



December 27, 2022

To all parties concerned,

Company Name: Hitachi Transport System, Ltd.
Name of Representative: Hiroaki Takagi
Representative Executive Officer, President and COO
(Code: 9086, Prime Market of the Tokyo Stock Exchange)
Contact: Tetsuro Taga
General Manager of the Public Relations Department
Corporate Strategy Office
(Phone: +81-3-6263-2803)

Announcement of Holding an Extraordinary Shareholders Meeting Related to Share Consolidation, Abolition of the Provisions regarding a Share Unit, and Partial Amendment to the Articles of Incorporation

Hitachi Transport System, Ltd. (the “Company”) announces that it has resolved, at the board of directors’ meeting held on December 27, 2022, to convene an extraordinary shareholders meeting to be held on February 2, 2023 (the “Extraordinary Shareholders Meeting”) and submit to the Extraordinary Shareholders Meeting the proposal for share consolidation and the proposal for abolition of the provisions regarding a share unit and partial amendment to the Articles of Incorporation, as below.

The common shares of the Company (the “Company Shares”) will meet the delisting criteria of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) in the process of the procedures above. In doing so, it is planned that the Company Shares will be designated as securities to be delisted between February 2, 2023 and February 23, 2023, and then be delisted as of February 24, 2023. Please note that the Company Shares will no longer be tradable on the Prime Market of the Tokyo Stock Exchange after they are delisted.

I. Date and Venue of the Extraordinary Shareholders Meeting

1. Date

10 a.m., Thursday, February 2, 2023

2. Venue

Main Meeting Room, 2nd floor of the Company Headquarters, 2-9-2, Kyobashi, Chuo-ku, Tokyo

II. Proposals to be Submitted to the Extraordinary Shareholders Meeting

Matters for resolution:

Proposal No. 1 Share Consolidation

Proposal No. 2 Partial Amendment to the Articles of Incorporation

III. Share Consolidation

1. Purposes of and Reasons for the Share Consolidation

As announced in the “Announcement of Expression of Opinion in Support of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Recommendation of Tender”

dated October 27, 2022 (the “Press Release Expressing the Company’s Opinion”), HTSK Co., Ltd. (the “Tender Offeror”) decided to commence a tender offer targeting all of the Company Shares (excluding the Company Shares owned by Hitachi, Ltd. (“Hitachi”), the major shareholder and an affiliate of the Company (33,471,578 shares, representing an ownership ratio (Note 1) of 39.91%; the “Shares to Be Sold”), and treasury shares owned by the Company) on October 27, 2022 (the “Tender Offer”), as a part of a series of transactions for the purpose of the Tender Offeror being the only shareholder of the Company and of delisting the Company Shares (the “Transaction”). The Transaction includes the Company’s acquisition of the Shares to Be Sold owned by Hitachi subject to the Share Consolidation (as defined below) taking effect (the “Share Repurchase).

(Note 1) The “ownership ratio” is calculated using as a denominator the number of voting rights (838,728 units) pertaining to the number of shares (83,872,836 shares), which is obtained by after deducting the number of treasury shares owned by the Company as of September 30, 2022 (228,878 shares) (excluding the number of the Company Shares held by the board benefit trust being a performance-based stock remuneration plan for the Company’s executive officers as of the same date: 177,000 shares) from the total number of the Company’s issued shares (84,101,714 shares) as of the same date as stated in the “Consolidated Financial Report [IFRS] for the Second Quarter of the Year ending March 2023” announced by the Company on October 27, 2022, and is rounded to the second decimal place. The same applies hereinafter.

Then, as announced in the “Announcement of Results of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Change in the Parent Company and Largest Shareholder who is a Major Shareholder” dated November 30, 2022 (the “Press Release Regarding Results of the Tender Offer”), the Tender Offeror implemented the Tender Offer for which the period for purchase, etc. was from October 28, 2022 to November 29, 2022 (the “Tender Offer Period”), and consequently, came to own 42,867,630 shares of the Company Shares (voting right ownership ratio (Note 2): 51.11%) as of December 6, 2022, the commencement date of the settlement of the Tender Offer.

(Note 2) The “voting right ownership ratio” is calculated using as a denominator the number of voting rights (838,728 units) pertaining to the number of shares (83,872,836 shares), which is obtained after deducting the number of treasury shares owned by the Company as of September 30, 2022 (228,878 shares) (excluding the number of the Company Shares held by the board benefit trust being a performance-based stock remuneration plan for the Company’s executive officers as of the same date: 177,000 shares) from the total number of the Company’s issued shares (84,101,714 shares) as of the same date as stated in the quarterly report for 2Q of FY2022 (ending March 31, 2023) submitted by the Company on November 14, 2022, and is rounded to the second decimal place. The same applies hereinafter.

As announced in “[3] Process of and Reasons for Decision Making by the Company to Support the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” of the Press Release Expressing the Company’s Opinion, the Company started a bidding process consisting of (i) the first round bidding process in which the participants were requested to present a proposal for a capital transaction on the premise of maintaining the listing (a transaction scheme to realize a partial acquisition of the Company’s issued shares assuming that the listing of the Company would be maintained) (the capital transaction on the premise of a sale of the Shares to Be Sold is referred to as the “Capital Transaction”) (the “First Round Bidding Process”), (ii) the return first round bidding process, in which the participants were also requested to present proposals for the Company to become a private company (the “Return First Round Bidding Process”), and (iii) the second round bidding process jointly held by the Company and Hitachi to decide the final candidate for the Capital Transaction (the “Second Round Bidding Process”), in late

May 2021 (collectively, the “Bidding Process”), which included due diligence by several candidates and discussions with each candidate. Through this bidding process and as a result of comprehensively considering the details of each candidate’s proposal, on March 28, 2022, after discussions with Hitachi, the Company started discussions and deliberations (including negotiations regarding the final tender offer price) toward implementation of the Transaction with Kohlberg Kravis Roberts & Co. L.P. (together with its affiliate and related funds, “KKR”), which made the best final proposal among the candidates.

The Company published the “Recognition of Other Expenses (Loss by Fire) Related to a Fire at a Logistics Center and Revision of Consolidated Financial Forecasts for the Fiscal Year Ended March 31, 2022” dated April 15, 2022 and revised the consolidated financial forecast; this revision was made due to a fire which occurred at a logistics center of Hitachi Transport System West Japan Co., Ltd., a group company of the Company, on November 29, 2021, and it was not made in relation to the Capital Transaction.

Considering that in the Capital Transaction, a candidate that will be finally selected to be the purchaser and Hitachi, which was the Company’s largest shareholder holding approximately 40% of the Company’s voting rights, will execute a final agreement containing provisions regarding implementation of the Tender Offer, Hitachi and the Company’s minority shareholders may have conflicts of interest, as described in “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” of “3. Basis, etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation” below, the Company established the special committee (the “Special Committee”) on April 27, 2021, immediately after the start of consideration of the Capital Transaction, in order to eliminate arbitrariness in the Company’s decision making concerning the Capital Transaction and the candidate selection process during the Bidding Process, and to consider and evaluate, among other things, the validity of the transaction conditions, including pros and cons of the Capital Transaction or its structure, and the fairness of the procedures, including the process of selecting the purchaser (partner), from the standpoint of aiming to enhance corporate value and to protect the interests of minority shareholders. The Company has consulted with the Special Committee on the fairness and validity of the Capital Transaction procedures, among other matters (for the composition of the committee members and other specific matters regarding which it was consulted, please refer to “[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions” under “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” of “3. Basis, etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation” below). Additionally, after the Company took the measures described in “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” of “3. Basis, etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation” below, it carefully discussed and considered whether the Company’s corporate value will be enhanced through the Capital Transaction and whether the Capital Transaction will ensure the interests to be enjoyed by minority shareholders by being implemented through fair procedures, considering details in the stock valuation report dated April 28, 2022 acquired from UBS Securities Japan Co., Ltd. (“UBS Securities”) (the “Stock Valuation Report”), the Company’s financial advisor, and the legal advice received from Nishimura & Asahi, the Company’s legal advisor, with the utmost respect given to the report submitted by the Special Committee on April 28, 2022 (the “Special Committee Report”).

