Offer Price multiplied by the number of the Company Shares held by each such shareholder. Therefore, the Special Committee considers that the amount of cash is reasonable from the perspective that it is equal to the Tender Offer Price.

(d) Summary

As stated above, the Special Committee considers that the Transaction will contribute to enhancing the corporate value of the Company and the purpose of the Transaction is reasonable, that fair procedures have been taken in the Transaction from the perspective of securing the interests of the Company's general shareholders, and that the appropriateness of the terms and conditions of the Transaction such as the Tender Offer Price have been ensured. The Special Committee therefore believes that (i) it is appropriate for the board of the directors of the Company to pass a resolution to express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer and (ii) the decisions by the board of directors of the Company on the implementation of the Transaction (including the decision to express an opinion in support of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer and the decision to implement the Squeeze-out Procedures by the demand for share cash-out or the share consolidation which

are to be conducted as part of the Transaction after the successful completion of the Tender Offer) would not be disadvantageous to the minority shareholders of the Company.

D. Obtainment by the Special Committee of a Share Valuation Report and a Fairness Opinion from an Independent Third-Party Valuation Agent

(i) Name of Valuation Agent and its Relationship with the Company and the Tender Offeror

When considering the Inquired Matters, in order to ensure the reasonableness of the terms and conditions of the Transaction, including the Tender Offer Price, the Special Committee requested Plutus, its financial advisor and third-party valuation agent independent from the Tender Offeror, Etc. and the Company Group, to calculate the value of the Company Shares and to express an opinion on the fairness to the minority shareholders of the Company, from a financial perspective, of the terms and conditions of the Transaction, including the Tender Offer Price. The Special Committee obtained the Valuation Report (Plutus) and the Fairness Opinion on August 1, 2023.

Plutus is not a related party of the Tender Offeror, Etc. or the Company Group, and does not have any material interest in connection with the Transaction, including the Tender Offer, needing to be disclosed. Also, only a fixed-amount of remuneration, which is payable regardless of whether the Transaction succeeds, will be paid to Plutus in connection with the Transaction, and no contingency fees, which are payable subject to completion of the Transaction, including the Tender Offer, and other conditions, will be paid.

(ii) Outline of Valuation pertaining to the Company Shares

After considering which methods should be applied to calculate the value of the Company Shares among various share value calculation methods available, and assuming that the Company is a going concern and keeping in mind that it is appropriate to evaluate the value of the Company Shares from various perspectives, Plutus analyzed and calculated the value per share of the Company Shares using (i) the market price method in order to take trends of the Company's share price in the market into account, (ii) the comparable company comparison method because there are several listed companies that are comparable with the Company and it is possible to make an analogical inference of the share value of the Company Shares by comparing similar companies, and (iii) the DCF method so as to reflect in the evaluation the current and expected business results of the Company. The Special Committee obtained from Plutus the Valuation Report (Plutus) on August 1, 2023.

The following are the ranges of values per share of the Company Shares that were calculated based on each calculation method mentioned above.

Market Price Method: 3,396 yen – 3,644 yen

Comparable Company Comparison Method: 3,490 yen – 3,938 yen

DCF Method:

3,916 yen – 4,722 yen

Under the market price method, using August 1, 2023 as the valuation reference date, the value per share of the Company Shares was evaluated to range from 3,396 yen to 3,644 yen, based on the closing price of the reference date (3,644 yen), the simple average closing price for the most recent one month (from July 3, 2023 to August 1, 2023) (3,557 yen), the simple average closing price for the most recent three months (from May 2, 2023 to August 1, 2023) (3,587 yen) and the simple average closing price for the most recent six months (from February 2, 2023 to August 1, 2023) (3,396 yen) of the Company Shares on the Prime Market of the TSE.

Under the comparable company comparison method, the value per share of the Company Shares was evaluated to range from 3,490 yen to 3,938 yen, by selecting Nomura Research Institute, Ltd., SCSK Corporation, BIPROGY Inc. and NS Solutions Corporation as comparable listed companies, which are considered similar to the Company, and using an enterprise-value-to-EBIT and EBITDA multiple.

