



October 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)
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**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**

Hitachi Transport System, Ltd. (the “Company”) hereby announces that, with respect to a tender offer by HTSK Co., Ltd. (the “Tender Offeror”) for the common shares of the Company (the “Company Shares”) (the “Tender Offer”), announced in “Announcement of Expression of Opinion in Support of the Scheduled Commencement of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Recommendation of Tender” dated April 28, 2022, the Tender Offeror notified the Company on October 21, 2022 that the Tender Offer is scheduled to be commenced with October 28, 2022. Based on this fact, the Company resolved, at the board of directors’ meeting held today, 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, as described below.

In addition, according to the Tender Offeror, the Tender Offeror will conduct the Tender Offer with the intention of making the Company a wholly-owned subsidiary of the Tender Offeror and delisting the Company Shares through the Tender Offer and a series of procedures scheduled thereafter, as described in “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)” and “[1] Overview of the Tender Offer” under (2) Grounds and Reasons for the Opinion on the Tender Offer” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” below.

The resolution at the board of directors’ meeting mentioned above was adopted on the assumption that the Tender Offeror intends to acquire all the Company Shares and that the Company Shares are planned to be delisted through the Transaction (as defined below) including the Tender Offer.

1. Overview of the Tender Offeror

[1] Name	HTSK Co., Ltd.
[2] Location	Meiji Yasuda Life Insurance Building 11F, 2-1-1 Marunouchi, Chiyoda-ku, Tokyo
[3] Name and Title of Representative	Steven Codispoti, Representative Director
[4] Type of Business	Trade and any other business incidental or related to trade
[5] Amount of Capital	5,000 yen
[6] Date of Foundation	April 21, 2022
[7] Major Shareholders and Shareholding Ratio	HTSK Holdings Co., Ltd. (shareholding ratio: 100.00%)
[8] Relationship between the Company and the Tender Offeror	
Capital Relationship	N/A
Personal Relationship	N/A
Transaction Relationship	N/A
Status as a Related Party	N/A

2. Price for Purchase, Etc.

8,913 yen per common share (the “Tender Offer Price”)

3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer

(1) Details of the Opinion on the Tender Offer

At its board of directors’ meeting held on April 28, 2022, the Company resolved, on the grounds and reasons set out in “(2) Grounds and Reasons for the Opinion on the Tender Offer” below, as the opinion of the Company as of the same date, to express its opinion supporting the Tender Offer if the Tender Offer is commenced and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

Recently, the Tender Offeror notified the Company on October 21, 2022 that because it has (i) 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 domestic and foreign laws and regulations concerning inward direct investments (namely, those of Japan, Germany, the United Kingdom, Italy, Poland, and India) (among the foregoing, regarding the procedures and actions required under laws and regulations concerning inward direct investments, procedures and actions were required for Japan and Russia, and it was considered whether they would also be required for Germany, the United Kingdom, Italy, Poland, and India, but it was later acknowledged and

determined by August 31, 2022, that such actions are unnecessary, as follows), 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 acquisition of approval of the the Russian Authorities among [7] of certain other conditions (Note 1) (the “Conditions for Commencement of the Tender Offer”), although it has not been fulfilled as of today, it will be waived as one of the Conditions for Commencement of the Tender Offer, and (iii) the Tender Offer will commence on October 28, 2022 on the presumption that the Conditions for Commencement of the Tender Offer are fulfilled (or waived by the Tender Offeror) (Note 2). The Company carefully reconsidered the conditions regarding the Tender Offer, based on the Company’s performance and the circumstances surrounding the Transaction, and determined that as of October 27, 2022, there are no factors that could change the Company’s opinion regarding the Tender Offer, and resolved, at the board of directors’ meeting held today (together with the board of directors’ meeting held on April 28, 2022, the “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.

The resolutions at the Both Board of Directors Meetings mentioned above were adopted in accordance with the method described in “[5] Approval of All Disinterested Company Directors” under “(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” below.

(Note 1) According to the Tender Offeror, the following are the Conditions for Commencement of the Tender Offer:

[1] the Special Committee, established by the Company in relation to the Tender Offer (the “Special Committee”), has made an affirmative report regarding the Company’s board of directors expressing support for the Transaction, and the report has not been amended (excluding where the amended report approves the Company’s board of directors expressing support for the Transaction and where there are minor amendments due to an update of information being required due to the passage of time from the execution date of the Basic Agreement (as defined below) to the commencement date of the Tender Offer or otherwise) or withdrawn;

[2] a resolution to express an opinion in support of the Transaction has been adopted at a meeting of the board of directors of the Company, and that opinion has been disclosed pursuant to the relevant laws and regulations and has not been amended (excluding where the amended opinion approves the Transaction and where there are minor amendments due to an update of information being required due to the passage of time from the execution date of the Basic Agreement to the commencement date of the Tender Offer or otherwise) or revoked;

[3] no decision has been made by a judicial or administrative agency to restrain or prohibit any part of the Transaction, and there is no specific possibility thereof;

[4] Hitachi, Ltd. (“Hitachi”) has performed or complied with, in all material respects, its obligations under the Basic Agreement that should be performed or complied with by the commencement date of the Tender Offer (Note 3) (however, unless a breach of any of the obligations has a material adverse effect, this condition will be deemed to have been satisfied);

[5] Hitachi’s representations and warranties (Note 4) are true and correct in all material respects (however, unless a breach of any of the representations and warranties has a material adverse effect, this condition will be deemed to have been satisfied);

[6] confirmation has been obtained from the Company to the effect that there are no material facts (as defined in Article 166, Paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended; the “Financial Instruments and Exchange Act”)) regarding the Company’s business that have not been publicized (as defined in Article 166, Paragraph 4 of the Act) by the Company;

[7] the acquisition of clearance has been completed regarding necessary approvals and authorizations (Note 5);

[8] the Tender Offeror has received the Letter of Understanding (as defined below) from the Company, and the Letter of Understanding has not been revoked by the commencement date of the Tender Offer and remains valid and effective;

[9] the Company has performed or complied with, in all material respects, its obligations under the Letter of Understanding that should be performed or complied with by the commencement date of the Tender Offer (Note 6) (excluding the obligation to make efforts to conduct necessary acts pursuant to laws and regulations, internal rules, labor agreements, and agreements important for its business in order for the Company to conduct the Transaction lawfully and effectively) (however, unless a breach of any of the obligations has a material adverse effect, this condition will be deemed to have been satisfied); and

[10] the Company’s representations and warranties under the Letter of Understanding (Note 7) are true and correct in all material respects (however, unless a breach of any of the representations and warranties has a material adverse effect, this condition will be deemed to have been satisfied).

(Note 2) For details of Hitachi’s right to claim that the Tender Offer not be commenced, please see “[1] The Basic Agreement, Etc.” under “4. Matters Concerning Important Agreements Relating to the Tender Offer.” According to the Tender Offeror, as of today, Hitachi has not exercised the right to claim that the Tender Offer not be commenced.

(Note 3) For details of Hitachi’s obligations under the Basic Agreement, please see “[1] The Basic Agreement, Etc.” under “4. Matters Concerning Important Agreements Relating to the Tender Offer.”

(Note 4) For details of Hitachi’s representations and warranties under the Basic Agreement, please see “[1] The Basic Agreement, Etc.” under “4. Matters Concerning Important Agreements Relating to the Tender Offer.”

(Note 5) According to the Tender Offeror, “necessary approvals and authorizations” means the

notifications under the competition laws of Japan, China, the United States, Europe, Russia, and Turkey and the prior notifications under laws and regulations of Japan and Russia concerning inward direct investments. Based on the opinion of the relevant authority in each country with respect to the Company's business and characteristics of the Tender Offeror, and based on legal advice from local law firms, by August 31, 2022, which is after the date of execution of the Basic Agreement (April 28, 2022), while it was confirmed that prior notifications under laws and regulations concerning inward direct investments in Germany, the United Kingdom, Italy, Poland and India will not be necessary, it was confirmed sometime around early to mid-September 2022, that prior notification under Russia's new presidential decree regarding inward direct investment (No. 618 / enforced on September 8, 2022) will be newly required.

(Note 6) For details of the Company's obligations under the Letter of Understanding, please see "[2] Letter of Understanding" under "4. Matters Concerning Important Agreements Relating to the Tender Offer."

(Note 7) For details of the Company's representations and warranties under the Letter of Understanding, please see "[2] Letter of Understanding" under "4. Matters Concerning Important Agreements Relating to the Tender Offer."

(2) Grounds and Reasons for the Opinion on the Tender Offer

The descriptions about the Tender Offeror contained in the grounds and reasons for the opinion on the Tender Offer are based on explanations received from the Tender Offeror.

[1] Overview of the Tender Offer

According to the Tender Offeror, the Tender Offeror is a stock company (*kabushiki kaisha*) established on April 21, 2022 with the primary business of controlling and managing the business activities of the Company following completion of the Tender Offer in which the Tender Offeror will acquire and hold shares in the Company, and as of today, all of the issued shares of the Tender Offeror are held by HTSK Holdings Co., Ltd., a stock company (*kabushiki kaisha*) established on April 21, 2022 (the "Tender Offeror Parent"). Furthermore, as of today, all of the issued shares of the Tender Offeror Parent are held by HTSK Investment L.P. ("KKR Fund"), a limited partnership established under the laws of Ontario, Canada on April 25, 2022, which is indirectly held and operated by Kohlberg Kravis Roberts & Co. L.P., which is an investment advisory company established in the State of Delaware, the United States (together with its affiliates and related funds, "KKR"). As of today, none of the Tender Offeror, the Tender Offeror Parent, and the KKR Fund holds any Company Shares.

According to KKR, KKR's investment philosophy is to make investments from a long-term perspective in partnership with its investee companies' management teams, and KKR aims to create leading companies in the relevant industries by leveraging its various management resources,

expertise, and networks as a partner of companies and their management teams having great business foundations and potencies. Based on this philosophy, KKR also focuses on carve-outs (business divestitures) of and independence support for subsidiaries and business units from companies and strives to support business development of its investee companies as independent business entities by promoting their growth strategies and improving their profitability and business efficiency, both organically (by leveraging existing management resources) and inorganically (through alliances with, or acquisitions of, other companies); as a result, KKR has a track record of success in approximately 60 carve-out (business divestiture) and independence support projects around the world.