Specifically, the Company comprehensively considered the final written proposals received from five candidates, including KKR, which presented specific proposals in the Return First Round Bidding Process (the “Second Round Candidates”) from the viewpoints of the stock valuation, transaction scheme, contract terms, financing ability/funding prerequisites, management strategies and support

system after implementation of the Capital Transaction, including value-up measures, other conditions, such as management policies, including treatment of employees and governance structure, the necessity and shortness of the required period for procedures such as acquisition of clearance under competition laws and other applicable laws and regulations, and how the Company can maximize the interests of its minority shareholders. As a result, the Company came to the conclusion that KKR's proposal was the best and that advancing the Capital Transaction with KKR would contribute to enhancement of corporate value. More specifically, the stock valuation and the tender offer price proposed by KKR were the highest compared to the stock valuations and tender offer prices proposed by the Second Round Candidates that participated in the Second Round Bidding Process, KKR's proposal did not assume an LBO loan which would rely on any guarantee or collateral from the Company in procuring debt capital, and the financing ability/funding prerequisites proposed by KKR were more advantageous compared to the funding prerequisites proposed by the Second Round Candidates that participated in the Second Round Bidding Process, the details of KKR's proposal for the growth strategies after implementation of the Capital Transaction, the financial strategies considering maintenance of the financial soundness of the Company, and the support system therefor were supported by the past results, resources, etc. and were considered to be superior to those proposed by the Second Round Candidates that participated in the Second Round Bidding Process, and KKR's proposal was superior in respect of certainty of implementation of the Capital Transaction by showing more specific measures in the procedures such as acquisition of clearance under competition laws and other applicable laws and regulations based on the countries or regions in which such procedures are required and the periods, etc. required for preparation for submissions. Therefore, the Company decided that the proposal presented by KKR was the best for the Company's shareholders, and on March 28, 2022, after discussions with Hitachi, the Company commenced discussions and deliberations toward implementation of the Transaction, including the Share Repurchase, with KKR. Thereafter, when the Company and Hitachi continued discussions and negotiations with KKR regarding the details of the proposals, on April 14, 2022, the Company and Hitachi requested that KKR increase the tender offer price and the Company's Share Repurchase Price because they did not satisfy the standards that the Company and Hitachi sought, and the Company and Hitachi continued further discussions and negotiations with KKR regarding the tender offer price and the share repurchase price in the Share Repurchase (per share before share consolidation; the "Company's Share Repurchase Price"). As a result, on April 18, 2022, KKR submitted an amended proposal to the effect that the tender offer price be 8,913 yen and the Company's Share Repurchase Price be 6,632 yen, and on the same day, the Company and Hitachi informed KKR that KKR would be selected as the final candidate. Thereafter, KKR, the Company, and Hitachi continued discussions and negotiations toward implementation of the Transaction; as a result, on April 28, 2022, KKR, the Company, and Hitachi agreed that the tender offer price would be 8,913 yen and the Company's Share Repurchase Price would be 6,632 yen.

In addition, with regard to the price for purchase, etc. per common share (the "Tender Offer Price"), (a) as described above, the stock valuation and the tender offer price presented by KKR were the highest compared to the stock valuations and tender offer prices presented by the Second Round Candidates that participated in the Second Round Bidding Process, (b) as described in "[1] Acquisition of Stock Valuation Report from an Independent Third-Party Valuation Institution by the Company" under "(3) Matters Related to the Valuation" of "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" of the Press Release Expressing the Company's Opinion, among the calculation results of the value of the Company Shares by UBS Securities, the per share value of the Company Shares calculated from the Tender Offer Price and the stock valuation presented by KKR (Note 3) exceeded the upper limit of the calculation result obtained through average market price analysis (reference date 1), comparable companies analysis, and discounted cash flow analysis ("DCF analysis"), the Tender Offer Price is higher than the upper limit calculated using the average market price analysis (reference date 2)

and the stock valuation presented by KKR was an approximate value of the upper limit of the range of the calculation results obtained through an analysis of average market prices (reference date 2), (c) it is the price after adding a premium of 127.66% on 3,915 yen, the closing price of the Company Shares on the Tokyo Stock Exchange on June 16, 2021 that was marked immediately before speculative press reports were made (after the market hours on June 16, 2021) by some news media regarding commencement of the First Round Bidding Process by the Company, which caused changes in the price of the Company Shares, 149.31% on 3,575 yen, the simple average of the closing stock price for the past one month, 151.42% on 3,545 yen, the simple average of the closing stock price for the last three months, and 161.53% on 3,408 yen, the simple average of the closing stock price for the last six months, and after adding a premium of 7.78% on 8,270 yen, the closing price of the Company Shares on the Tokyo Stock Exchange on April 27, 2022, which was the business day preceding the announcement date of implementation of the Tender Offer (April 28, 2022), 29.61% on 6,877 yen, the simple average of the closing stock price for the past one month, 40.56% on 6,341 yen, the simple average of the closing stock price for the last three months, and 56.89% on 5,681 yen, the simple average of the closing stock price for the last six months, and it is the price to which certain premiums are added even in the situation where it was not unreasonable to consider that there was considerable influence on the expected value, etc. of the Capital Transaction resulting from several speculative press reports on the Capital Transaction, and (d) as described in “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” of “3. Basis, etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation” below, measures have been taken to ensure the fairness of the Tender Offer, and it is recognized that the interests of minority shareholders have been considered. Given the above, the Company came to the conclusion that the Tender Offer would provide the Company’s shareholders with a reasonable opportunity to sell their shares.

Therefore, at the board of directors’ meeting held on April 28, 2022, as the opinion of the Company as of the same date, the Company resolved to express its opinion to support the Tender Offer when the Tender Offer is commenced and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

In addition, at the board of directors’ meeting mentioned above, the Company also resolved that when the Tender Offer is commenced, the Company’s Special Committee would be requested to consider whether there are changes in its opinion expressed to the Company’s board of directors as of April 28, 2022, and, if there are no changes, make a statement to that effect, or, if there are changes, state the changed opinion to the Company’s board of directors, and that based on such opinion of the Special Committee, the Company will express its opinion on the Tender Offer again when the Tender Offer is commenced.

After that, at the 21st Special Committee meeting held on September 15, 2022, the Company shared the situation, etc. of the progress of the procedures and actions required under competition laws, and laws and regulations concerning inward direct investments at the Tender Offeror (including the fact that prior notification under Russia’s new presidential decree regarding inward direct investment will be newly required) to each member, and UBS Securities explained to each member that it is not necessary to change the contents of the Stock Valuation Report. Also, at the 22nd Special Committee meeting held on October 20, 2022, the Company shared the situation, etc. of the progress of the prior notification under Russia’s new presidential decree regarding inward direct investment at the Tender Offeror.

Recently, the Company was notified by the Tender Offeror on October 21, 2022 that (i) it has completed all of the procedures and actions required under domestic and foreign competition laws (namely, those of Japan, China, the United States, Europe, Russia, and Turkey) and laws and regulations of Japan and Russia concerning inward direct investments excluding the acquisition of approval of the Russian Federation Government Commission on Monitoring Foreign Investment (the “Russian

Authorities”), and (ii) regarding the terms and conditions of the acquisition of approval of the Russian Authorities among certain matters that serve as the conditions for the commencement of the Tender Offer (the “Conditions for Commencement of the Tender Offer”), although it has not been fulfilled as of October 27, 2022, it will be waived as one of the Conditions for Commencement of the Tender Offer, and (iii) the Tender Offeror intends to commence the Tender Offer from October 28, 2022 on the presumption that the Conditions for Commencement of the Tender Offer are fulfilled (or waived by the Tender Offeror). Therefore, as stated in “[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions” under “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” of “3. Basis, etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation” below, on the same date, the Company requested the Company’s Special Committee to consider whether there are any changes in its opinion expressed in the Special Committee Report, and if there are no such changes, to make a statement to that effect, and if there are changes, to communicate the changed opinion, to the Company’s board of directors. From April 28, 2022 onward, the Special Committee confirmed, etc. the factual situation as to whether any material changes in the situation have occurred since April 28, 2022 that may affect the Capital Transaction, and carefully considered the relevant matters of inquiry; as a result, the Special Committee confirmed for the Company that there are no circumstances that require the content of the Special Committee Report to be changed, even when taking into account the circumstances from April 28, 2022 onward to October 26, 2022, and submitted the additional Special Committee report (the “Additional Special Committee Report”) as of October 26, 2022 to the Company’s board of directors, stating that there are no changes to the opinions in the Special Committee Report. As a result of careful reconsideration of various conditions regarding the Tender Offer by fully respecting the contents of the Additional Special Committee Report submitted by the Special Committee, the Company determined that as of October 27, 2022, there are still no factors that may change the opinion regarding the Tender Offer, and thus resolved at the board of directors’ meeting held on October 27, 2022 (together with the board of directors’ meeting held on April 28, 2022, “Both Board of Directors Meetings”), to once again 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 details of the resolutions of the Both Board of Directors Meetings of the Company, please refer to “[5] Approval of All Disinterested Company Directors” under “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” of “3. Basis, etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation” below.

(Note 3) The number of shares used in the calculation of the per share value of the Company Shares is the number of shares (83,873,184 shares) obtained by subtracting the treasury shares owned by the Company as of March 31, 2022 (228,530 shares) (excluding the number of Company Shares held by the board benefit trust being a performance-based stock remuneration plan for the Company’s executive officers as of the same date: 184,700 shares) from the total number of the Company’s issued shares as of the same date as stated in the “Consolidated Financial Report [IFRS] For the Year Ended March 31, 2022” announced by the Company on April 28, 2022 (84,101,714 shares).

Subsequently, while the Tender Offer has been completed as stated above, the Tender Offeror was not able to acquire all of the Company Shares (excluding the Shares to Be Sold and the treasury shares owned by the Company) through the Tender Offer; therefore, upon the Tender Offeror’s request, as announced in the Press Release Expressing the Company’s Opinion, at the board of directors’ meeting held on December 27, 2022, the Company decided to submit to the Extraordinary Shareholders Meeting the proposal for share consolidation to consolidate 4,781,654 shares of the Company Shares into one

share (the “Share Consolidation”), as stated in “(2) Content of the Share Consolidation” of “2. Outline of the Share Consolidation” below, subject to the approval of the shareholders at the Extraordinary Shareholders Meeting, in order to make the Tender Offeror and Hitachi the only shareholders of the Company.