Under the DCF method, the value per share of the Company Shares was evaluated to range from 3,916 yen to 4,722 yen, after analyzing the enterprise value and the share value of the Company calculated by discounting to the current value at a certain discount rate the free cash flow that the Company is expected to generate from the second quarter of the fiscal year ending March 31, 2024 based on the Company's estimated future earnings and investment plan in the business plan for a period of five fiscal years from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2028 prepared by the Company, publicly disclosed information, and other information. 6.8% to 7.7% is adopted as the discount ratio, and the perpetuity growth rate method and the multiple method are adopted for the calculation of going-concern value. The perpetuity growth rate is determined to be 0% and the EBIT and EBITDA multiples are used for the calculation, which are 11.5 and 9.7 respectively.

The consolidated financial forecasts based on the business plan prepared by the Company, which was used by Plutus as the premise for the calculation of the DCF method, are as follows. The business plan prepared by the Company does not include business years during which a significant increase or decrease in revenue and free cash flow is expected. The synergies expected by the Transaction being completed, except for the effects of reduced listing maintenance costs, are not reflected in the above evaluation because it is difficult to specifically estimate those synergies at present.

(Unit: million yen)

	FY ending March 31, 2024 (nine months)	FY ending March 31, 2025	FY ending March 31, 2026	FY ending March 31, 2027	FY ending March 31, 2028
Sales Revenue	492,555	688,864	762,291	842,561	941,455

Operating Profit	49,769	71,552	79,153	87,364	97,580
EBITDA	56,089	86,067	93,668	101,879	112,095
Free Cash Flow	13,411	36,058	39,935	44,364	47,839

The Special Committee obtained the Fairness Opinion on August 1, 2023.

(iii) Outline of the Fairness Opinion

The Special Committee obtained the Fairness Opinion from Plutus on August 1, 2023 which stated to the effect that the Tender Offer Price of 4,325 yen per share is fair to the Company's minority shareholders from a financial perspective (Note 9). Plutus expresses the opinion that the Tender Offer Price of 4,325 yen per share is fair to the Company's minority shareholders from a financial perspective based on the results of calculation of the value of the Company Shares based on the business plan.

The Fairness Opinion was issued by Plutus based on the result of valuation of the Company Shares conducted by Plutus based on disclosure and explanation by the Company on the current situation and outlook of business of the Company Group, as well as Q&A sessions with the Company pertaining to the outline, background and purpose of the Tender Offer, examination of the Company Group's business environment, economy, market, and financial situation, to the extent deemed necessary by Plutus, and the review procedures of the Fairness Opinion by a review committee independent of the engagement team at Plutus.

(Note 9) In preparing and submitting the Fairness Opinion and calculating the share value underlying it, Plutus relied on information that was furnished by, or discussed with, the Company and base materials, and publicly available materials, assuming that they were accurate and complete, and that there was no fact that might have a material impact on the analysis and calculation of the share value of the Company Shares, which has not been disclosed to Plutus, and Plutus has not independently investigated or verified such facts, nor is it obligated to investigate or verify them.

Plutus has assumed that the Company's business outlook and other materials used as the basis for the Fairness Opinion were reasonably prepared by the management of the Company based on the best estimates and judgments at that time, and Plutus does not guarantee their feasibility and expresses no view as to the analysis or forecasts on which preparation is based or the premises on which they are based.

Plutus did not conduct an independent assessment or valuation of any assets or liabilities (including off-balance sheet assets and liabilities and other

contingent liabilities) of the Company and its affiliates, including any analysis or evaluation of individual assets and liabilities and did not receive any assessment report or valuation report relating to the foregoing matters, nor did Plutus assess the creditworthiness of the Company and its affiliates.

Plutus is not an agency specialized in law, accounting, or tax. Therefore, Plutus expresses no view as to any legal, accounting, or tax issues concerning the Tender Offer, nor has any obligation to do so.

The Fairness Opinion was prepared for the purpose of being used by the Company in considering the fairness of the Tender Offer Price, and the Fairness Opinion does not mention the position of the Transaction under the business strategies compared to alternative transactions that the Company would be able to implement or the benefits that would be brought by implementing the Transaction, and it does not state any opinion on whether the Tender Offeror should implement the Transaction.