According to KKR, KKR was founded in 1976, is an international investment company having assets under management amounting to approximately 470 billion dollars around the world, including private equity investments, and is listed on the New York Stock Exchange. Since the opening of its Tokyo office in 2006, KKR has been actively expanding its investment activities in the Japanese market and is operated by employees from diverse backgrounds that possess an understanding of Japanese trade practices. In 2010, KKR invested in Intelligence, Ltd., a comprehensive HR services provider. In 2014, KKR supported the carve-out of Panasonic Healthcare Co., Ltd. (“PHC”) from Panasonic Corporation, and through KKR’s support, PHC subsequently acquired the diabetes care business of Bayer Aktiengesellschaft and its subsidiary Bayer HealthCare in 2016 and then acquired the anatomical pathology business (now known as EpreDia) of Thermo Fisher Scientific, Inc. as well as LSI Medience Corporation, a major clinical testing company in Japan and a subsidiary of Mitsubishi Chemical Holdings Corporation, in 2019; thus, KKR has a track record of supporting its Japanese investee companies’ follow-on acquisitions of domestic and overseas enterprises. In 2015, KKR invested in the DJ equipment business unit of Pioneer Corporation (now known as Pioneer DJ Corporation) and in 2017, KKR implemented tender offers for Calsonic Kansei Corporation, a listed subsidiary of Nissan Motor Co., Ltd., and Hitachi Koki Co., Ltd. and Hitachi Kokusai Electric Inc., listed subsidiaries of Hitachi; through these initiatives, KKR has promoted independence support for Japanese companies’ subsidiaries and business units. In March 2021, KKR jointly acquired shares in Seiyu Co., Ltd. (“Seiyu”), a major supermarket player and a subsidiary of Walmart Inc., with Rakuten DX Solution G.K., a subsidiary of Rakuten Inc. (“Rakuten”), and through an alliance with Rakuten, KKR has integrated online and physical retailing and has supported promotion of digital transformation (“DX”). By providing its capital, human resources, and networks to those companies expected to achieve high future growth, KKR has been committed to supporting acceleration of growth and structural development of its investee companies. In March 2022, KKR acquired Yayoi Co., Ltd. (“Yayoi”), which provides business software and has the largest market share in Japan in cloud accounting software for sole proprietors (source: “Survey of Actual Cloud Accounting Software Usage” by MM Research Institute, Ltd. (as of the end of April 2021)), from ORIX Corporation. Since small and medium-sized

enterprises (having the meaning defined in Article 2, Paragraph 1 of the Small and Medium-sized Enterprise Basic Act (Act No. 154 of July 20, 1963) (Note 1)) account for 99% or more of the number of Japanese companies, KKR considers that Yayoi plays an important role in supporting improvement of business efficiency and productivity of small and medium-sized enterprises by promoting DX and cloud migration and has great potential for future growth. KKR has an affluent record of investing in the areas of software, cloud computing, and SaaS (Note 2) globally and plans to support new growth of Yayoi by utilizing its experience and knowledge in the future. Moreover, in April 2022, KKR conducted an acquisition of Mitsubishi Corp. - UBS Realty Inc. (“MC-UBSR”), a real estate asset management company having assets under management amounting to 1,700 billion yen, from Mitsubishi Corporation and UBS Group. By utilizing the resources and networks of KKR, which is engaged in real estate investment business globally, with MC-UBSR, which is considered to have a solid business foundation, KKR plans to support further enhancement of the value of MC-UBSR.

(Note 1) “Small and medium-sized enterprises” means [1] companies for which their capital amount or the total amount of contributions is 300 million yen or less, and companies and individuals having 300 or less employees, which are engaged in business in the following fields: manufacturing, construction, or transport (excluding wholesale, service, and retail business) as their primary business, [2] companies for which their amount of capital or the total amount of contributions is 100 million yen or less, and companies and individuals having 100 or less employees, which are engaged in wholesaling as their primary business, [3] companies for which their amount of capital or the total amount of contributions is 50 million yen or less, and companies and individuals having 100 or less employees, which are engaged in providing services as their primary business, and [4] companies for which their amount of capital or the total amount of contributions is 50 million yen or less, and companies and individuals having 50 or less employees, which are engaged in retail sales as their primary business.

(Note 2) “SaaS” stands for “Software as a Service” and refers to a form of service providing software functions via the Internet.

According to the “(Amendment) Partial Revision to ‘Announcement Regarding the Commencement of the Tender Offer for the Shares of Hitachi Transport System, Ltd. (Securities Code 9086)’” announced by the Tender Offeror on April 28, 2022, On April 28, 2022, the Tender Offeror decided that because it would take a certain amount of time for the procedures and actions required under domestic and foreign competition laws (namely, those of Japan, China, the United States, Europe, Russia, and Turkey) and domestic and foreign laws and regulations concerning inward direct investments (namely, those of Japan, Germany, the United Kingdom, Italy, Poland, and

India), if the Conditions for Commencement of the Tender Offer, including the completion of these procedures and actions, are fulfilled (or waived by the Tender Offeror), the Tender Offeror will conduct the Tender Offer targeting all of the Company Shares (excluding the Company Shares held by Hitachi, the major and largest shareholder and an affiliate of the Company: 33,471,578 shares, representing an ownership ratio (Note 3) of 39.91%; the “Shares to Be Sold”), and treasury shares held by the Company), 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 that are listed on the Prime Market of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) as of today (the “Transaction”), and aimed to commence the Tender Offer in around late September 2022.

Thereafter, according to the “(Amendment) Partial Revision to ‘Announcement Regarding the Commencement of the Tender Offer for the Shares of Hitachi Transport System, Ltd. (Securities Code 9086)’” (the “Tender Offeror Amendment Press Release dated September 29, 2022”) announced by the Tender Offeror on September 29, 2022, the Tender Offeror has, as of September 21, 2022, completed the procedures and actions required under competition laws of Japan, China, the United States, Europe, Russia, and Turkey, and laws and regulations concerning inward direct investments of Japan. Also, by August 31, 2022, which is after the execution of the Basic Agreement, while the Tender Offeror confirmed that prior notifications under the laws and regulations concerning inward direct investments of Germany, the United Kingdom, Italy, Poland and India will not be necessary, it has been confirmed sometime around early to mid-September 2022, that prior notification under Russia’s new presidential decree regarding inward direct investment (No. 618 / enforced on September 8, 2022) will be newly required; and made prior notification regarding the share acquisition by the Tender Offer (the “Share Acquisition”) to the Russian Authorities as of October 10, 2022 (local time) (according to the Tender Offeror, the prior notification above was accepted as of the same date), and it was aimed to commence the Tender Offer by early November 2022.

(Note 3) “Ownership ratio” refers to the ratio (rounded to the second decimal place) of the number of shares held to the number of shares (83,872,836 shares) obtained by subtracting the treasury shares held by the Company as of September 30, 2022 (228,878 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: 177,000 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 Second Quarter of the Year ending March 2023” announced by the Company on October 27, 2022 (the “Company’s Financial Report for the Second Quarter of the Year ending March 2023”) (84,101,714 shares). Hereinafter, the same applies in the calculation of the ownership ratio.

According to the Tender Offeror, thereafter, as of October 20, 2022 (local time), while the Tender Offeror confirmed the status of the examination with the Russian Authorities through Russian lawyers, persons in charge at the Russian Authorities answered that, as of the above time, the examination of the notification made by the Tender Offeror has not commenced, and the Russian lawyers explained that, based on the status of the above examination, there is a reasonable possibility that the approval of the Share Acquisition may not be acquired from the Russian Authorities by early November 2022, and it is difficult to accurately predict the period up to the acquisition of such approval.

According to the Tender Offeror, in the process of making the notification to, and confirming the status of examination after filing the notification with, the Russian Authorities as of October 10, 2022 (local time), Russian lawyers explained that, (a) under Russian Presidential Decree No. 618, in the case foreign corporations acquire a majority of the voting rights of Russian corporations directly or indirectly, while it is necessary for such foreign corporations to acquire the approval of the Russian Authorities in advance of such acquisition of voting rights, even in the case where foreign corporations acquire the majority of the voting rights of Russian corporations directly or indirectly, if such foreign corporations do not exercise the control rights over such Russian corporations by itself or through its subsidiaries, and implement the measures by which such Russian corporations will be operated independently, such acquisition of the voting rights is possible, without constituting a breach of Russian Presidential Decree No. 618 and (b) while such measures being implemented is exceptional, if they are implemented, in many cases, it is practically done after a certain period following the prior notification regarding the Share Acquisition is made to the Russian Authorities.

According to the Tender Offeror, as a result of the consideration based on the status of examination by the Russian Authorities and the explanation by Russian lawyers above, while aiming to promptly acquire approval on the Share Acquisition from the Russian Authorities (Note 4), if the Tender Offeror acquires the majority or above, of the Company's voting rights through the Tender Offer before the acquisition of the above approval, from the viewpoint of ensuring that the settlement regarding the Tender Offer is implemented without constituting a breach of the Russian presidential decree requiring the above approval, and other laws and regulations, after expiration of the period for purchase, etc. in the Tender Offer (the "Tender Offer Period"), during the period from the time when the acquisition of a majority or above (Note 5) of the voting rights of the Company through the Tender Offer (Note 6) became apparent up to the date of commencement of settlement regarding the Tender Offer, in consideration of legal advice from Russian lawyers, the Tender Offeror has decided to implement measures on the operation of Vantec HTS Logistics (Rus) LLC independent from the Tender Offeror and the Company Group (the "Separation Measures"), without the 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 (as defined below), up to the completion of the acquisition of above approval. According to the Tender Offeror, in the case above, regarding the implementation of the Separation Measures, the approval has been acquired from (a) the Company, which is Vantec HTS Logistics (Rus) LLC's shareholder, and (b) Vantec Corporation, which is Vantec HTS Logistics (Rus) LLC's shareholder and the Company's wholly-owned subsidiary. According to the Tender Offeror, as the Separation Measures are decided by the directors of the Tender Offeror with a written decision and resolved by Vantec HTS Logistics (Rus) LLC's shareholders with a written shareholders' resolution, each of the Tender Offeror and Vantec HTS Logistics (Rus) LLC's shareholders may implement the Separation Measures with its voluntary discretion, the Tender Offeror is not aware of any facts which may be a hindrance to the implementation of the Separation Measures. According to the Tender Offeror, even if the Separation Measures are to be implemented, as it will be temporary until the approval of the Share Acquisition is acquired from the Russian Authorities, the Tender Offeror determined that the Separation Measures will not have particular impact on the Company Group's corporate values (Note 7).