The number of the Company Shares owned by the shareholders other than the Tender Offeror and Hitachi are planned to be fractional shares of less than one share upon the Share Consolidation.

For details of the background of the Transaction, please see the Press Release Expressing the Company’s Opinion as well as the Press Release Regarding Results of the Tender Offer.

2. Outline of the Share Consolidation

(1) Schedule of the Share Consolidation

[1]	Date of public notice of the record date of the Extraordinary Shareholders Meeting	Friday, November 18, 2022
[2]	Record date of the Extraordinary Shareholders Meeting	Tuesday, December 6, 2022
[3]	Date of resolution by the board of directors	Tuesday, December 27, 2022
[4]	Date of holding of the Extraordinary Shareholders Meeting	Thursday, February 2, 2023 (planned)
[5]	Date of designation as securities to be delisted	Thursday, February 2, 2023 (planned)
[6]	Last trading date of the Company Shares	Wednesday, February 22, 2023 (planned)
[7]	Date of delisting of the Company Shares	Friday, February 24, 2023 (planned)
[8]	Date of effectuation of the Share Consolidation	Tuesday, February 28, 2023 (planned)

(2) Content of the Share Consolidation

[1] Class of Shares to be Consolidated
Common shares

[2] Consolidation Ratio

On February 28, 2023 (planned), the Company Shares owned by the shareholders entered or recorded in the latest shareholders registry as of February 27, 2023 will be consolidated at a ratio of 4,781,654 share to one share.

[3] Total Number of Issued Shares to be Reduced
83,872,350 shares

[4] Total Number of Issued Shares Before the Effectuation of the Share Consolidation
83,872,367 shares

(Note) The Company resolved at the board of directors’ meeting held on December 27, 2022 to cancel 229,347 shares of its treasury shares (equivalent to all of the treasury shares owned by the Company as of December 6, 2022) on February 27,

2023; accordingly, the total number of issued shares after the cancellation is set forth as the “Total Number of Issued Shares Before the Effectuation of the Share Consolidation.”

[5] Total Number of Issued Shares After the Effectuation of the Share Consolidation
17 shares

[6] Total Number of Authorized Shares on the Effectuation Date
68 shares

[7] The Method of the Treatment in the case of Accrual of Fractional Shares Less than One Share and the Amount of Money Expected to be Delivered to Shareholders upon the Treatment

As stated in “1. Purposes of and Reasons for the Share Consolidation” above, the Company Shares owned by the shareholders other than the Tender Offeror and Hitachi are planned to be fractional shares of less than one share upon the Share Consolidation.

If, due to the Share Consolidation, fractions of less than one share arise in the number of shares, each shareholder of the Company holding such fractional shares will receive an amount of cash obtained by selling the Company Shares equivalent to the total number of such fractional shares (with such total number rounded down to the nearest whole number if there is any fraction less than one share) (the “Fractional Equivalent Shares”) to the Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act (Act No. 86 of 2005; as amended; the same applies hereinafter) and other relevant laws and regulations. Regarding the sale, pursuant to Article 234, Paragraph 2 of the Companies Act as applied *mutatis mutandis* pursuant to Article 235, Paragraph 2 of the same Act, the Company intends to sell to the Tender Offeror, the Fractional Equivalent Shares by obtaining the court’s permission, by taking into account the following matters: as the Company Shares are planned to be delisted as of February 24, 2023 and become shares without market price, there is little prospect of any purchaser appearing by way of auction; and as the Share Consolidation is implemented as part of the Transaction, the purposes of which are making the Tender Offeror the only shareholder of the Company and delisting the Company Shares, it will be consistent, as far as the purpose is concerned, that the Tender Offeror shall be the purchaser of the Fractional Equivalent Shares.

If the court’s permission above is obtained as planned, the Company intends to set the sales price in this case at a price that will result in the delivery of money to each of the shareholders in an amount equivalent to the amount obtained by multiplying the number of the Company Shares owned by the shareholders, who are stated or recorded in the latest shareholders register as of February 27, 2023, the day preceding the effective date of the Share Consolidation, by 8,913 yen, which is the same price as the Tender Offer Price. However, in cases where the court’s permission cannot be obtained or adjustment of fractions are required for calculation purposes, the amount actually delivered may be different from the above amount.

3. Basis, etc. for the Amount of Money Expected to be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation

(1) Basis and Reasons for the Amount of Money Expected to be Delivered to Shareholders as a Result of the Treatment of Fractional Shares

[1] When the Company has a Parent Company, Etc., Particulars Given Due Consideration so as Not to Harm the Interests of the Company's Shareholders (Excluding the Parent Company, Etc.)

Since the Capital Transaction is a transaction proposed by Hitachi, which was the largest shareholder holding approximately 40% of the Company's voting rights, and in light of the possibility that the interests of Hitachi and those of the Company's minority shareholders are not necessarily the same, the Tender Offeror and the Company implemented the measures stated in "(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest" below to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest.

[2] When Fractional Shares that are Less than One Share are Expected to be Processed, the Particulars Concerning the Method of the Treatment

(i) Distinction as to Whether the Treatment is Planned Pursuant to Article 235, Paragraph 1 of the Companies Act or Article 234, Paragraph 2 of the Same Act as Applied *Mutatis Mutandis* Pursuant to Article 235, Paragraph 2 of the Same Act and Reasons therefor.

Regarding the distinction as to whether the treatment is planned pursuant to Article 235, Paragraph 1 of the Companies Act or Article 234, Paragraph 2 of the same act as applied *mutatis mutandis* pursuant to Article 235, Paragraph 2 of the same Act and the reasons therefor, please see "[7] The Method of the Treatment in the Case of Accrual of Fractional Shares Less than One Share and the Amount of Money Expected to Be Delivered to Shareholders upon the Treatment" under "(2) Content of the Share Consolidation" of "2. Outline of the Share Consolidation" above.

(ii) Name of the Person Who is Prospected to Become the Person to Purchase the Shares to Be Sold

HTSK Co., Ltd. (Tender Offeror)

(iii) Method for the Person Who is Prospected to Become the Person to Purchase the Shares to Be Sold to Secure Funds for Payment of the Sales Price and the Adequacy of the Method

As stated in "[1] Overview of the Tender Offer" under "(2) Grounds and Reasons for the Opinion on the Tender Offer" of "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" of the Press Release Expressing the Company's Opinion, the Tender Offeror planned to finance the funds required for settlement of the Tender Offer from the funds procured by the equity contribution by HTSK Holdings Co., Ltd. (the "Tender Offeror Parent"); in this regard, the Company has confirmed the method for the Tender Offeror to secure funds by confirming the contribution certificate of the equity contribution by the Tender Offeror Parent.

Further, according to the Tender Offeror, the Tender Offeror intends to pay the sales proceeds of the Fractional Equivalent Shares from the funds procured; further, no event that might hinder payment of the sales proceeds of the Fractional Equivalent Shares occurred, and the Tender Offeror is not aware of any possibility that such event will occur in the future.

Therefore, the Company determined that the method to secure funds for payment of the sales proceeds of the Fractional Equivalent Shares is adequate.

(iv) Expected Time of Sale and Expected Time of Distribution of the Sales Proceeds to the Shareholders

Pursuant to Article 234, Paragraph 2 of the Companies Act as applied *mutatis mutandis* pursuant to Article 235, Paragraph 2 of the same Act, the Company plans to file a petition for the court's permission for sale of the Fractional Equivalent Shares, with the target deadline set for mid to late March 2023. Although the time when the permission can be obtained will vary depending on, among other factors, the circumstances of the court, the Company expects that it will obtain the court's permission and sell the Company Shares to the Tender Offeror with the target deadline set for mid to late April 2023; and that thereafter, it will deliver the sales proceeds of the Fractional Equivalent Shares to the shareholders with the target deadline set for mid June to mid July 2023, after it makes the necessary preparations for the delivery to the shareholders of the proceeds obtained by the sale.

As stated above, the Company determined that there is a prospect of implementation, at the respective point in time, of both of the sale of the Fractional Equivalent Shares, and the delivery to the shareholders of the proceeds obtained by the sale. This determination is based on the following factors: (i) the period of time required to file a petition for the court's permission, obtain the court's permission, and deliver the sales proceeds, respectively, as found in past cases of the other companies' share consolidation that were, as with the Share Consolidation, implemented as part of procedures for making the Company a wholly-owned subsidiary of the Tender Offeror in these cases, (ii) discussion with the Company's shareholder register administrator who will deliver the sales proceeds on behalf of the Company; and (iii) the status of preparation by the Tender Offeror of funds for payment of the sales proceeds of the Fractional Equivalent Shares and the method to secure these funds.