The Fairness Opinion states an opinion as of its preparation date regarding whether the Tender Offer Price is fair from a financial perspective to the Company's minority shareholders based on the financial and capital markets, economic conditions, and other circumstances as of its preparation date, and the information that Plutus obtained until its preparation date, and the contents of the Fairness Opinion may be influenced by subsequent changes in the situation. However, even in that case, Plutus has no obligation to modify, change, or supplement the contents of the Fairness Opinion. Furthermore, the Fairness Opinion does not make any inference on or suggest any opinion on any matters other than those expressly stated in it or any matters on and after its submission date of the Fairness Opinion.

Plutus does not solicit investments in the Company or the like and has no authority to do so. The Fairness Opinion only expresses an opinion that the Tender Offer Price is not disadvantageous to the Company's minority shareholders from a financial perspective and is fair, does not express an opinion or make any recommendation regarding whether the Tender Offer should be implemented or whether the Company's shareholders should tender shares or take any action in the Tender Offer, and does not state any opinion to holders of securities issued by the Company, creditors or other stakeholders. Therefore, Plutus assumes no responsibility to any shareholder or third party who relies on this Fairness Opinion.

The Fairness Opinion was provided by Plutus for use as a basic material for the Company's board of directors and the special committee to make a decision on the Tender Offer Price, and other persons cannot rely on it.

E. Advice Obtained by the Special Committee from an Independent Law Firm

As explained in "C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee" above, the Special Committee appointed Shibata, Suzuki & Nakada as its legal advisor independent from the Tender Offeror, Etc. and the Company Group, and obtained legal advice concerning matters such as measures to be taken to ensure the fairness of the procedures in the Transaction and the discussions and deliberations by the Special Committee with respect to the Inquired Matters.

Shibata, Suzuki & Nakada is not a related party of the Tender Offeror, Etc. or the Company Group and it does not have any significant interest in relation to the Transaction, including the Tender Offer. The remuneration of Shibata, Suzuki & Nakada will be calculated by multiplying the number of hours worked by an hourly rate regardless of whether the Transaction is successfully completed, and no contingency remuneration subject to completion of the Transaction will be paid.

F. Advice Obtained by the Company from an Independent Law Firm

As explained in “1. Reasons for the Share Consolidation” above, the Company appointed Mori Hamada & Matsumoto as its legal advisor independent from the Tender Offeror, Etc. and the Company Group, and obtained legal advice concerning matters such as measures to be taken to ensure the fairness of the procedures in the Transaction, various procedures of the Transaction, and the method and process of decision-making or other matters to be noted in relation to decision-making by the Company on the Transaction.

In addition, as explained in “C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee” above, the Special Committee confirmed that there is no concern with respect to the independence, expertise, accomplishments, and other matters of Mori Hamada & Matsumoto and approved the appointment of Mori Hamada & Matsumoto.

Mori Hamada & Matsumoto is not a related party of the Tender Offeror, Etc. or the Company Group and it does not have any significant interest in relation to the Transaction, including the Tender Offer. The remuneration of Mori Hamada & Matsumoto will be calculated by multiplying the number of hours worked by an hourly rate regardless of whether the Transaction is successfully completed, and no contingency remuneration subject to completion of the Transaction will be paid.

G. Establishment of an Independent Deliberation Framework at the Company

As explained in “1. Reasons for the Share Consolidation” above, the Company internally established a system for deliberations, negotiations, and decisions on the Transaction from a position independent of the Tender Offeror, Etc. Specifically, after the Company received a notice on March 7, 2023 to the effect that the Tender Offeror has commenced deliberations on the implementation of the Transaction, it has established a project team that implements deliberations on the Transaction (including preparation of a business plan that is to be the basis for the valuation of shares of the Company) and discussions and negotiations with ITOCHU. The project team only consists of officers and employees of the Company who do not concurrently serve as officers and employees of companies of the ITOCHU Group (excluding the Company Group) and had never held a position as officers or employees of companies in the ITOCHU Group (excluding the Company Group) in the past, and that treatment is continuing. Although Senior Managing Executive Officer Takanori Minatohara, who is an officer in charge of negotiating the Transaction, held a position as an employee at ITOCHU INTERACTIVE (the trade name was ITOCHU ELECTRONICS CORP. at that time), a subsidiary of ITOCHU, until 1993, the Company has determined that there is no possibility of being affected by the structural conflict of interests since approximately 30 years have passed since his resignation from his position as an employee of ITOCHU INTERACTIVE.