(Note 4) According to the Tender Offeror, the Tender Offeror will submit the amended statement if such approval is acquired during the Tender Offer Period.

(Note 5) As stated in "[1] The Basic Agreement, Etc." of "4. Matters Concerning Important Agreements Relating to the Tender Offer" below, the Tender Offeror executed the Basic Agreement with Hitachi as of April 28, 2022, and Hitachi agreed not to tender the Shares to be Sold to the Tender Offer. However, according to the Tender Offeror, Russian lawyers explained that under Russian Presidential Decree No. 618, the voting rights regarding the Shares to be Sold are not included in the voting rights of the Company acquired by the Tender Offer.

(Note 6) According to the Tender Offeror, in the case the majority or more of the voting rights of the Company may not be acquired by the Tender Offer, and the Share Consolidation (as defined below) comes into effect before the acquisition of the approval on the Share Acquisition, the Tender Offeror has decided to implement the Separation Measures during the period up to the effective date of the Share Consolidation. According to the Tender Offeror, regarding the implementation of the Separation Measures in such case, approvals have been obtained from (a) the Company which is Vantec HTS Logistics (Rus) LLC shareholder, and (b) Vantec Corporation which is Vantec HTS Logistics (Rus) LLC shareholder and the Company's wholly-owned subsidiary.

(Note 7) By implementing the Separation Measures, the operation of Vantec HTS Logistic (Rus) LLC will be conducted based on management decision of the officers and employees of the above company. However, the Separation Measures are temporary measures until the

approval on the Share Acquisition is acquired from the Russian Authorities, and in addition to the fact that no particular matters to be resolved by the shareholders are expected during such period [until the above approval is acquired], it is possible to make necessary resolutions as a shareholder for the purpose of compliance with laws and regulations, such as approval of settlement of accounts. Moreover, currently, some of the officers of Vantec HTS Logistic (Rus) LLC concurrently serve as officers and employees of the Company Group excluding Vantec HTS Logistic (Rus) LLC. However, according to the Tender Offeror, the Tender Offeror received legal advice from Russian lawyers that (a) it is not necessary for these concurrently serving officers to resign, and (b) similar to the acquisition of the majority or more of the voting rights of the Company by the Tender Offeror, there are no legal issues in implementing the Separation Measures if management decisions are made without being affected by the Tender Offeror, respectively.

Due to the foregoing, among [7] of the Conditions for Commencement of the Tender Offer, regarding the terms and conditions for the acquisition of approval of the Russian Authorities, although it has not been fulfilled as of today, the Tender Offeror has decided to waive it as one of the Conditions for Commencement of the Tender Offer.

Then, according to the Tender Offeror, as stated above, Russian lawyers explained that there is a reasonable possibility that the approval of the Share Acquisition may not be acquired from the Russian Authorities by early November 2022, and it is difficult to accurately predict the period up to the acquisition of such approval; however, in order to resolve the unstable situation where the Tender Offeror has not been commenced yet even though it was published as soon as possible, the Tender Offeror will continue to make efforts to commence the Tender Offer as soon as practically possible and acquire the approval from the Russian Authorities, and if the Tender Offeror acquires the majority or above of the Company's voting rights through the Tender Offer before the acquisition of the above approval from the Russian Authorities, from the viewpoint of ensuring that the settlement regarding the Tender Offer is implemented without constituting a breach of the Russian presidential decree requiring the above approval, and other laws and regulations, the Tender Offeror has decided to implement the Separation Measures after expiration of the Tender Offer Period, up to the date of commencement of settlement regarding the Tender Offer. In light of the above, on October 20, 2022, the Tender Offeror determined that it is expected to be possible to commence the Tender Offer from October 28, 2022. Subsequently, according to the Tender Offeror, regarding the Conditions for Commencement of the Tender Offer excluding the terms and conditions for the acquisition of approval of the Russian Authorities, since the Tender Offeror confirmed that all of them have been fulfilled as follows, the Tender Offeror decided that it had become possible to commence the Tender Offer; and on October 27, 2022, it was decided to commence the Tender Offer from October 28,

2022.

[1] According to the Tender Offeror, the Tender Offeror has received a report to the effect from the Company that, (a) the Special Committee established by the Company's board of directors in relation to the Tender Offer determined that, also as of October 26, 2022, there is no factor to amend the Special Committee's report as of April 28, 2022 which mentions that, in addition to expressing the Company's board of directors' support, resolving to recommend to the Company's shareholders to tender in the Tender Offer is reasonable, and (b) the Special Committee has made an affirmative report regarding the Company's board of directors expressing support for the Transaction, and the report has not been amended (excluding where the amended report approves the Company's board of directors expressing support for the Transaction and where there are minor amendments due to an update of information being required due to the passage of time from the execution date of the Basic Agreement to the commencement date of the Tender Offer or otherwise) or withdrawn; therefore, on October 26, 2022, the Tender Offeror confirmed that an affirmative report regarding the Company's board of directors expressing support for the Transaction has been made by the Special Committee.

[2] According to the Tender Offeror, the Tender Offeror has received the report to the effect from the Company that, at the Company's board of directors meeting held on October 27, 2022, it has been determined that as of October 27, 2022, there is no factor to amend the opinion on the Tender Offer as of April 28, 2022, and that, a resolution to express an opinion in support of the Transaction has been adopted, and that opinion has been disclosed pursuant to the relevant laws and regulations and has not been amended (excluding where the amended opinion approves the Transaction and where there are minor amendments due to an update of information being required due to the passage of time from the execution date of the Basic Agreement to the commencement date of the Tender Offer or otherwise) or revoked; and on October 27, 2022, it has been confirmed that the above resolution has been adopted and disclosed, and such opinion has not been amended or revoked.

[3] According to the Tender Offeror, the Tender Offeror has received a report from the Company to the effect that, as of October 27, 2022, no decision has been made by a judicial or administrative agency to restrain or prohibit any part of the Transaction, and there is no specific possibility thereof; and it has been determined that the above events have not arisen, on the above date.

[4] According to the Tender Offeror, the Tender Offeror has received a report from Hitachi to the effect that, as of October 27, 2022, Hitachi has performed or complied with, in all material respects, its obligations under the Basic Agreement that should be performed or complied with by the commencement date of the Tender Offer; and it has been determined that the above obligations have been performed and complied with, on the above date.

[5] According to the Tender Offeror, the Tender Offeror has received a report from Hitachi to

the effect that, even as of October 27, 2022, Hitachi's representations and warranties are true and correct in all material respects, and it has been determined that the above representations and warranties are true and correct in all material respects as of the above date.

[6] According to the Tender Offeror, the Tender Offeror has received a report from the Company to the effect that, as of October 27, 2022, there are no material facts (as defined in Article 166, Paragraph 2 of the Financial Instruments and Exchange Act) regarding the Company's business that have not been publicized (as defined in Article 166, Paragraph 4 of the Financial Instruments and Exchange Act) by the Company, and it has been determined that there are no material facts regarding the Company's business that have not been publicized by the Company, on the above date.

[7] According to the Tender Offeror, regarding notifications under competition laws of Japan, China, the United States, Europe, Russia, and Turkey, and prior notifications under laws and regulations concerning inward direct investments in Japan and Russia, although the terms and conditions of the acquisition of the approval of the Russian Authorities have not been fulfilled as of today, it will be waived as one of the Conditions for Commencement of the Tender Offer, and regarding the Conditions for Commencement of the Tender Offer excluding the terms and conditions of the acquisition of approval of the Russian Authorities, it has been fulfilled with the receipt of the document approving the Share Acquisition from the Federal Anti-Monopoly Service of Russia as of September 21, 2022; and it has been confirmed that it has become possible to conduct the Share Acquisition.

[8] According to the Tender Offeror, the Tender Offeror has received the Letter of Understanding from the Company, and the Letter of Understanding has not been revoked by the commencement date of the Tender Offer and remains valid and effective.

[9] According to the Tender Offeror, the Tender Offeror has received reports from the Company to the effect that, as of October 27, 2022, the Company has performed or complied with, in all material respects, its obligations under the Letter of Understanding that should be performed or complied with by the commencement date of the Tender Offer (excluding the obligation to make efforts to conduct necessary acts pursuant to laws and regulations, internal rules, labor agreements, and agreements important for its business in order for the Company to conduct the Transaction lawfully and effectively); and on the above date, it has been determined that such obligations have been performed and complied with in all material respects.

[10] The Tender Offeror received a report from the Company to the effect that the Company's representations and warranties under the Letter of Understanding are true and correct in all material respects as of October 27, 2022, and it has been determined that the above representations and warranties are true and correct in all material respects as of the above date.

According to the Tender Offeror, the Transaction consists of the following transactions, and the

Tender Offeror plans to ultimately make the Company its wholly-owned subsidiary:

- [1] the Tender Offer by the Tender Offeror;
- [2] the procedures for the Share Consolidation to be conducted by the Company for only the Tender Offeror and Hitachi to become shareholders of the Company if the Tender Offeror fails to acquire all of the Company Shares through the Tender Offer (excluding the Shares to Be Sold and the treasury shares held by the Company) (the “Squeeze-Out Procedures”);
- [3] the following transactions to be conducted by the Company to secure the distributable amount necessary for the Company to acquire the Shares to Be Sold held by Hitachi subject to the Share Consolidation taking effect (the “Share Repurchase”; the Company will conduct the Share Repurchase to maximize the tender offer price and ensure fairness among shareholders, given that the rules on exclusion from gross revenue of deemed dividends stipulated under the Corporate Tax Act will apply to Hitachi) and funds required for the Share Repurchase:
 - (i) borrowing from financial institutions (the “Debt Financing”) and lending to the Tender Offeror of funds to be used for the Capital Contribution defined in (ii) (the “Lending”);
 - (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, the “Capital Contribution”); 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 (Act No. 86 of 2005; as amended; the “Companies Act”) (the “Capital Reduction”) (Note 8); and
- [4] the Share Repurchase.