(v) Amount of Money Expected to be Delivered to the Shareholders by Treating Fractional Shares and Matters Concerning Reasonableness of the Amount

As described in "[7] The Method of the Treatment in the Case of Accrual of Fractional Shares Less than One Share and the Amount of Money Expected to Be Delivered to Shareholders upon the Treatment" of "(2) Content of the Share Consolidation" of "2. Outline of the Share Consolidation" above, the amount of money expected to be delivered to the shareholders by treating fractional shares will be the amount obtained by multiplying the number of the Company Shares owned by the shareholders stated or recorded in the Company's latest shareholders register as of February 27, 2023, which is the day before the effective date of the Share Consolidation, by 8,913 yen, being the same price as the Tender Offer Price.

With regard to the Tender Offer Price, among other matters, (a) as described in "1. Purposes of and Reasons for the Share Consolidation" above, the stock valuation and the tender offer price presented by KKR were the highest amounts compared with the stock valuations and the tender offer prices presented by the Second Round Candidates that participated in the Second Round Bidding Process, (b) among the valuation results of the Company Shares by UBS Securities as described in "[1] Acquisition of Stock Valuation Report from an Independent Third-Party Valuation Institution by the Company" of "(3) Matters Related to the Valuation" of "3. Details of,

and Grounds and Reasons for, the Opinion on the Tender Offer” of the Press Release Expressing the Company’s Opinion, the Tender Offer Price and the value per share of the Company Shares calculated using the stock valuation presented by KKR are higher than the upper limit of the calculation results obtained through the average market price analysis (reference date 1), comparable companies analysis, and DCF analysis, the Tender Offer Price is higher than the upper limit of the calculation results obtained through the average market price analysis (reference date 2), and the value per share of the Company Shares calculated using the stock valuation presented by KKR is close to the upper limit of the range of the calculation results obtained through the average market price analysis (reference date 2), (c) it is the price after adding a premium of 127.66% on 3,915 yen, the closing price of the Company Shares on the Tokyo Stock Exchange on June 16, 2021 that was marked immediately before speculative press reports were made (after the market hours on June 16, 2021) by some news media regarding commencement of the First Round Bidding Process by the Company, which caused changes in the price of the Company Shares, 149.31% on 3,575 yen, the simple average of the closing stock price for the past one month, 151.42% on 3,545 yen, the simple average of the closing stock price for the last three months, and 161.53% on 3,408 yen, the simple average of the closing stock price for the last six months, and after adding a premium of 7.78% on 8,270 yen, the closing price of the Company Shares on the Tokyo Stock Exchange on April 27, 2022, which was the business day preceding the announcement date of implementation of the Tender Offer (April 28, 2022), 29.61% on 6,877 yen, the simple average of the closing stock price for the past one month, 40.56% on 6,341 yen, the simple average of the closing stock price for the last three months, and 56.89% on 5,681 yen, the simple average of the closing stock price for the last six months, and it is the price to which certain premiums are added even in the situation where it was not unreasonable to consider that there was considerable influence on the expected value, etc. of the Capital Transaction resulting from several speculative press reports on the Capital Transaction, and (d) as described in “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” below, measures have been taken to ensure the fairness of the Tender Offer, and it is recognized that the interests of minority shareholders have been considered. Given the above, the Company came to the conclusion that the Tender Offer would provide the Company’s shareholders with a reasonable opportunity to sell their shares.

In addition, the Company has confirmed that there was no material change to the conditions based on which the Tender Offer Price was calculated, after the Company resolved to express its opinion in support of the Tender Offer and recommend that the Company’s shareholders tender their shares in the Tender Offer at its board of directors’ meeting held on October 27, 2022, by the time of the resolution of the Company’s board of directors on December 27, 2022.

In light of the above, the Company determined that the amount of money expected to be delivered to the shareholders by treating fractional shares is appropriate.

[3] Disposal of Important Property, Burden of Major Obligations, or Any Other Event Having a Material Impact on the Status of Company Property that Occurs After the Last Day of the Latest Business Year of the Company

(i) The Tender Offer

As described in “1. Purposes of and Reasons for Share Consolidation” above, the Tender Offeror implemented the Tender Offer for which the Tender Offer Period was

from October 28, 2022 to November 29, 2022, and consequently, came to own 42,867,630 shares of the Company Shares (the voting right ownership ratio: 51.11%) as of December 6, 2022, the commencement date of the settlement for the Tender Offer.

(ii) Cancellation of Treasury Shares

As announced in the “Announcement of Cancellation of Treasury Shares” dated December 27, 2022, the Company resolved at its board of directors’ meeting held on December 27, 2022 to cancel 229,347 shares of its treasury shares (all of its treasury shares as of December 6, 2022) on February 27, 2023. Such cancellation of treasury shares is on condition that the proposal for the Share Consolidation is approved in its original form at the Extraordinary Shareholders Meeting, and the total number of issued shares of the Company after the cancellation will be 83,872,367 shares.

(2) Possibility of Delisting

[1] Delisting

As described in “1. Purposes of and Reasons for Share Consolidation” above, the Company is planning to implement the Share Consolidation, subject to the approval of the shareholders at the Extraordinary Shareholders Meeting, to make the Tender Offeror and Hitachi the only shareholders of the Company. As a result, the Company Shares may be delisted through prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange. As for the schedule, the Company Shares are expected to be designated as securities to be delisted from February 2, 2023 to February 23, 2023 and then will be delisted as of February 24, 2023. After delisting, the Company Shares will no longer be tradable on the Prime Market of the Tokyo Stock Exchange.

[2] Reasons for Aiming for Delisting

As described in “1. Purposes of and Reasons for Share Consolidation” above, the Company concluded that advancing the Capital Transaction with KKR would contribute to enhancement of corporate value in the future.

[3] Impact on Minority Shareholders and View thereon

As described in “[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions” of “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” below, the Company received the Special Committee Report to the effect that the Company’s board of directors’ making a decision regarding the Capital Transaction would not be disadvantageous to the Company’s minority shareholders from the Special Committee on April 28, 2022. The Company also received the Additional Special Committee Report to the effect that there are no changes to the opinions in the Special Committee Report from the Special Committee on October 26, 2022.

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

Since the Share Consolidation is implemented as the second-step procedure of the so-called two-step acquisition after the Tender Offer, and as described in “(6) Measures to Ensure the Fairness of the Tender Offer, Such As Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” of the Press Release Expressing the Company’s Opinion, since the Capital Transaction is a transaction proposed by Hitachi, which was the largest shareholder holding approximately 40% of the Company’s voting rights, and in light of the possibility that the interests of Hitachi and those of the Company’s

minority shareholders are not necessarily the same, the Tender Offeror and the Company implemented the following measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest.

The Tender Offeror has not set a lower limit on the so-called “Majority of Minority” shares planned to be purchased through the Tender Offer, because given that the Shares to Be Sold amount to 33,471,578 shares (ownership ratio: 39.91%), the Tender Offeror thought that if a lower limit on the “Majority of Minority” shares planned to be purchased were to be set in the Tender Offer, successful completion of the Tender Offer would become uncertain, resulting in the possibility of non-contribution to the interests of minority shareholders who wish to tender their shares in the Tender Offer. However, as the measures described in [1] to [6] below have been taken by the Tender Offeror and the Company, the Tender Offeror believes that adequate care has been taken regarding protection of the interests of the Company’s minority shareholders.

Also, of the measures described below, descriptions regarding those implemented by the Tender Offeror are based on the explanations received from the Tender Offeror.

[1] Implementation of Bidding Procedure

As described in “[2] Background, Purpose, and Decision-Making Process Leading to the Tender Offeror’s Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” of the Press Release Expressing the Company’s Opinion, the Company implemented the Bidding Process, which targeted multiple candidates, starting from late May 2021, and received a final letter of intent from multiple candidates after granting multiple candidates, including KKR, opportunities to conduct due diligence from mid-January 2022 until late February 2022.

Thereafter, KKR, the Company, and Hitachi continued discussions and negotiations on a continuing basis, and consequently, the Company reached the conclusion that there was no candidate presenting conditions more favorable to the Company’s shareholders than those presented by KKR given that the share valuation and tender offer price presented by KKR were the highest of all share valuations and tender offer prices presented by the other Second Round Candidates participating in the Second Round Bidding Process; the fundraising capabilities and the conditions precedent for fundraising were superior compared with those of the other Second Round Candidates participating in the Second Round Bidding Process; the proposed details relating to the post-Capital Transaction growth strategies, the financial strategies considering the maintenance of the financial soundness of the Company; and the supporting structure therefor were determined to be superior compared with those of the other Second Round Candidates participating in the Second Round Bidding Process; and the conditions presented by KKR were superior in terms of the certainty of implementation of the Capital Transaction because they presented specific measures for procedures like acquisition of clearance under competition law and other applicable laws and regulations.