Further, the approval of the Special Committee has been obtained with respect to the fact that there is no problem from the perspective of independence and fairness with the system for deliberation of the Company, including that treatment (including the scope and duties

of the officers and employees of the Company involved in deliberations, negotiations, and decisions on the Transaction).

H. Approval of All Disinterested Directors at the Company and Opinion of All Disinterested Audit & Supervisory Board Members that They Had No Objection

The Company carefully discussed and deliberated on whether the Transaction conducted by the Tender Offeror including the Tender Offer will contribute to the improvement of the corporate value of the Company and whether the terms and conditions of the Transaction including the Tender Offer Price are appropriate based on (a) legal advice received from Mori Hamada & Matsumoto, (b) advice from a financial perspective from Daiwa Securities, (c) the contents of the Company Valuation Report (Daiwa), (d) the Valuation Report (Plutus) and the Fairness Opinion submitted to the Company through the Special Committee, (e) the Report obtained from the Special Committee, (f) the content of the continuous discussions with ITOCHU, and (g) other related materials. Consequently, as explained in “1. Reasons for the Share Consolidation” above, the Company resolved at the meeting of its board of directors held on August 2, 2023 to express its opinion in support of the Tender Offer and recommend that the Company’s shareholders tender their Company Shares in the Tender Offer.

Of the seven directors of the Company, three (Mr. Ichiro Tsuge, Mr. Mamoru Seki, and Mr. Hiroshi Kajiware) formerly worked at ITOCHU or currently related to ITOCHU, so, in consideration of the fact that the Company is ITOCHU’s subsidiary and that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, from the perspective of eliminating the possibility of the deliberation and resolution at the meeting of the board of directors of the Company being affected by such issues, the four directors excluding these three directors deliberated and passed the above resolutions with the unanimous approval at the above meeting of the board of directors of the Company.

Further, of the four audit & supervisory board members of the Company, all of three audit & supervisory board members excluding Mr. Yasuyuki Harada, who formerly worked at ITOCHU, attended the above board of directors meeting and all of the audit & supervisory board members who attended the meeting expressed an opinion that they have no objection to the above resolutions. Of the four audit & supervisory board members of the Company, all of three audit & supervisory board members excluding Mr. Yasuyuki Harada, who formerly worked at ITOCHU, attended the Audit & Supervisory Board meeting held on August 2, 2023 prior to above resolutions at the above meeting of the board of directors of the Company, and it resolved to have no objection to the resolutions that the Company’s board of directors expresses an opinion in support of the Tender Offer and recommends that the shareholders of the Company tender their Company Shares in the Tender Offer with the unanimous consent of all audit & supervisory board members present.

Further, in consideration of the fact that the Transaction falls under a transaction that typically involves structural conflict of interests and asymmetry of information, from the perspective of eliminating the possibility of the Transaction being affected by such issues, those three directors (Mr. Ichiro Tsuge, Mr. Mamoru Seki, and Mr. Hiroshi Kajiware) out of directors of the Company and Mr. Yasuyuki Harada out of audit & supervisory board members of the Company did not participate in deliberations and resolutions at the board of directors meetings on the Transaction including the above board of directors meeting, and did not participate in discussions and negotiations on the Transaction in the position of the Company.