According to the Tender Offeror, prior to the Capital Contribution, the following are planned:

(a) in order to secure funds for the Capital Contribution, the Tender Offeror Parent will conduct a capital increase through third-party allotment to the KKR Fund as an allottee, and (b) by the Tender Offeror Parent assuming the obligation to pay a price equivalent to 10 billion yen among the Company’s obligation to pay the price for the Share Repurchase to Hitachi, Hitachi will acquire the right to claim payment of the price to the Tender Offeror Parent and will contribute in-kind the right to claim payment of the price (the “Hitachi Re-contribution”; the right to claim payment of the price will be extinguished due to a merger of rights under Article 520 of the Civil Code (Act No. 89 of 1896; as amended)) to acquire 10% of the voting rights of the Tender Offeror Parent (Note 9). The re-contribution of 10% was decided, after discussions between Hitachi and KKR, based on the structure of voting rights that was advisable from the viewpoint of promoting joint development in the DX area, etc. toward which the Company and Hitachi have made efforts, and that would allow

Hitachi to remain involved in the management of the Company to a certain extent. Hitachi and KKR also considered conducting the Hitachi Re-contribution by Hitachi paying cash to the Tender Offeror Parent; however, if the Hitachi Re-contribution is conducted by way of paying cash, the Company would use the cash paid by Hitachi to pay the price for the Share Repurchase to Hitachi, and it was considered unnecessary to circulate cash in this manner; therefore, Hitachi and KKR held discussions and decided to conduct the Hitachi Re-contribution by way of a contribution in-kind as mentioned above. For details of the Share Consolidation, please see “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)” below.

(Note 8) For the Capital Reduction, the Company intends to transfer all or part of the capital and capital reserves so reduced to “Other capital surplus” and to transfer the full amount of the retained earnings so reduced to “Retained earnings brought forward.”

(Note 9) [1] In regard to the amount to be paid in per common share of the Tender Offeror Parent by Hitachi in the Hitachi Re-contribution, it is not considered that a substantially advantageous condition than the Tender Offer Price has been set because the valuation of the Company Shares, which is the premise for a decision on the amount to be paid in per common share of the Tender Offeror Parent in the Hitachi Re-contribution, is scheduled to be 8,913 yen, which is the same price as the Tender Offer Price (however, a formal adjustment will be made based on the consolidation ratio of the Company Shares in the share consolidation to be conducted as the Squeeze-Out Procedures), and [2] the Hitachi Re-contribution will be conducted so that Hitachi, which is the largest shareholder of the Company, will be involved in the Company after the Company becomes a private company through a contribution to the Tender Offeror Parent, and this was considered independently from whether Hitachi would be able to tender its shares in the Tender Offer. Therefore, the Tender Offeror believes that the Hitachi Re-contribution will not be contrary to the principle of equality of tender offer prices (Article 27-2, Paragraph 3 of the Financial Instruments and Exchange Act).

According to the Tender Offeror, in connection with the Tender Offer, the Tender Offeror and Hitachi executed a basic agreement on April 28, 2022 (the “Basic Agreement”), which provides that: [1] Hitachi will not tender any of the Shares to Be Sold held by it in the Tender Offer; [2] Hitachi will acquire shares with voting rights in the Tender Offeror Parent amounting to 10 billion yen (voting rights ratio: 10%); and that [3] Hitachi will sell the Shares to Be Sold in response to the Share Repurchase. Also, according to the Tender Offeror, the Tender Offeror executed the Four-Party Agreement stipulating the matters related to the implementation and procedures of the Hitachi Re-contribution with Hitachi, the Tender Offeror Parent, and the Company on October 27, 2022, in connection with the agreement on the Basic Agreement. For details of the Basic Agreement and the Four-Party Agreement, please see “[1] The Basic Agreement, Etc.” under “4. Matters Concerning

Important Agreements Relating to the Tender Offer” below.

According to the Tender Offeror, the following have been executed in connection with the Transaction:

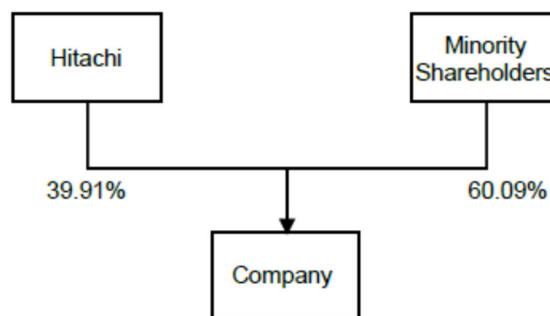
- (i) a capital and business alliance agreement dated October 27, 2022 concerning the Company’s operation, etc., among the Company, Hitachi and KKR Fund (for details of the capital and business alliance agreement, please see “[3] Capital and Business Alliance Agreement” under “4. Matters Concerning Important Agreements Relating to the Tender Offer” below; the “Capital and Business Alliance Agreement”) and
- (ii) a transition service agreement, research service agreement, and Hitachi brand usage license agreement, between Hitachi and the Company, as agreements aimed at smoothly continuing the Company’s business activities, and a shareholders agreement concerning the operation of Hitachi Distribution Software Co., Ltd.

According to the Tender Offeror, the following illustrations show the outline of the Transaction:

<Structure Chart for the Transaction>

I. Prior to the Tender Offer (current status)

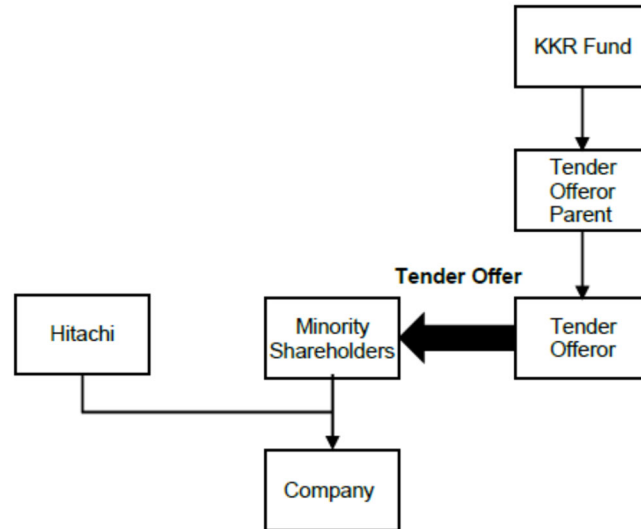
As of today, Hitachi holds 33,471,578 shares in the Company (ownership ratio: 39.91%), and minority shareholders hold the remaining 50,401,258 shares (ownership ratio: 60.09%).



II. Tender Offer by the Tender Offeror and procurement of funds required for settlement thereof

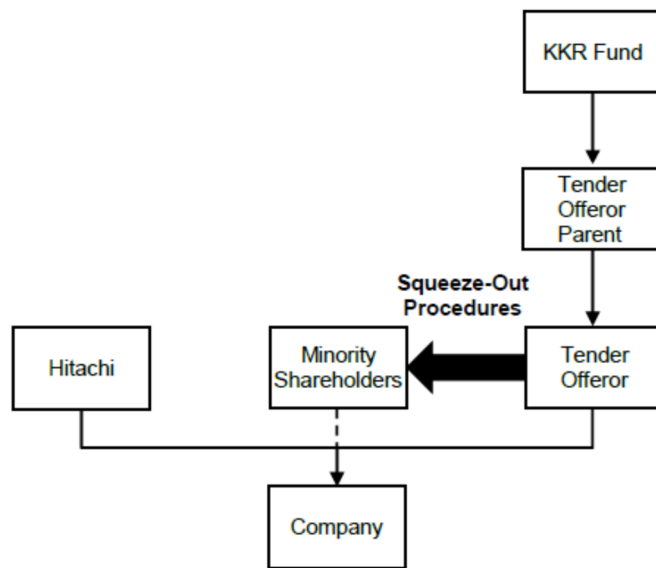
The Tender Offeror will conduct the Tender Offer targeting all of the Company Shares (except for the Shares to Be Sold and the treasury shares held by the Company).

The funds required for settlement of the Tender Offer will be financed from the funds procured by the equity contribution by the Tender Offeror Parent (the “Equity Contribution”).



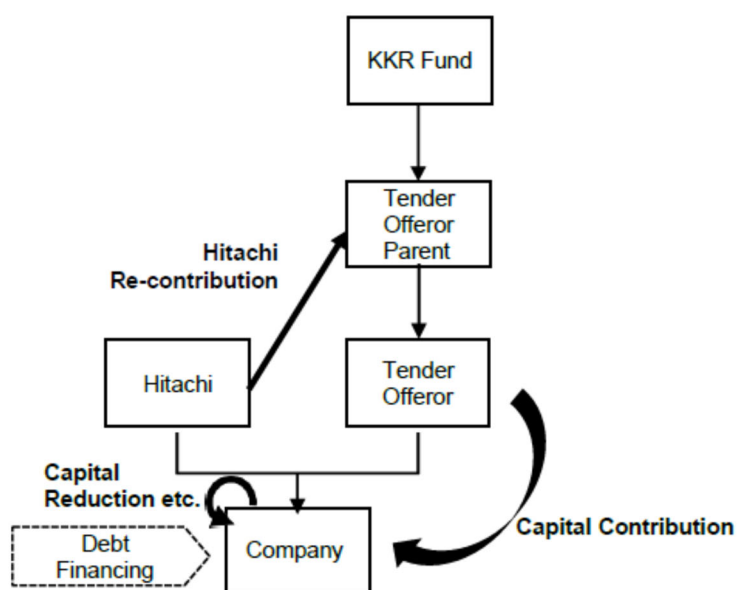
III. Squeeze-Out Procedures through the Share Consolidation (after completion of the Tender Offer)

In the event that the Tender Offeror fails to acquire all of the Company Shares (except for the Shares to Be Sold and the treasury shares held by the Company) through the Tender Offer, the Tender Offeror will implement the procedures for only the Tender Offeror and Hitachi to become the Company’s shareholders by requesting that the Company implement the procedures for the Share Consolidation.