[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions

Because, in the Capital Transaction, it is planned that one of the candidates to be finally selected as the purchaser and Hitachi, which was the largest shareholder holding approximately 40% of the Company’s voting rights, will execute a final agreement containing provisions regarding implementation of the Tender Offer, the Company established on April 27, 2021, immediately after the start of consideration of the Capital Transaction, a Special Committee composed of 3 members—Mr. Mitsudo Urano (outside director and independent officer of the Company), Mr. Takashi Nishijima (outside director and independent officer of the Company),

and Mr. Hajime Watanabe (an attorney and outside director and independent officer of the Company)—independent of the Tender Offeror, Hitachi, and the Company, in light of the possibility that the interests of Hitachi and those of minority shareholders of the Company are not necessarily the same, and in order to consider and determine the propriety of the Capital Transaction, the appropriateness of the transaction conditions, including the transaction structure, as well as the fairness of procedures, including the offeror (partner) selection process, from the perspectives of eliminating the arbitrariness in the Company’s decision making regarding the Capital Transaction and the candidate selection process through the Bidding Process, and of improving corporate value and the interests of minority shareholders. Furthermore, Mr. Mitsudo Urano was elected as chair of the Special Committee by an internal vote thereof. Regarding remuneration for members of the Special Committee, as Mr. Mitsudo Urano, Mr. Takashi Nishijima, and Mr. Hajime Watanabe are outside directors of the Company, it was decided that remuneration in accordance with their duties as committee members would be separately considered at the compensation committee. After the matter was considered at the Company’s compensation committee meeting held on April 21, 2022, the committee decided that no separate remuneration or allowance would be paid to the members of the Special Committee; accordingly, performance fees conditional upon completion of the Capital Transaction were not adopted.

As the premise for considering the content of the opinions that the Company must express, the Company’s board of directors inquired with the Special Committee as to the following matters on April 27, 2021: (i) the justifiability/rationality of the objectives of the Capital Transaction (including whether the Capital Transaction will contribute to corporate value improvement), (ii) the fairness of the Capital Transaction procedures (including the partner selection process), (iii) the fairness/appropriateness of the Capital Transaction conditions, (iv) where a tender offer is implemented upon the Capital Transaction, the appropriateness of the Company’s board of directors expressing an opinion in support of the tender offer and recommending that the Company’s shareholders tender their shares in the tender offer, and (v) whether the Company’s board of directors’ making a decision regarding the Capital Transaction would be disadvantageous for the Company’s minority shareholders in light of (i) to (iv) above (the “Matters of Inquiry”). Further, in relation to the establishment of the Special Committee, the Company’s board of directors has also made the following resolutions: (a) in deciding to conduct the Capital Transaction, the Company’s board of directors will give the utmost respect to the opinions of the Special Committee, and it will not make a decision to conduct the Capital Transaction if the Special Committee deems conducting the Capital Transaction inappropriate, (b) the Special Committee will be substantially involved in the process of selecting partners and negotiating transaction conditions by such means as confirming policies relating to the process of selecting partners and negotiating transaction conditions in advance, receiving reports on their status in a timely manner, and providing opinions, directions, and requests at critical phases, and the Special Committee will be able to engage in direct negotiation as deemed necessary, (c) where the Special Committee determines it necessary in relation to, among other matters, consideration of the Matters of Inquiry, the Special Committee will be granted the power to independently select advisors, etc. at the reasonable expense of the Company, and the Special Committee will be able to seek professional advice from the Company’s advisors, etc., if it determines that they are reliable, in light of, among other matters, their having advanced expertise and there being no issues regarding their independence, and (d) the Special Committee will be able to request that the Company or the Company’s advisors collect any information that will be necessary for the Special Committee to provide a report. However, the Special Committee has not exercised the power to select

advisors independently, as the Company's financial advisor and third-party valuation institution – UBS Securities – and legal advisor – Nishimura & Asahi – have no issues regarding independence or expertise.

Special Committee meetings were held a total of 20 times from April 27, 2021 through April 28, 2022, over a total of approximately 20 hours, discussing and considering the Matters of Inquiry.

Specifically, the Special Committee gathered and considered all of the various materials and other necessary information/materials submitted by KKR and the Company, and it also received explanations from UBS Securities as the Company's financial advisor, and Nishimura & Asahi as the Company's legal advisor, and held question and answer sessions regarding an overview of the Tender Offeror selection process, selection methods, confirmation of the selection procedures, the process and background of the Capital Transaction, including the Tender Offer, the details thereof, the significance and objectives thereof, the impact on the Company's corporate value, the relationships and the details of the current alliance between the Tender Offeror and Hitachi, the independence of each advisor, the rationality of the calculation method used for the Tender Offer Price, the appropriateness of the facts the analysis was premised on, the presence/absence of unreasonable interference by interested parties, the status of the Company and the appropriateness of the background and consideration process leading up to the respective decision making by the Company, the appropriateness of disclosures, and other matters concerning the Capital Transaction. Furthermore, the Special Committee received an explanation of the Company's business plan from the Company's officers and employees, and after a question and answer session, the Special Committee confirmed the rationality of the business plan and received an explanation of the Stock Valuation Report submitted to the Company by the Company's financial advisor – UBS Securities – and investigated the premises of the relevant price calculations and so on through interviews. Additionally, the Special Committee also received an explanation from the Company's legal advisor – Nishimura & Asahi – regarding the legal advice obtained from the legal advisor by the Company on the Company's decision-making process relating to the Capital Transaction, including the Tender Offer, decision-making methods, and other points to note in decision making concerning the Capital Transaction, including the Tender Offer, and considered such legal advice. Furthermore, in the Bidding Process, the Special Committee was substantially involved in the candidate selection process and the process of negotiating the transaction conditions by receiving reports from the Company in a timely manner concerning the content of price proposals from the First Round Candidates, including the Tender Offeror, whenever received by the Company and by stating opinions on transaction conditions, including the tender offer price, at important phases such as candidate selection, after hearing, deliberating and considering the opinion of the Company, which took into consideration advice from a financial perspective received by the Company from UBS Securities.

Under such background, after deliberating the Matters of Inquiry, the Special Committee submitted on April 28, 2022 a report to the Company's board of directors, with the contents summarized below, with the unanimous consent of all committee members, on certain preconditions such as the content of explanations provided, and the content of materials disclosed, to the Special Committee being accurate and correct.

(i) Justifiability/Rationality of the Objectives of the Capital Transaction (Including Whether the Capital Transaction Will Contribute to Corporate Value Improvements)

The Company's corporate vision is to become the most preferred global supply chain solutions provider for all of its stakeholders, including customers, shareholders, and

employees, in the sophisticated, diversified and wide-ranging global supply chain, and the Company aims to achieve sustainable growth. Given the Company's above-mentioned corporate vision and goal, the purpose of the Capital Transaction is to make the Company a private company and thereby enable the Company, without being restricted by its current capital structure, to improve the speed of decision making more than ever before, to obtain funds for investment, and to introduce external knowledge in order to increase the Company's corporate value by extending its competitiveness and profitability and by attaining new growth, with new partners. These purposes of the Capital Transaction are rational; in addition, improving the speed of decision making, obtaining funds for investment, and introducing external knowledge will lead to the sustainable development of the Company, its 77 consolidated subsidiaries, and 15 equity-method affiliates (the "Company Group") and improved profitability. The Capital Transaction is therefore logical because it can be said that the Capital Transaction will improve the corporate value of the Company Group.

Further, regarding the growth strategy and measures to increase business value assumed by KKR, although there are differences in recognition between the Company's management and KKR, these differences are not significant enough to have an impact on the Company's strategic direction, and the Company's management considers that there is nothing that gives rise to a sense of incongruity or that is irrational in that strategic direction or those concrete measures; in particular, regarding M&A, being deemed the most important business area in conditions of the Company's future corporate value, that the Company's management has concluded that a careful investigation has been made based on the Company's business issues. Accordingly, the Special Committee cannot specifically find any irrational point in this respect.

In addition, regarding management policies after the Capital Transaction explained by the Tender Offeror, it is assumed that the Company's current management team will continue to play a certain role in terms of the growth of the business operated by the Company after the Capital Transaction, and no irregular points were found in the policy that those who well understand the Company's business will engage in management under an even stronger support system.

Regarding the measures to increase corporate value, KKR has set reasonably high numerical targets. According to the Company's management, they believe that these numerical targets are basically at an achievable level; accordingly, it can be evaluated that the measures to increase corporate value are not irrational, either. Further, the management policies after the Capital Transaction are also appropriate as management policies of a company to be delisted; in addition, consideration has been given based on, among others, the Company's requests regarding maintenance of its corporate loan structure and reorganization of liabilities and capital. Accordingly, it can be evaluated that there is no irrational point in the management policies assumed by KKR.

On the other hand, as potential disadvantages associated with implementing the Capital Transaction, the following impacts are assumed: impact from becoming independent from the Hitachi Group, impact from being delisted, impact from the burden on the Company of liabilities and so on, and the impact from entering a foreign company's wing. However, it is recognized that appropriate measures to handle and resolve each of these impacts can be taken. Accordingly, it can be evaluated that operation of the Company's business in the same manner as before the Capital Transaction will not be prevented, nor will the Company's corporate value suffer from significant adverse effects.

As per the above, it is considered that the purpose of the Capital Transaction is to increase the Company Group's corporate value and is justifiable and rational.

(ii) The Fairness of the Procedures for the Capital Transaction (Including the Partner Selection Process)

In light of, the fact that various measures to ensure fairness have been taken for the Capital Transaction, as follows, it is believed that the procedures for the Capital Transaction are fair.