I. No Transaction Protection Clause

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

J. Measures to Ensure Opportunities for the Company's Shareholders to Appropriately Determine Whether to Tender Shares in the Tender Offer

As stated in “(5) Policy for Reorganization After the Tender Offer (Matters Concerning the So-Called “Two-Step Acquisition”)” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer in the Press Release, the Tender Offeror ensures an opportunity for the Company's shareholders to properly decide whether or not to tender their shares in the Tender Offer and gives consideration to avoid placing coercive pressure on the Company's shareholders by (i) disclosing that the Tender Offeror plans to demand for share cash-out or make a demand to the Company to convene the special shareholders' meeting at which the agenda items will include proposals for the share consolidation, in accordance with the number of shares acquired by the Tender Offeror through the successful completion of the Tender Offer, promptly after the completion of the settlement of the Tender Offer, and a partial amendment to the Company's articles of incorporation to abolish the provisions on share units on the condition that the share consolidation takes effect, and employing methods ensuring the right of the Company's shareholders to request purchase of shares or to petition for a determination of the price of shares and (ii) clarifying that the amount of money to be delivered to the Company's shareholders as consideration for each Company Share in implementing the Squeeze-out Procedures will be calculated to be equal to the price obtained by multiplying the Tender Offer Price by the number of the Company Shares owned by each of those shareholders (excluding the Company and the Tender Offeror).

In addition, although the shortest tender offer period specified in the laws and regulations is 20 business days, the Tender Offeror has set the tender offer period to be 30 business days, which is relatively longer than the shortest tender offer period specified in the laws and regulations. The Tender Offeror has set a comparatively long tender offer period to ensure an appropriate opportunity for the shareholders of the Company to make a decision about the tendering of shares in response to the Tender Offer as a means to guarantee the fairness of the Tender Offer Price.

4. Future Prospects

Upon the Share Consolidation, as stated in “A. Delisting” in “(2) Prospects of Delisting” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” above, the Company Shares will be delisted.

The Tender Offeror will promote the management described in “(ii) Background Leading to the Tender Offeror's Decision to Conduct the Tender Offer, and Purpose Thereof” in “B. Background, Purpose, and Decision-Making Process Leading to the Decision by the Tender Offeror to Conduct the Tender Offer” in “(2) Grounds and Reasons for the Opinion” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” in the Press Release.

5. Details of Transaction, Etc. with Controlling Shareholder

(1) Status of Conformity with Policy on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder

Since ITOCHU, a parent company of the Tender Offeror, is the controlling shareholder (the parent company) of the Company, a transaction with respect to the Share Consolidation constitutes a material transaction, etc. with a controlling shareholder. As stated in “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder” in the Corporate Governance Report disclosed on June 20, 2023, in conducting transactions with ITOCHU, a parent company of the Company, the Company pays attention to fairly and appropriately decide transaction conditions based on its reasonable judgment in the same manner as it would with standard transactions with a company that has no capital relationship with the Company.

With respect to the Transaction, including the Tender Offer and the Share Consolidation, the Company has implemented measures to ensure the fairness of the Transaction and to avoid conflicts of interest as stated in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details of and Grounds and Reasons for the Opinion on the Tender Offer” above. The Company believes that these measures are consistent with the policy stated above.

(2) Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

Please refer to “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” above.

(3) Outline of Opinion Stating that the Transaction Would Not be Disadvantageous to the Minority Shareholders, Obtained from a Party who has No Interest in the Controlling Shareholder

The Company received the Report from the Special Committee on August 1, 2023, which includes contents to the effect that the Special Committee believes that the decision by the board of directors of the Company on the implementation of the Transaction (including the decision by the Company’s board of directors to express an opinion in support of the Tender Offer and recommend to the Company’s shareholders to tender their shares in the Tender Offer, and the decision to implement the Squeeze-out Procedures by the demand for share cash-out or the share consolidation which are to be conducted as part of the Transaction after the successful completion of the Tender Offer) is not disadvantageous to the minority shareholders of the Company that the board of the directors of the Company resolves to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Company tender their shares in the Tender Offer. For details, please refer to “C. Establishment of an Independent Special Committee at the Company and Obtainment of a Report from the Special Committee” in “(3) Measures to Ensure the Fairness of the Transaction and Measures to Avoid Conflicts of Interest” in “3. Grounds for the Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions of Less Than One Share upon the Share Consolidation, and Other Relevant Matters” above. Please note that the Report concerns the Transaction including the Share Consolidation, so upon conducting the Share Consolidation the Company has not acquired

anew any opinion from persons not having interests in the controlling shareholder.