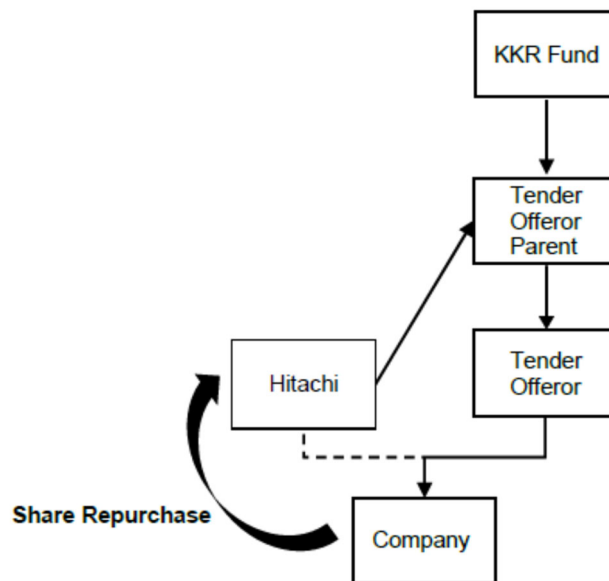
IV. Debt Financing, Lending, Capital Contribution, and Capital Reduction for the Company to secure the distributable amount and funds required for the Share Repurchase

After the Company Shares are delisted and the Share Consolidation takes effect, in order to secure the funds required for the Share Repurchase and the distributable amount, the Debt Financing, Lending, Capital Contribution, and Capital Reduction will be implemented. Moreover, prior to the Capital Contribution, the Hitachi Re-contribution and a capital increase through third-party allotment by the Tender Offeror Parent to the KKR Fund as an allottee will be implemented.

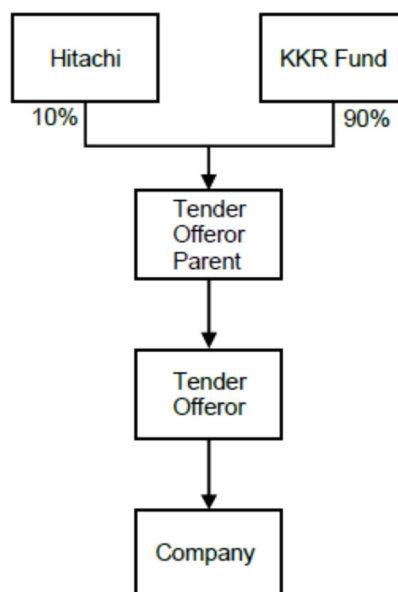


V. The Company's Share Repurchase from Hitachi

The Company will implement the Share Repurchase by leveraging the distributable amount secured by the Debt Financing, Lending, Capital Contribution, and Capital Reduction to acquire all of the Shares to Be Sold held by Hitachi.



VI. After Completion of the Transaction



According to the Tender Offeror, if the total number of shares tendered in the Tender Offer (the “Tendered Shares”) is less than the minimum number of shares to be purchased (22,443,700 shares), then the Tender Offeror will not purchase any of the Tendered Shares. On the other hand, the Tender Offeror has not set an upper limit on the number of shares to be purchased because the Tender Offeror intends for the Company Shares to be delisted. If the total number of Tendered Shares is equal to or more than the minimum number of shares to be purchased (22,443,700 shares), the Tender Offeror will purchase all of the Tendered Shares. The minimum number of shares to be purchased (22,443,700 shares) will be the number of shares (22,443,700 shares) obtained by multiplying 100, which is one unit of the Company’s shares, by the number of voting rights (224,437 voting rights) obtained by subtracting the number of voting rights (334,715 voting rights) pertaining to the Shares to Be Sold (33,471,578 shares) from the number of voting rights (559,152 voting rights, rounded up to the nearest whole number) which is two-thirds of the number of voting rights (838,728 voting rights) pertaining to the number of shares (83,872,836 shares) obtained by subtracting the treasury shares held by the Company as of September 30, 2022 (228,878 shares) (except 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 (177,000 shares)) from the total number of the Company’s issued shares as of the same date as stated in the Company’s Financial Report for the Second Quarter of the Year ending March 2023 (84,101,714 shares). Since the Transaction is intended to delist the Company Shares, the minimum number of shares to be purchased will be set an amount ensuring that the Transaction is conducted, considering that a special resolution is required to be adopted at the shareholders meeting as provided in Article 309, Paragraph 2 of the Companies Act in order to conduct the procedures for the Share Consolidation as described in “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)” below and that it has been agreed with Hitachi that Hitachi will not tender the Shares to Be Sold in the Tender Offer and will agree to each proposal concerning the Squeeze-Out Procedures if the Tender Offer is completed.

According to the Tender Offeror, the Tender Offeror will finance the funds required for settlement of the Tender Offer through the Equity Contribution. Although the Share Repurchase is to be conducted within the scope of the Company’s distributable amount, the Tender Offeror intends to procure a shortage in the Company’s distributable amount through the Debt Financing, Lending, Capital Contribution, and Capital Reduction after the Share Consolidation, taking into account the amount of funds required of the Company for the Share Repurchase as well as the levels of cash and deposits held by the Company and cash and deposits required for business operations.

[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

The background, purpose, and decision-making process leading to the Tender Offeror's decision to conduct the Tender Offer as well as the management policy following the Tender Offer are described below.

(i) Business Environment Surrounding the Company

The Company was established as a logistics subsidiary undertaking the transport business of Hitachi in February 1950, and the Company has expanded its business by undertaking in a lump sum the shipping business within plants of Hitachi and transport of ultra heavy objects within and outside Japan. The Company was listed on the Second Section of the Tokyo Stock Exchange in January 1989, and was redesignated in the First Section in September 1990, and after the restructuring of the Tokyo Stock Exchange, as of today, it is listed on the Prime Market of the Tokyo Stock Exchange. The Company's trade name at the time of its establishment in February 1950 was Nitto Transport KK., which was changed to Hitachi Express Co., Ltd. in December 1952; Hitachi Express Co., Ltd. merged with Seibu Hitachi Transport Co., Ltd. and Tokyo Monorail Co., Ltd. and changed its trade name to Hitachi Express & Tokyo Monorail Co., Ltd. in November 1967; Hitachi Express & Tokyo Monorail Co., Ltd. separated from Tokyo Monorail Co., Ltd. and changed its trade name to Hitachi Express Co., Ltd. in May 1981; in July 1985, the Company's trade name was changed to its current trade name, Hitachi Transport System, Ltd.

Under the corporate philosophy of "to deliver high-quality services that will help make the world a better place for people and nature for generations to come," 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 by resolving issues and creating "value" through various "collaborative innovations."

In these circumstances, in the mid-term management plan titled "LOGISTEED 2024" (Note 1), the final year of which is the year ending in March 2025, published by the Company as of April 28, 2022, the Company has set "contribution to a de-carbonization- and recycling-oriented society," "building and evolving strong and sustainable logistics services," and "creating new value through DX (digital transformation)" as the areas on which the Company should focus based on the corporate vision that the Company should achieve over the long term and the Company's material issues in light of the unstable world situation, such as the prolonged influence of the novel coronavirus pandemic, the embodied geopolitical risks, etc.; the Company will make efforts toward "strengthening and expansion of overseas business," "expansion of business fields by adding new

value (speeding up LOGISTEED),” “evolving smart logistics (Note 2),” and “strengthening of the foundation of ESG management (Note 3)” under the slogan, “Be a global supply chain strategic partner with DX, LT (Logistics Technology), and on-site capabilities,” in order to become a “leading 3PL company in Asia,” which is an objective set to be achieved by the Company under “LOGISTEED 2024.”

(Note 1) “LOGISTEED” is a word made up by combining Logistics, Exceed, Proceed, Succeed, and Speed and has the meaning of leading our business to new fields beyond logistics.

(Note 2) “Smart logistics” means solutions to respond to various customer needs for logistics in a one-stop manner and to cause logistics to be smart.

(Note 3) “ESG management” means actions considering the environment, society, governance, and corporate ethics to achieve a sustainable society and enhance corporate value.

Among them, first, to achieve “strengthening and expansion of overseas business,” the Company aims to advance the measures to expand overseas business by catching up with market growth and basing those measures on regional strategies.

Specifically, the Company aims to expand the shared Milkrun (Note 4) and trunk line transportation business and provide seamless logistics to plants in North America; to spread the intermodal transportation (Note 5) business in Europe and expand business in the growing European areas and markets; to further improve safety, quality, and productivity through automation and labor savings and strengthen the high value-added logistics services in China; and to expand investment and business, develop cold chains, and strengthen the local and intraregional networks in India, Thailand, Indonesia, Malaysia, and other countries in Asia.

(Note 4) “Milkrun” means a transport method where one truck goes around multiple suppliers’ sites to collect produced parts, etc. and delivers them to a production plant in a lump sum.

(Note 5) “Intermodal transportation” means multimodal transport in which multiple and different transport modes (transport means), such as truck, ship, railway, etc., are combined. An environmental burden reduction can be expected by incorporating railways and ships into the trunk line transportation portion.

In addition, regarding “expansion of business fields by adding new value (speeding up LOGISTEED),” the Company aims to develop VAS (Value Added Services) (Note 6) for customers by developing SCDOS (Supply Chain Design & Optimization Services) (Note 7), which will contribute to resolving supply chain issues, and by expanding new services in the boundary fields of manufacturing and logistics. Furthermore, regarding “evolving smart logistics,” the Company strives to achieve automation and labor savings through interlocking systems and machinery, to improve the work environment through DX, and to strengthen and enhance the warehouse functions, such as

warehouses with three temperature zones (Note 8) and dangerous goods warehouses, and aims to strengthen the transport business by utilizing SSCV (digital transport platform) (Note 9), and to respond to a shortage of drivers (the 2024 issues (Note 10)) and de-carbonization.