- It is recognized that the Special Committee was substantially involved in the negotiation process, etc. with the candidates and Hitachi throughout the entire Capital Transaction process, including negotiations regarding the method for conducting the Bidding Process, after due processes having been taken as follows: the Special Committee was established from the stage before the initial transaction conditions were presented by candidates for the First Round Bidding Process and was granted the power to appoint advisors, etc.; and the Company's board of directors resolved that the Company would not make a decision to conduct the Capital Transaction if the Special Committee deems the Capital Transaction inappropriate, by according maximum respect to the opinions of the Special Committee. Further, there are no specific issues recognized regarding the independence of the Special Committee members, the composition of the Special Committee in terms of its members' attributes/specialties, etc., the processes for establishing the Special Committee and selecting its members, the system for examination of advisors, etc., the system for information acquisition, matters relating to rewards for committee members, and the Company's internal examination system, etc. Therefore, based on these matters, it is recognized that an independent Special Committee was established and is functioning effectively.
- The Company appointed Nishimura & Asahi as a legal advisor independent of the Company, Hitachi, the Tender Offeror, and candidates, and received legal advice.
- The Company asked UBS Securities, a financial advisor and third-party valuation institution independent of the Company, Hitachi, the Tender Offeror, and candidates, to calculate the Company's share value and conduct associated financial analysis, and acquired the Stock Valuation Report as of April 28, 2022.
- The Bidding Process was conducted while exploring the best scheme and candidates through discussions and negotiations among the Company, Hitachi, and candidates, and it can be evaluated that appropriate consideration was given to the Bidding Process.
- In the Tender Offer, the Tender Offer Period is set at 21 business days. Meanwhile, the Tender Offer is a so-called pre-announcement type tender offer, and a certain period will be secured after announcement of a series of transaction conditions, including the Tender Offer Price, until commencement of the Tender Offer. Therefore, if the period after the announcement is also considered, it can be evaluated that appropriate opportunities have been secured for the Company's shareholders to make decisions on whether to tender their shares in the Tender Offer and that opportunities have also been secured for persons other than the Tender Offeror to make counter purchases, etc. of the Company Shares.
- It is recognized that information on the Special Committee, information on stock valuation reports, and other information have been fully disclosed in the Company's disclosure materials.
- Consideration has been given to avoid pressuring minority shareholders.

Although so-called “Majority of Minority” conditions were not set for the Capital Transaction, the Special Committee believes that it cannot be said that not setting “Majority of Minority” conditions has diminished the fairness of the Capital Transaction procedures in light of, the following: [1] Hitachi holds 33,471,578 shares (ownership ratio: 39.91%), and if “Majority of Minority” conditions were to be set, the lower limit of shares planned to be purchased in the Tender Offer would rise and successful completion of the Tender Offer would become uncertain, resulting in the possibility of non-contribution to the interests of tendering minority shareholders; and [2] as described above, measures to ensure fairness have been taken.

(iii) The Fairness/Appropriateness of the Capital Transaction Conditions

The transaction conditions for the Capital Transaction underwent a market check through the Bidding Process, in which the Tender Offeror proposed the highest price. Accordingly, the Special Committee did not find any circumstances casting doubt on the transparency or fairness of the Bidding Process, nor did the Special Committee find any questionable point regarding the status of negotiations of the Capital Transaction.

Further, according to the Stock Valuation Report, the value per share of the Company Shares is from 3,408 to 3,915 yen based on the average market price analysis (reference date 1), from 5,681 to 8,270 yen based on the average market price analysis (reference date 2), from 2,796 to 5,093 yen based on the comparable companies analysis, and from 3,618 to 6,407 yen based on the DCF analysis. Meanwhile, the Tender Offer Price of 8,913 yen and the stock valuation presented by KKR are higher than the upper limit calculated using the average market price analysis (reference date 1), comparable companies analysis, and DCF analysis, the Tender Offer Price is higher than the upper limit calculated using the average market price analysis (reference date 2), and the stock valuation presented by KKR is close to the upper limit of the range of the calculation results obtained through the average market price analysis (reference date 2). And in regard to the above, there are no irrational points regarding the business plan, being the basis of the stock valuation, regarding the selection of the method to evaluate the stock valuation, or regarding the content of such valuation; accordingly, the valuation materials are deemed reliable and the Tender Offer Price falls within a reasonable scope also in relation to the results of the stock valuation shown in the valuation materials.

Even from the perspective of the premium level, the Tender Offer Price is recognized to have considerably reflected the stock value to be realized by the Company through the synergy effects expected from the Capital Transaction because the Tender Offer Price exceeds the upper limit of the range of the valuation results obtained by the average market price analysis, the comparable companies analysis, and the DCF analysis. In particular, the following circumstances are deemed important circumstances substantiating the appropriateness of the Tender Offer Price: (a) the fact that the Tender Offer Price exceeds the upper limit of the valuation results obtained by the average market price analysis even though, unlike normal transactions, the Company’s share price has already reflected a certain expectation for acquisition of the Company partly due to several press reports that were made based on leaked information concerning the Capital Transaction, and (b) the fact that the Tender Offer Price greatly exceeds the upper limit of the range of the evaluation results obtained by the DCF analysis that show the Company’s intrinsic value.

Further, under the Capital Transaction, it is ensured that minority shareholders will obtain consideration in the same amount as that obtainable under the Tender Offer

regardless of whether they obtain consideration in the Tender Offer or in the procedures for making the Company a wholly-owned subsidiary of the Tender Offeror to be taken after completion of the Tender Offer.

Consequently, the Special Committee can conclude that the Company's corporate value is properly evaluated and that the transaction conditions of the Capital Transaction, including the Tender Offer Price and the amount of consideration to be delivered, upon the Share Consolidation, to the Company's shareholders who do not tender their shares in the Tender Offer, are properly set. Accordingly, the Special Committee determined that the conditions of the Capital Transaction are fair and appropriate.

- (iv) Where a Tender Offer is Implemented upon the Capital Transaction, the Appropriateness of the Company's Board of Directors Expressing an Opinions in Support of the Tender Offer and Recommending that the Company's Shareholders Tender their Shares in the Tender Offer

As discussed in (i) to (iii) above, the purpose of the Capital Transaction is considered to be justifiable and rational, the procedures under the Capital Transaction are considered to be fair, and the transaction conditions related to the Capital Transaction are considered to be fair and appropriate. Therefore, it is considered appropriate that the Company's board of directors express a supportive opinion and recommend that shareholders of the Company tender their shares in the Tender Offer.

- (v) Whether the Company's Board of Directors' Making Decisions on the Capital Transaction would be Disadvantageous for Company's Minority Shareholders in Light of (i) to (iv) Above

The Capital Transaction is not considered to be detrimental to minority shareholders of the Company for the following reasons: as discussed in (i) to (iv) above, the purpose of the Capital Transaction is deemed fair and rational because the Special Committee concluded that, considering the interests of shareholders, the best choice at present would be to provide, through the Tender Offer, the Company's minority shareholders with an opportunity to sell the Company's common shares at a proper price; the procedures of the Capital Transaction are deemed fair; and the conditions of the Capital Transaction are deemed fair and appropriate.

After that, at the 21st Special Committee meeting held on September 15, 2022, the Company shared the situation, etc. of the progress of the procedures and actions required under competition laws, and other laws and regulations concerning inward direct investments at the Tender Offeror (including the fact that prior notification under Russia's new presidential decree regarding inward direct investment will be newly required) to each member, and UBS Securities explained to each member that it is not necessary to change the contents of the Stock Valuation Report. Also, at the 22nd Special Committee meeting held on October 20, 2022, the Company shared the situation, etc. of the progress of the prior notification under Russia's new presidential decree regarding inward direct investment at the Tender Offeror.

Recently, the Company was notified by the Tender Offeror on October 21, 2022 that (i) it has completed all of the procedures and actions required under domestic and foreign competition laws (namely, those of Japan, China, the United States, Europe, Russia, and Turkey) and laws and regulations of Japan and Russia concerning inward direct investments excluding the acquisition of approval of the Russian Authorities, and

(ii) regarding the terms and conditions of the acquisition of approval of the Russian Authorities among the Conditions for Commencement of the Tender Offer, although it has not been fulfilled as of October 27, 2022, it will be waived as one of the Conditions for Commencement of the Tender Offer, and (iii) the Tender Offeror intends to commence the Tender Offer from October 28, 2022 on the presumption that the Conditions for Commencement of the Tender Offer are fulfilled (or waived by the Tender Offeror). Therefore, on the same date, the Company requested the Company's Special Committee to consider whether there are any changes in its opinion expressed in the Special Committee Report, and if there are no such changes, to make a statement to that effect, and if there are changes, to communicate the changed opinion, to the Company's board of directors. From April 28, 2022 onward, the Special Committee confirmed, etc. the factual situation as to whether any material changes in the situation have occurred since April 28, 2022 that may affect the Capital Transaction, and carefully considered the relevant matters of inquiry; as a result, the Special Committee confirmed for the Company that there are no circumstances that require the content of the Special Committee Report to be changed, even when taking into account the circumstances from April 28, 2022 onward to October 26, 2022, and submitted the Additional Special Committee Report as of October 26, 2022 to the Company's board of directors, stating that there are no changes to the opinions in the Special Committee Report.