IV. Abolishment of the Provisions on Share Units

1. Reasons for Abolishment

If the Share Consolidation takes effect, the total number of issued shares of the Company will be 6 shares, and it will cease to be necessary to specify the number of shares constituting one unit.

2. Scheduled Abolishment Date

December 5, 2023 (Tuesday) (scheduled)

3. Conditions for Abolishment

The provisions will be abolished on the condition that the proposals for the Share Consolidation and a partial amendment to the Company's articles of incorporation to abolish the provisions on share units are approved as proposed at the Special Shareholders' Meeting, and the Share Consolidation takes effect.

V. Partial Amendment to the Articles of Incorporation

1. Purpose of Amendment to the Articles of Incorporation

- (1) If the proposal for the Share Consolidation is approved as proposed at the Special Shareholders' Meeting and the Share Consolidation takes effect, the Company will be considered to have amended its articles of incorporation to reduce the total number of authorized shares of the Company Shares to 24 shares in accordance with the provisions of Article 182, Paragraph 2 of the Companies Act. In order to clarify this point, Article 6 (Total Number of Authorized Shares) of the current articles of incorporation will be amended subject to the Share Consolidation taking effect.
- (2) If the First Proposal is approved as proposed at the Special Shareholders' Meeting and the Share Consolidation takes effect, the total number of issued shares of the Company will be 6 shares, and it will cease to be necessary to specify the number of shares constituting one unit. Therefore, subject to the Share Consolidation taking effect, the provisions of Article 8 (Number of Shares Constituting One Unit), Article 9 (Rights Pertaining to Shares Less Than One Unit), and Article 10 (Request for Making an Additional Purchase for Shares Less Than One Unit) of the current articles of incorporation will be entirely deleted in order to abolish the provisions regarding the number of shares constituting one unit for the Company Shares (currently 100 shares), and the remaining provisions will be renumbered accordingly.

2. Details of Amendment to the Articles of Incorporation

The details of amendment are as described below. The amendment to the articles of incorporation in this Proposal will become effective on December 5, 2023, which is the effective date of the Share Consolidation, on the condition that the First Proposal is approved as proposed at the Special Shareholders' Meeting and the Share Consolidation takes effect.

(Underlining indicates amendments.)

Current articles of incorporation	Proposed amendments
<p>Article 6 (Total Number of Authorized Shares)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>492,000,000</u> shares.</p>	<p>Article 6 (Total Number of Authorized Shares)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>24</u> shares.</p>
<p>Article 7</p> <p>(Omitted)</p>	<p>Article 7</p> <p>(No change)</p>
<p><u>Article 8 (Number of Shares Constituting One Unit)</u></p> <p><u>The number of shares constituting one unit of shares of the Company shall be one hundred (100).</u></p>	<p>(Deleted)</p>
<p><u>Article 9 (Rights Pertaining to Shares Less Than One Unit)</u></p> <p><u>No shareholder of the Company shall be entitled to exercise any right pertaining to shares less than one unit held by such shareholder except for any of the following rights:</u></p> <p><u>(1) the rights listed in the items of Article 189, Paragraph 2 of the Companies Act;</u></p> <p><u>(2) the right to make a demand pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;</u></p> <p><u>(3) the right to receive allotment of shares for subscription and allotment of share options for</u></p>	<p>(Deleted)</p>

<p><u>subscription in proportion to the number of shares held by the shareholder; and</u></p> <p>(4) <u>the right to make a demand described in the following article.</u></p> <p><u>Article 10 (Request for Making an Additional Purchase for Shares Less Than One Unit)</u></p> <p><u>Pursuant to the provisions of the Share Handling Regulations, shareholders of the Company that hold shares less than one unit may demand that the Company sell shares together with those shares less than one unit in the number required to constitute a unit.</u></p> <p>Article <u>11</u> through Article <u>36</u></p> <p>(Omitted)</p>	<p>(Deleted)</p> <p>Article <u>8</u> through Article <u>33</u></p> <p>(No change)</p>
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3. Amendment Date

December 5, 2023 (Tuesday) (scheduled)

End