(Note 6) “VAS (Value Added Services)” means high value-added services, including procurement support and manufacturing support for customers.

(Note 7) “SCDOS (Supply Chain Design & Optimization Services)” means services to support the resolution of issues and planning of strategies through integrated management and visualization of various data on customer supply chains.

(Note 8) “Warehouses with three temperature zones” means warehouses having normal temperature maintenance, refrigeration, and freezing functions.

(Note 9) “SSCV” stands for “Smart & Safety Connected Vehicle” and is a digital transport platform to be developed and provided with an aim to achieve “sustainable transport services” and “a zero-accident society,” consisting of three solutions: “SSCV-Safety (safe operation management),” “SSCV-Smart (order placement and receipt management, vehicle allocation management, and operation management),” and “SSCV-Vehicle (optimization of vehicle management, anticipation of failures, prevention and maintenance).”

(Note 10) The “2024 issues” refers to various issues, including a shortage of drivers, that will arise due to application of the upper limit restriction (960 hours per year) on overtime work hours to the car driving business in April 2024 under the Work Style Reform Act.

Taking various measures in these businesses and “strengthening of the foundation of ESG management,” which is the basis of taking various measures, are two wheels toward enhancement of corporate value, and in order to achieve “strengthening of the foundation of ESG management,” the Company will create social, economic, and environmental value through promotion of environmental measures, including de-carbonization activities, risk management, such as countermeasures against natural disasters, and high-level and sustainable safety and quality activities.

On the other hand, as of today, the Company group consists of the Company, its 77 consolidated subsidiaries, and 15 equity-method affiliates (the “Company Group”), and in the business environment of the logistics industry to which the Company Group belongs, we have been facing changes such as labor shortages due to the falling birthrate and aging population in Japan, the COVID-19 pandemic, geopolitical risks, and intensified competition due to entries into logistics business from other industries. In order to take measures to maintain and strengthen the global supply chain in response to these changes in the business environment, we are required to resolve issues through innovations in relation to IoT (Note 11), AI (artificial intelligence) (Note 12), robotics (Note 13), and DX (digital transformation), as well as to take measures to realize a sustainable society.

(Note 11) “IoT” stands for Internet of Things and means a system of connecting things around people to the Internet.

(Note 12) “AI” stands for artificial intelligence.

(Note 13) “Robotics” means “robot engineering” to design, create, and control robots.

Based on the above-mentioned situation, the Company decided that in order to achieve its goals early, collaborative innovations with partners which would supplement the Company’s systematic capabilities for enhancement of its cooperative competitiveness would be necessary, such as not only speeding up the decision-making process but also obtaining funds for investment which would allow flexible business investments, and introducing external knowledge, and that in order to achieve this, it would be necessary to expedite management decision-making and to implement reforms without being restricted by its current capital structure. Based on this decision, the Company has made various deliberations.

Among them, the Company has discussed its growth strategies, including the possibility of a capital transaction, with multiple business companies and investment funds thus far, and as part of these discussions, in particular, the Company and KKR, over approximately five years, continuously discussed the competitive advantages toward acceleration of business growth and future growth, including deliberations in regard to the possibility of M&A by the Company with a business partner. As a result, the Company and KKR shared a direction to address the Company’s management issues, such as “high value-added solutions toward optimization of SCM (Note 14) as a whole,” “improvement and enhanced efficiency of customer convenience through promotion of DX,” “strengthening of seamless value chains for overseas,” “strengthening of efforts for investment-led projects,” “promotion of strategic M&A,” and “strengthening of status as a platformer through collaboration with innovation partners.” Thus, the Company believes that the Company and KKR have built a relationship of trust as partners to promote enhancement of their corporate value for the future.

The Company considers that KKR (i) consists of professionals with experience working for management consulting firms or business companies and has rich resources to support formulation and implementation of strategies to improve investee company businesses, such as KKR Capstone, which provides “on-site hands-on support” to investee companies, KKR Capital Markets, which is dedicated to fundraising, etc., and to support promotion of a capital policy contributing to mid- to long-term growth, (ii) has affluent experience in carve-out projects, providing support for additional acquisitions and the PMI of investee companies, and inviting business companies as co-investing partners and collaborating with them, and (iii) has recent experience in investing in areas which have a close relationship with the Company’s management issues, such as investing in Seiyu and Yayoi under the theme of DX promotion, acquiring MC-UBSR, which is one of the largest real estate asset

management companies in Japan, etc.

Based on the above and the Bidding Process (as defined below) described in “(ii) Discussions Between the Tender Offeror, the Company, and Hitachi, and Decision-Making Process of the Tender Offeror” below, on March 28, 2022, the Company decided that in order to realize the Company’s LOGISTEED strategies, it would be most appropriate to become an unlisted company and advance the above-mentioned reform, without being restricted by its current capital structure, through a partnership with KKR, which understands the Company and the Company’s business and has the knowledge and resources to support enhancement of corporate value over the mid to long term, as well as a strong commitment to the Japanese markets and affluent experience.

(Note 14) “SCM” stands for “Supply Chain Management” and means business management aimed at enhancing the efficiency of the production and distribution process as a whole from procurement of raw materials to delivery of goods to consumers.

(ii) Discussions Between the Tender Offeror, the Company, and Hitachi, and Decision-Making Process of the Tender Offeror

In the management environment as described in “(i) Business Environment Surrounding the Company” above, in late January 2021, Hitachi expressed to the Company its desire to promptly sell the Shares to Be Sold, and in early March 2021, Hitachi proposed commencing discussions regarding a capital transaction on the premise of sale of the Shares to Be Sold. Based on this, in early March 2021, the Company commenced full-scale discussions with Hitachi regarding how to advance a series of transactions with the aim of making a third party other than Hitachi the only shareholder of the Company and causing the Company Shares to go private (the transaction or a capital transaction on the premise of sale of the Shares to Be Sold in the course of consideration of the transaction (not limited to a transaction with the aim of causing the Company Shares to go private) is referred to as the “Capital Transaction”). During the early March discussions, Hitachi presented three conditions for the Capital Transaction: (i) it should contribute to the Company’s growth strategies; (ii) it should provide all shareholders of the Company an opportunity to sell their shares, and (iii) it should secure an opportunity for shares to be sold at the market price, at least, or higher, and the Company confirmed that it would consider conducting the Capital Transaction through a tender offer from the viewpoint of satisfying these conditions.

Thereafter, in early March to late April 2021, the Company and Hitachi held discussions with five potential purchasers, including business companies and multiple investment funds, and in late April to early May 2021, the Company received initial proposals for the Capital Transaction, not including purchase prices, from three investment funds, including KKR, among from the five potential purchasers, including business companies and multiple investment funds.

In early May 2021, the Company appointed UBS Securities Japan Co., Ltd. (“UBS Securities”) as

its financial advisor and third-party valuation institution for the Capital Transaction, and compared and considered the above-mentioned initial proposals for the Capital Transaction; in mid-May 2021, the Company decided that it would be advisable to decide a purchaser after performing a bidding process for multiple candidates that would be interested in acquiring the Company Shares from the viewpoints of further enhancement of the Company's corporate value and maximization of the interests of the Company's shareholders, including Hitachi. At that point in time, the Company and the Special Committee considered the above-mentioned initial proposals regarding the Capital Transaction and separately considered under which scheme a proposal would be sought to be presented in the bidding process: (A) 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 "Scheme to Maintain the Listing") or (B) a transaction scheme to realize a full acquisition of the Company's issued shares assuming that the Company would become an unlisted company (the "Scheme to Become an Unlisted Company"). Specifically, assuming that the Capital Transaction would be conducted with an investment fund as a candidate purchaser under the Scheme to Become an Unlisted Company, the Company carefully considered the consequence that an LBO loan that would be able to increase investment returns due to leverage effects would be used, which would increase the Company's interest-bearing debt amount, and that if the Company became an unlisted company, the relationships with its business partners would be influenced because the Company would not be able to enjoy advantages, such as maintenance or improvement of social credibility or publicity that the Company enjoyed as a listed company. As a result of the consideration, in mid-May 2021, the Company and the Special Committee concluded that for the purpose of enhancing the Company's corporate value in the mid to long term, it would be advisable to conduct the Capital Transaction not under the Scheme to Become an Unlisted Company using an LBO loan, but under the Scheme to Maintain the Listing, from the viewpoints of the Company's business operation and implementation of growth strategies, because (i) in the case of the Company becoming an unlisted company, the increase in its debts due to an LBO loan would impose a restriction on its investments and it might become difficult to maintain a stable, strong, and competitive supply chain; (ii) it would be important for the Company to be a listed company in order to secure the trust of existing customers and to maintain good relationships with them when separating from the Hitachi group; and (iii) it would be important for the Company to be an independent listed company from the viewpoint of maintaining and strengthening its collaborative innovation relationships with existing or new business operators engaged in businesses that are compatible with the Company's business ("Collaborative Innovation Partners").

In and after late May 2021, with the aim of causing specific purchase prices to be presented while fostering a competitive environment, the Company proposed that the three investment funds, including KKR, from which the Company received the above-mentioned initial proposals,

participate in the bidding process for the Capital Transaction, and commenced the first round bidding process (the “First Round Bidding Process”) in which the participants were requested to present a proposal for the Capital Transaction on the premise of the Scheme to Maintain the Listing. In early June 2021, the Company additionally invited an investment fund to the First Round Bidding Process (the four investment funds including this candidate are referred to as the “First Round Candidates”). After the First Round Bidding Process was commenced, the First Round Candidates conducted initial due diligence on the Company’s business and finances and held meetings with the Company’s management. In early July 2021, the Company received written proposals from the First Round Candidates and carefully compared and considered the details of the written proposals from the viewpoints of the stock valuation, transaction scheme, financing ability/funding prerequisites, management strategies and support system after implementation of the Capital Transaction (including growth strategies), other conditions, such as management policies, including treatment of employees and governance structure, as well as maximization of the interests of minority shareholders. The Company also held discussions several times with Hitachi from early July to mid-August 2021. In addition, in parallel with these discussions, in early July 2021, a business company which had considered a business collaboration with the Company proposed a business collaboration, and the Company proposed that the business company participate in the First Round Bidding Process and commenced discussions with the business company. The Company received an initial letter of intent from the business company in late July 2021.