Considering that (a) there is no unreasonable point in UBS Securities' explanation that it is not necessary to amend the details of the Stock Valuation Report, (b) there have been no material incidents on and after April 28, 2022, (c) it may not be evaluated as unreasonable that the Company did not make any changes in the business plan as presumed by UBS Securities in the valuation of the shares up to the date of preparation of the Additional Special Committee Report, and (d) there are no particular changes in business environment surrounding the Company Group and the industry, the Special Committee determined that amendment and renewal, etc. of the details of the Stock Valuation Report are not necessary.

[3] Acquisition of Advice from the Company's Independent Legal Advisor

In order to ensure careful decision making by the Company concerning the Capital Transaction, including the Tender Offer, and to secure the fairness and validity of decision making by the Company's board of directors, as described in "[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions" above, the Company has selected Nishimura & Asahi as a legal advisor independent of the Tender Offeror, Hitachi, and the Company, and has received legal advice from them concerning various procedures for the Capital Transaction including the Tender Offer, methods and processes for decision making by the board of directors, and other points to note in decision making concerning the Capital Transaction (including but not limited to the scope of interested Company directors, the establishment of the Special Committee and its timing, and the preferability of making decisions by giving the utmost respect to the content of the report submitted by the Special Committee).

Furthermore, Nishimura & Asahi is not a related party of the Tender Offeror, Hitachi, or the Company, and has no material interest in the Capital Transaction, including the Tender Offer.

[4] Acquisition of the Stock Valuation Report from the Company's Independent Financial Advisor and Third-party Valuation Institution

In order to obtain professional advice and assistance concerning corporate value appraisals and price negotiations, etc., as described in “[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions” above, UBS Securities has been selected as a financial advisor and third-party valuation institution independent of the Tender Offeror, Hitachi, and the Company, and the Company received advice from a financial perspective from UBS Securities and acquired the Stock Valuation Report dated April 28, 2022 under the conditions precedent as described in (Note 1) of “(ii) Outline of the Valuation” of “[1] Acquisition of Stock Valuation Report from an Independent Third-Party Valuation Institution by the Company” of “(3) Matters Related to the Valuation” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” of the Press Release Expressing the Company's Opinion and certain other conditions. The Company has not obtained an opinion concerning the fairness of the Tender Offer Price (fairness opinion) from UBS Securities, because the Tender Offeror and the Company have implemented measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest. For an overview of the Stock Valuation Report, please refer to “[1] Acquisition of Stock Valuation Report from an Independent Third-Party Valuation Institution by the Company” of “(3) Matters Related to the Valuation” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” of the Press Release Expressing the Company's Opinion.

The Company's board of directors determined that amendment and renewal, etc. of the details of the Stock Valuation Report are not necessary, taking into consideration the fact that (a) there is no unreasonable point in UBS Securities' explanation that it is not necessary to amend the details of the Stock Valuation Report, (b) there are no material changes to the presupposed facts that will affect the Stock Valuation Report, even by considering the circumstances from the board of directors' meeting held on April 28, 2022 until October 27, 2022, and the possibility of implementation of measures on the operation of Vantec HTS Logistics (Rus) LLC independent from the Tender Offeror and the Company Group (the “Separation Measures”), without the Tender Offeror's exercise of shareholder rights, intervention in decision-making, and proactive exercise of other rights (including those to implement transfers of Vantec HTS Logistics (Rus) LLC's shares to third parties) in order to exercise control rights over Vantec HTS Logistics (Rus) LLC, by itself or through the Company Group, up to the completion of the acquisition of the approval from the Russian Authorities for the share acquisition through the Tender Offer (the “Share Acquisition”), (c) there are no particular changes in business environment surrounding the Company Group and the industry, and (d) as stated in “[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions” above, the Special Committee determined that it is not necessary to request amendment and renewal, etc. of the details of the Stock Valuation Report.

UBS Securities is not a related party of the Tender Offeror, Hitachi, or the Company, and has no material interest in the Capital Transaction, including the Tender Offer.

[5] Approval of All Disinterested Company Directors

As described in “[3] Process of and Reasons for Decision Making by the Company to Support the Tender Offer” of “(2) Grounds and Reasons for the Opinions on the Tender Offer” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” of the Press Release Expressing the Company's Opinion, the Company's board of directors carefully discussed and considered whether the Capital Transaction, including the Tender Offer, would contribute to improvement of the Company's corporate value and whether the transaction

conditions related to the Capital Transaction, including the Tender Offer Price, were appropriate, taking into consideration the legal advice received from Nishimura & Asahi, the advice from a financial perspective received from UBS Securities, and the content of the Stock Valuation Report, and giving the utmost respect to the content of the decision of the Special Committee as shown in the Special Committee Report.

As a result, as described in “[3] Process of and Reasons for Decision Making by the Company to Support the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” of the Press Release Expressing the Company’s Opinion, the Company determined that (i) the Transaction, including the Tender Offer, by KKR (whose proposal for the growth strategies after implementation of the Capital Transaction, the financial strategies considering maintenance of the financial soundness of the Company, and the support system therefor was based on a deep understanding of the Company and the Company’s business, and was substantiated by the knowledge, resources, strong commitment in the Japanese market, and wealth of achievements of KKR in terms of supporting enhancement of corporate value over the mid to long term, and therefore was superior to the proposals of the other Second Round Candidates that participated in the Second Round Bidding Process) would contribute to improvement of the Company’s corporate value and that (ii) the transaction conditions related to the Transaction, including the Tender Offer Price, were valid as they ensured the benefits that should be enjoyed by minority shareholders of the Company, and the Tender Offer would provide minority shareholders of the Company with a reasonable opportunity to sell the Company Shares, because (a) KKR’s proposal was superior to the proposals made by the Second Round Candidates in terms of stock valuation and the tender offer price, (b) the Tender Offer Price is considerably higher than the upper limit of all of the evaluation results shown in the Stock Valuation Report, (c) it is considered that a reasonable premium has been added to the Tender Offer Price even in the situation where it was not unreasonable to consider that there was considerable influence on the expected value, etc. of the Capital Transaction caused by several speculative press reports on the Capital Transaction, and (d) it is recognized that measures have been taken to ensure the fairness of the Tender Offer and the interests of minority shareholders have been considered; consequently, it adopted a resolution at the meeting of the Company’s board of directors held on April 28, 2022 to express an opinion in support of the Tender Offer and to recommend that shareholders of the Company tender their shares in the Tender Offer via unanimous decision of all eight of the nine directors of the Company participating in the deliberations and resolutions, excluding Mr. Hiroshi Maruta (as explained below).

Furthermore, at the board of directors’ meeting mentioned above, the Company also resolved (i) that when the Tender Offer is commenced, the board of directors will request that the Special Committee of the Company (x) consider whether there are any changes in its opinion as expressed to the Company’s board of directors as of April 28, 2022, and (y) if there are no changes, make a statement to that effect, or if there are changes, state the changed opinion, to the board of directors; and (ii) that based on such opinion of the Special Committee, the Company will express its opinions on the Tender Offer again when the Tender Offer is commenced.

Recently, the Company was notified by the Tender Offeror on October 21, 2022 that (i) it has completed all of the procedures and actions required under domestic and foreign competition laws (namely, those of Japan, China, the United States, Europe, Russia, and Turkey) and laws and regulations of Japan and Russia concerning inward direct investments excluding the acquisition of approval of the Russian Authorities, and (ii) regarding the terms and conditions of the acquisition of approval of the Russian Authorities among the Conditions for

Commencement of the Tender Offer, although it has not been fulfilled as of October 27, 2022, it will be waived as one of the Conditions for Commencement of the Tender Offer, and (iii) the Tender Offeror intends to commence the Tender Offer from October 28, 2022 if other Conditions for Commencement of the Tender Offer are fulfilled (or waived by the Tender Offeror). As a result of careful reconsideration of various conditions regarding the Tender Offer by fully respecting the contents of the Additional Special Committee Report submitted by the Special Committee, the Company determined that as of October 27, 2022, there are still no factors that may change the opinion regarding the Tender Offer, and thus resolved at the board of directors' meeting held October 27, 2022, to once again express an opinion in support of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer.

The Company's board of directors received an explanation regarding the Separation Measures from the Tender Offeror that even if the Separation Measures are to be implemented, it will be temporary until the approval on the Share Acquisition is acquired from the Russian Authorities, and thus, the Company's board of directors determined that the revision of the Tender Offer Price is not necessary, as the Separation Measures will not have a material impact on the Company's corporate values even if the Tender Offeror implements the Separation Measures and the appropriateness of the Tender Offer Price is also maintained as of October 27, 2022.

The Company's board of directors determined that amendment and renewal, etc. of the details of the Stock Valuation Report are not necessary, taking into consideration the fact that (a) there is no unreasonable point in UBS Securities' explanation that it is not necessary to amend the details of the Stock Valuation Report, (b) there are no material changes to the presupposed facts that will affect the Stock Valuation Report, even by considering the circumstances from the board of directors' meeting held on April 28, 2022 until October 27, 2022, and the possibility of implementation of the Separation Measures, (c) there are no particular changes in business environment surrounding the Company Group and the industry, and (d) as stated in "[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions" above, the Special Committee determined that it is not necessary to request amendment and renewal, etc. of the details of the Stock Valuation Report.