However, in mid-August 2021, Hitachi expressed to the Company its desire to seek proposals based on all options, including the Scheme to Become an Unlisted Company, and to seriously evaluate them to select the most appropriate proposal through discussions between Hitachi and the Company from the viewpoints of enhancement of the Company’s corporate value and maximization of shareholder interests. As described above, the Company understood that conducting the Capital Transaction under the Scheme to Maintain the Listing would contribute to enhancement of the Company’s corporate value; however, considering the viewpoint of maximization of shareholder value and Hitachi’s intention as the seller, in mid-October 2021, after discussions with Hitachi, the Company agreed to commence the return first round bidding process led by Hitachi, in which the participants were also requested to present proposals for the Company to become a private company (the “Return First Round Bidding Process”). The Company decided that business companies which were expected to have business synergies with the Company and would be able to acquire all shares in the Company without using an LBO loan would be included in the participants in the Return First Round Bidding Process, and in mid-October 2021, the Company sent a process letter for the Return First Round Bidding Process to the First Round Candidates and the business company which had presented an initial letter of intent, which were the candidates to participate in the process (collectively, the “Return First Round Candidates”), and it requested that they present proposals both

under the Scheme to Maintain the Listing and under the Scheme to Become an Unlisted Company in order to compare and consider proposals on the premise of maintaining the listing and proposals on the premise of becoming an unlisted company.

In early to mid-November 2021, the Company and Hitachi received proposals concerning the Return First Round Bidding Process from all of the Return First Round Candidates. The Company carefully compared and considered those proposals from the same viewpoints as those in the First Round Bidding Process and held discussions several times with Hitachi in early November to mid-December 2021. Based on these discussions, the Company understood the details of the proposals concerning the Return First Round Bidding Process by the Return First Round Candidates as follows:

- [1] although there was a proposal suggesting no difference in the purchase price between the scheme using an LBO loan and the scheme not using an LBO loan under the Scheme to Become an Unlisted Company, there was another proposal in which the purchase price in the scheme using an LBO loan exceeded that in the scheme not using an LBO loan;
- [2] all of the Return First Round Candidates proposed a higher purchase price under the Scheme to Become an Unlisted Company than that under the Scheme to Maintain the Listing;
- [3] it would be necessary to select a scheme for which a higher purchase price could be expected from the viewpoint of increasing the probability of the Capital Transaction succeeding;
- [4] regarding the influences on the Company's business operations, in the logistics industry to which the Company Group belongs, it was anticipated that its business partners might experience some resistance if the Company became affiliated with a foreign-affiliated fund; if a domestic business partner participated in a purchaser SPC, it could be expected to secure the trust of and maintain good relationships with existing customers, as well as to maintain and strengthen the collaborative innovation relationships with existing or new Collaborative Innovation Partners; therefore, the influences on the business operations and implementation of growth strategies might be limited, and it was considered that even if the Scheme to Become an Unlisted Company was adopted, a transaction that would contribute to enhancement of the Company's corporate value might be possible; and
- [5] since it was anticipated that if an LBO loan was used, the Company would incur a financial burden based on certain financial restriction provisions, the Company's financial burden arising from the Capital Transaction under the Scheme to Become an Unlisted Company using an LBO loan would be more significant than that under the Scheme to Become an Unlisted Company not using an LBO loan.

As a result, in mid-December 2021, it was confirmed that only proposals under the Scheme to Become an Unlisted Company would be sought based on [1] through [3] above in the process following the Return First Round Bidding Process and that proposals would also be sought on the Company's financial burden arising from the Capital Transaction, the business influences of

becoming an unlisted company, the influences on the Company arising from procurement of purchase funds, and a joint investment scheme with a business company which was expected to have synergies with the Company based on [4] and [5] above.

Based on the above-mentioned discussions and deliberations, in mid-December 2021, the Company selected five candidates, including KKR, which presented specific proposals in the Return First Round Bidding Process (the “Second Round Candidates”), which would be allowed to participate in the second round bidding process jointly held by the Company and Hitachi (the “Second Round Bidding Process”; with the First Round Bidding Process and the Return First Round Bidding Process, the “Bidding Process”) to decide the final candidate for the Capital Transaction, and in early January 2022, the Second Round Bidding Process was commenced. In the Second Round Bidding Process, in mid-January to late February 2022, the Second Round Candidates conducted further analysis and consideration for acquisition of the Company Shares through full-scale due diligence on the Company’s business, financial and legal matters and meetings with the Company’s management, and on March 1, 2022, the Company and Hitachi received the final written proposals from all of the Second Round Candidates.

In parallel with the Second Bidding Process, in mid-February 2022, Hitachi expressed to the Company its desire to maintain a capital relationship with the Company after the Capital Transaction to a certain extent to continue collaboration and efforts in a seamless manner in the value creation projects that the Company and Hitachi promoted. Therefore, in parallel with the above-mentioned process, the Company and Hitachi held discussions until early March 2022 regarding the terms and conditions for a capital and business alliance agreement concerning the scheme for Hitachi to re-invest in the Company’s shareholder after the Capital Transaction (the “Re-investment Scheme”) and a shareholders agreement concerning the operation of Hitachi Distribution Software Co., Ltd., which is a consolidated subsidiary of the Company in which Hitachi holds a 25% stake.

Subsequently, based on the advice from Nishimura & Asahi, the Company’s legal advisor, and UBS Securities, the Company’s financial advisor, as well as the opinion of the Special Committee, the Company comprehensively considered the final written proposals received from the Second Round Candidates from the viewpoints of the stock valuation, tender offer price, financing ability/funding prerequisites, growth strategies after implementation of the Capital Transaction, financial strategies considering maintenance of the financial soundness of the Company and support system therefor, certainty of procedures such as acquisition of clearance based on competition laws and other applicable laws and regulations; as a result, 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, the financing ability/funding prerequisites proposed by KKR were more advantageous compared to the funding prerequisites proposed by the Second Round Candidates, 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 considered to be superior to those proposed by the Second Round Candidates, 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. Therefore, after discussions with Hitachi, in early March 2022, the Company commenced discussions with KKR regarding the possibility of implementing the Re-investment Scheme.

On the other hand, according to KKR, as part of the discussions regarding the Company's growth strategies, including the possibility of a capital transaction, KKR and the Company, over approximately five years, continuously discussed the competitive advantages of acceleration of business growth and future growth, including deliberations in regard to the possibility of M&A by the Company with a business partner. In late April 2021, KKR held several rounds of initial discussions with the Company regarding a partnership, including a capital and business alliance, toward a change in the Company's shareholding structure, including sale of the Shares to Be Sold, and enhancement of its corporate value. In early May 2021, KKR presented to the Company an initial proposal, not containing purchase prices, concerning the acquisition of the Company Shares, and in late May 2021, in response to the Company's proposal to participate in the First Round Bidding Process that KKR received through UBS Securities, the Company's financial advisor, KKR participated in the First Round Bidding Process. In early July 2021, after preparing a financial model based on the Company's business plan and materials providing an outline thereof, calculating a tender offer price that would ensure the investment returns required by KKR, and confirming that premiums (21.41%, 33.08%, 48.77% and 55.32%, respectively, and rounded to the second decimal place; the same applies below in the calculation of the premium rate) were added to the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on July 1, 2021 (4,530 yen), as well as the simple average closing prices for the most recent one-month period (from June 2, 2021 to July 1, 2021), the most recent three-month period (from April 2, 2021 to July 1, 2021), and the most recent six-month period (from January 4, 2021 to July 1, 2021) (rounded to the nearest whole number; the same applies below in the calculation of the simple average value) (4,530 yen, 4,133 yen, 3,697 yen, and 3,541 yen, respectively), KKR presented a proposal to the effect that the tender offer price be 5,500 yen on the premise of maintaining the listing. Thereafter, in late October 2021, KKR received a process letter for the Return First Bidding Process and a proposal to participate in the Return First Round Bidding Process from Hitachi through Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Hitachi's financial advisor, and KKR participated in the Return First Round Bidding Process. In early November 2021, in its written proposal concerning the Return First Round Bidding Process, after conducting the same analysis as that in the First Round Bidding Process and

confirming that premiums (19.57%, 16.82%, 17.05% and 26.06%, respectively) were added to the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on November 4, 2021, as well as the simple average closing prices for the most recent one-month period (from October 5, 2021 to November 4, 2021), for the most recent three-month period (from August 5, 2021 to November 4, 2021), and for the most recent six-month period (from May 5, 2021 to November 4, 2021) (4,600 yen, 4,708 yen, 4,699 yen, and 4,363 yen, respectively), KKR presented to the Company and Hitachi a proposal to the effect that the tender offer price be 5,500 yen, which was the same amount as that proposed in the First Bidding Process, on the premise of maintain the listing, and a proposal to the effect that the tender offer price on the premise of going private be 6,837 yen and that the share repurchase price in the Share Repurchase (per share before share consolidation; the “Company’s Share Repurchase Price”) be 4,744 yen after preparing a financial model on the premise of going private based on (i) a proposal for a scheme in which the Company would conduct the Share Repurchase based on the notion that it would be possible to maximize the tender offer price and ensure fairness among shareholders by increasing the benefit allocation to the Company’s minority shareholders, given that the rules on exclusion from gross revenue of deemed dividends stipulated under the Corporate Tax Act would apply to Hitachi and (ii) the Company’s business plan and materials providing an outline thereof, calculating the tender offer price that would ensure the investment returns required by KKR, and confirming that premiums (48.63%, 45.22%, 45.50% and 56.70%, respectively) were added to the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on July 1, 2021, as well as the simple average closing prices for the most recent one-month period (from June 2, 2021 to July 1, 2021), the most recent three-month period (from April 2, 2021 to July 1, 2021), and the most recent six-month period (from January 4, 2021 to July 1, 2021) (rounded to the nearest whole number; the same applies below in the calculation of the simple average value) (4,530 yen, 4,133 yen, 3,697 yen, and 3,541 yen, respectively) . Based on the notion that it would be possible to maximize the tender offer price and ensure fairness among shareholders by increasing the benefit allocation to the Company’s minority shareholders, given that the rules on exclusion from gross revenue of deemed dividends stipulated under the Corporate Tax Act would apply to Hitachi, the Company’s Share Repurchase Price was set at an amount ensuring that the after-tax amount, which would be obtained where Hitachi tendered its shares in the Tender Offer, and the after-tax amount, which would be obtained where Hitachi agreed to the Share Repurchase, would be the same. Thereafter, because KKR passed the Return First Round Bidding Process, it participated in the Second Round Bidding Process conducted in early January 2022 and conducted further analysis and consideration for acquisition of the Company Shares through due diligence on the Company’s business, financial and legal matters, and meetings with the Company’s management in early January to late February 2022. After the due diligence on the Company conducted in early January to late February 2022 in the Second Round Bidding Process, on March