In light of the fact that among the Company's directors, Mr. Hiroshi Maruta is originally from Hitachi, he did not participate in any deliberations or resolutions relating to the Capital Transaction at the Both Board of Directors Meetings, including the deliberations and resolutions at the board of directors' meeting mentioned above, nor did he, in the capacity of the Company, participate in any discussions or negotiations with the Tender Offeror, in order to avoid suspicions of conflicts of interest and to ensure the fairness of the Capital Transaction.

[6] Measures to Ensure Opportunities for Purchase by Other Purchasers

The Tender Offeror and the Company have not agreed to obligate the Company to support the Tender Offer or to make a tender recommendation; further, the Tender Offeror and the Company have not made any agreement containing a transaction protection clause that prohibits the Company from contacting any Counter-Purchase Proposer other than the Tender Offeror or any other agreement that restricts contact and so on between the Company and the Counter-Purchase Proposer. In this way, the Tender Offeror gives consideration to ensuring the fairness of the Tender Offer, as well as to setting an adequate Tender Offer Period.

Furthermore, as described in "[2] Background, Purpose, and Decision-Making Process Leading to the Tender Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" of "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" of the Press

Release Expressing the Company's Opinion, the Company and Hitachi implemented the Bidding Process by approaching several candidate purchasers, and it was only after comparison with several other candidate purchasers conducted in a certain competitive environment that they commenced discussions and deliberations (including negotiations regarding the final tender offer price) to implement the Transaction, including the Share Repurchase, with KKR, whose final proposal was the best, and thereafter they selected KKR as the final candidate after discussions and negotiations. In addition, in the Tender Offer, a long period is set as the period before commencement of the Tender Offer; therefore, it is believed that opportunities for minority shareholders of the Company to make decisions on whether to tender their shares in the Tender Offer, and opportunities for parties other than the Tender Offeror to make purchases, etc. of the Company Shares, are ensured. Accordingly, the Tender Offeror believes that there are adequate opportunities for purchases, etc. of the Company Shares by parties other than the Tender Offeror.

4. Future Revisions

In association with the implementation of the Share Consolidation, as described in "[1] Delisting" of "(2) Possibility of Delisting" of "3. Basis, Etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation" above, the Company Shares will be delisted.

Furthermore, as described in "[1] Overview of the Tender Offer" of "(2) Grounds and Reasons for the Opinion on the Tender Offer" of "3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer" of the Press Release Expressing the Company's Opinion, the Company will ultimately be made a wholly-owned subsidiary of the Tender Offeror (1) through the implementation of (i) borrowing from financial institutions and lending to the Tender Offeror of funds to be used for the Capital Contribution defined in (ii), (ii) a capital contribution by the Tender Offeror to the Company (either through a capital increase through third-party allotment where the Tender Offeror is the subscriber or a loan to the Company), and (iii) a reduction of the amount of capital, capital reserves, and retained earnings of the Company pursuant to Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, in order to secure the distributable amount required for, and funds related to, the Share Repurchase, and (2) through the implementation of the Share Repurchase.

5. Matters Concerning Transactions, Etc. with Controlling Shareholders

(1) Applicability to Transactions, Etc. with Controlling Shareholders and the Status of Conformity with the Guidelines Concerning Measures to Protect Minority Shareholders

As of today, the Tender Offeror is the Company's parent company, and transactions related to the Share Consolidation fall under transactions, etc. with controlling shareholders.

While the Company does not have "guidelines for the policy to protect minority shareholders in conducting transactions, etc. with controlling shareholders" in the report concerning corporate governance, the policy is that it takes appropriate responses so as not to harm interests of its minority shareholders by taking measures to ensure the fairness of the content of, and terms for, transactions, etc. with controlling shareholders when it conducts such transactions, including obtaining advice from attorneys-at-law and third-party organizations, as necessary, and making decisions after careful deliberations at meetings of its board of directors.

In implementing the Share Consolidation, as described in "(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest" of "3. Basis, Etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation" above, the Company's board of directors had careful discussions and considerations based on the Share Valuation Report prepared by UBS Securities, legal advice on its decision-making

method and the process thereof, and other points to be noted for procedures for the Transaction, including the Share Consolidation, from the legal advisor, Nishimura & Asahi, and the Special Committee Report submitted by the Special Committee, and other related materials, and the Company determined that appropriate responses have been taken so as not to harm interests of its minority shareholders, and the aforementioned policy is thus conformed with.

(2) Matters Concerning Measures for Ensuring Fairness and Measures for Avoiding Conflicts of Interest

Please see “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” of “3. Basis, Etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation” above.

(3) Overview of Opinions Obtained from the Controlling Shareholder and Parties with No Interest Concerning the Absence of Disadvantage to Minority Shareholders in the Transaction

The Company obtained the Special Committee Report to the effect that the Company’s board of directors’ decision making on the Capital Transaction has no disadvantage to the Company’s minority shareholders from the Special Committee on April 28, 2022. Moreover, the Company also obtained the Additional Special Committee Report to the effect that there were no changes to the opinion expressed in the Special Committee Report from the Special Committee on October 26, 2022. For details, please see “[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions” of “(3) Measures to Ensure the Fairness of the Transaction and to Avoid Conflicts of Interest” of “3. Basis, Etc. for the Amount of Money Expected to Be Delivered to Shareholders as a Result of the Treatment of Fractional Shares Pertaining to Share Consolidation” above.

IV. Abolishment of the Provision Regarding a Share Unit

1. Reasons for Abolishment

The reasons are because if the Share Consolidation takes effect, the total number of issued shares of the Company will be 17 shares, and it will not be necessary to provide for a share unit.

2. Schedule for Abolishment

[1]	Date of resolution by the board of directors	Tuesday, December 27, 2022
[2]	Date of resolution by the Extraordinary Shareholders Meeting	Thursday, February 2, 2023 (planned)
[3]	Date of Abolishment	Tuesday, February 28, 2023 (planned)

3. Conditions for Abolishment

The conditions for abolishment are that the proposal for the Share Consolidation and the proposal for the partial amendment to the Articles of Incorporation regarding the abolishment of the provision regarding a share unit (please see “V. Partial Amendment to the Articles of Incorporation” below) are approved in their original forms, 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 in its original form and the Share Consolidation takes effect, the total number of authorized shares of the Company Shares will be

reduced to 68 shares pursuant to Article 182, Paragraph 2 of the Companies Act. In order to clarify such point, the Company proposes to amend Article 6 (Total number of authorized shares) of the Articles of Incorporation subject to the effectuation of the Share Consolidation.

- (2) If the proposal for the Share Consolidation is approved in its original form and the Share Consolidation takes effect, the total number of issued shares of the Company will be 17 shares, and it will not be necessary to provide for a share unit. Accordingly, subject to the effectuation of the Share Consolidation, in order to abolish the provision regarding a share unit of the Company Shares, which is currently 100 shares per unit, the Company proposes to delete the entirety of Article 7 (Share unit) and Article 8 (Rights in relation to shares less than one unit) of the Articles of Incorporation and move up the article numbers due to the amendments.

2. Details of Amendment to the Articles of Incorporation

The details of the amendments are as follows.

(The underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed amendments
<p>Article 6 (Total number of authorized shares) The total number of authorized shares of the Company shall be <u>292 million</u> shares.</p>	<p>Article 6 (Total number of authorized shares) The total number of authorized shares of the Company shall be <u>68</u> shares.</p>
<p><u>Article 7 (Share unit)</u> <u>A share unit of the Company shall be 100 shares.</u></p>	<p>(Deleted)</p>
<p><u>Article 8 (Rights in relation to shares less than one unit)</u> <u>Shareholders of the Company (including substantial shareholders; hereinafter the same applies) may not exercise rights, other than the following rights, with respect to the relevant shares less than one unit:</u> <u>1. The rights listed in each item of Article 189, Paragraph 2 of the Companies Act;</u> <u>2. The right to receive the allotment of shares and share options through allotment to shareholders; and</u> <u>3. The right set forth in the Articles of Incorporation.</u> <u>A shareholder of the Company who holds shares less than one unit may demand that the Company sell to the shareholder the number of shares amounting to a share unit together with shares less than one unit held by the shareholder.</u></p>	<p>(Deleted)</p>
<p>Articles <u>9</u> to <u>32</u> (provisions omitted)</p>	<p>Articles <u>7</u> to <u>30</u> (remain unchanged)</p>

3. Schedule of the Amendment to the Articles of Incorporation

[1]	Date of resolution by the board of directors	Tuesday, December 27, 2022
[2]	Date of resolution by the Extraordinary Shareholders Meeting	Thursday, February 2, 2023 (planned)
[3]	Effectuation Date	Tuesday, February 28, 2023 (planned)

4. Conditions for the Amendment to the Articles of Incorporation

The amendments to the Articles of Incorporation will take effect on condition that the proposal for the Share Consolidation is approved in its original form at the Extraordinary Shareholders Meeting and the Share Consolidation takes effect.

End