1, 2022, KKR concluded that the Company would be able to expedite an increase in value and promotion of business growth as a “global supply chain solutions provider” through a partnership between the Company, which KKR believes has greater potential for growth, and KKR, which has rich human and capital resources and networks, and that it would be possible to maximize the interests of the Company and its shareholders, management team, employees, and other stakeholders. On the same day, since the Company and Hitachi requested only the Scheme to Become an Unlisted Company, KKR presented to the Company and Hitachi a final proposal to the effect that the tender offer price be 8,355 yen and that the Company’s Share Repurchase Price be 6,217 yen, which are amounts increased from the prices proposed in early November 2021, taking into account that the Company will become an unlisted company by analyzing the Company’s business and financial conditions from multiple comprehensive perspectives based on the results of the due diligence conducted from early January to late February 2022, by preparing a financial model again reflecting such analysis and calculating the tender offer price that would ensure the investment returns required by KKR, and by analyzing the share value of the Company Shares through a comparison of, among others, the market stock price and financial indicators showing profitability and other factors of other listed companies which have business scopes, business scales, and profit and loss situations, etc. that are comparatively similar to those of the Company.

Furthermore, according to KKR, as a result of discussions and deliberations between the Company and Hitachi regarding the feasibility of the Re-investment Scheme, while KKR strongly recognized the importance of logistics digital solutions, such as WMS (Note 13), SCDOS and SSCV, which Hitachi and the Company have focused on as collaborative innovation activities, KKR decided that the synergy effects of joint development in the DX area, etc. and enabling Hitachi to participate in the Company’s management to a certain extent expected from the Re-investment Scheme would contribute to the Company’s business growth and enhancement of corporate value, and decided that the structure of voting rights that was considered to be advisable from the viewpoint of promoting joint development in the DX area, etc. for which the Company and Hitachi have made efforts would be 10% after discussions between Hitachi and KKR. Based on these decisions, on March 8, 2022, KKR submitted an amended final written proposal to the Company and Hitachi to the effect that the Tender Offeror Parent would conduct a capital increase through third-party allotment to Hitachi as an allottee after the Squeeze-Out Procedures. The investment would be made in the Tender Offeror Parent with a view toward making the status of both the KKR Fund and Hitachi as a shareholder consistent, and the capital increase through the third-party allotment would be made by way of an in-kind contribution with a view toward limiting the transfer of cash to the minimum extent possible in order to enhance cash flow efficiency.

(Note 13) “WMS” stands for “Warehouse Management System” and refers to a management system for logistics centers that has functions to manage entry and exit and stock of products

or various materials in/from warehouses.

Thereafter, after the amended final written proposal was submitted, KKR, the Company, and Hitachi continued to discuss and negotiate the details of the proposal, including the tender offer price and the Company's Share Repurchase Price. As a result, on March 28, 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; therefore, on the same day, the Company and Hitachi received from KKR the amended final written proposal to the effect that the tender offer price be increased to 8,464 yen and that the Company's Share Repurchase Price be increased to 6,298 yen. In parallel with the discussions and negotiations regarding the proposed conditions with KKR, the Company comprehensively considered each final written proposal from the viewpoints of the stock valuation, tender offer price, financing ability/funding prerequisites, growth strategies after implementation of the Transaction, financial strategies considering maintenance of the financial soundness of the Company and support system therefor, certainty of procedures such as acquisition of clearance based on competition laws and other applicable laws and regulations; as a result, after discussions with Hitachi, on March 28, 2022, the Company commenced discussions and deliberations (including negotiations regarding the final tender offer price) toward implementation of the Transaction, including the Share Repurchase, with KKR, whose final proposal was the best from the above-mentioned viewpoints, out of the Second Round Candidates.

Thereafter, when KKR, the Company, and Hitachi continued discussions and negotiations regarding the details of the proposals, on April 14, 2022, the Company and Hitachi again requested that the tender offer price and the Company's Share Repurchase Price be increased because they did not satisfy the standards that the Company and Hitachi sought, and KKR, the Company, and Hitachi continued further discussions and negotiations regarding the tender offer price and 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 would be 8,913 yen and the Company's Share Repurchase Price would be 6,632 yen, and on the same day, KKR was informed by the Company and Hitachi that KKR would be selected as the final candidate. Also, after the amended proposal was submitted, speculative press reports were made by some news media sources regarding the Transaction on April 21, 2022, which caused fluctuations in the market price of the Company Shares. However, the speculative press reports did not have any impact on the Company's business or financial conditions, and KKR decided that it would not be necessary to review the Tender Offer Price and the Company's Share Repurchase Price, and 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 that the Company's Share Repurchase

Price would be 6,632 yen; therefore, the Tender Offeror executed the Basic Agreement with Hitachi, and on the same day, decided to conduct the Tender Offer.

The Tender Offeror notified the Company 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 [7] of the Conditions for Commencement of the Tender Offer, although it has not been fulfilled as of today, 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). As stated in “[1] Overview of the Tender Offer” above, the Tender Offeror confirmed that all of the Conditions for Commencement of the Tender Offer excluding the terms and condition of the acquisition of approval of the Russian Authorities have been fulfilled; thus, the Tender Offeror determined that the Tender Offer became capable of being commenced in accordance with the schedule in the Tender Offeror Amendment Press Release dated September 29, 2022, and on October 27, 2022, decided that it will commence the Tender Offer from October 28, 2022.

(iii) Management Policy After the Tender Offer

According to KKR, after the Transaction, KKR will aim to achieve further business growth of the Company and enhance its corporate value through promoting growth strategies, both organically (by leveraging existing management resources) and inorganically (through alliances with, or acquisitions of, other companies), by utilizing the solid business foundation that the Company has built and by utilizing KKR’s rich global human and capital resources, know-how, and networks. KKR will also continue deliberations and discussions to invite business companies that are expected to have synergy effects contributing to the Company’s business growth and enhancement of its corporate value as co-investing partners. Based on this, KKR has a basic policy that after the Company’s business growth and enhancement of its corporate value are achieved through the Transaction, the Company Shares will be listed again. After the Transaction, KKR basically plans to maintain the Company’s corporate loan structure and neither anticipates shifting to a so-called LBO loan accompanying a burden such as a financial covenant, collateral, or guarantee, nor expects a merger of the Tender Offeror and the Company. In addition, KKR is considering restructuring debt and capital after the Transaction at a certain level at the stage where repayment of borrowings has been completed to a certain extent from the viewpoint of heightening capital efficiency; however, even in that case, such restructuring will be conducted to an extent not having any impact on the re-listing.

According to the Tender Offeror, at present, after the Transaction, the Tender Offeror plans to be

restructured as a company with board of company auditors from its current form as a company with nominating committee, etc. and to appoint (three or four) directors and (one or two) company auditors of the Company from candidates nominated by KKR to enhance management efficiency; however, the specific candidates are yet to be determined. Also, pursuant to the Capital and Business Alliance Agreement, after the Transaction, the Tender Offeror plans to appoint one director of the Company from candidates nominated by Hitachi; however, the specific candidates are yet to be determined. For details of the Capital and Business Alliance Agreement, please see “[3] Capital and Business Alliance Agreement” under “4. Matters Concerning Important Agreements Relating to the Tender Offer” below.

According to the Tender Offeror, the Tender Offeror plans to introduce an incentive plan, such as stock options, for officers and employees of the Company so that officers and employees of the Tender Offeror and the Company will be encouraged to work together to build a system allowing for enhancement of the Company’s corporate value for a long time. The specific timing for the introduction has not yet been determined.

[3] Process of and Reasons for Decision Making by the Company to Support the Tender Offer

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” above, the Company started the Bidding Process consisting of the First Round Bidding Process, the Return First Round Bidding Process, and the Second Round Bidding Process in late May 2021, which included due diligence on 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, including the Share Repurchase, with 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, 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 “(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” below, the Company established 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 “(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” below). Additionally, after the Company took the measures 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” 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 acquired from UBS Securities, 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 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, 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 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 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" below, 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 1) exceeded the upper limit of the calculation result obtained through average market price analysis (Reference Date 1 (as defined below)), 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 (as defined below)), (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 “(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” 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 Authorities, and (ii) regarding the terms and conditions of the acquisition of approval of the Russian Authorities among [7] of the Conditions for Commencement of the Tender Offer, although it has not been fulfilled as of today, 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 "(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" 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 today, 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 "(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" below.

(Note 1) 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 held 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 (the "Company's Financial Report For the Year Ended March 31, 2022") (84,101,714 shares).

(3) Matters Related to the Valuation

[1] Acquisition of Stock Valuation Report from an Independent Third-Party Valuation Institution by the Company

(i) Name of Third-Party Valuation Institution, Relationship with the Company and Relationship with the Tender Offeror

In expressing an opinion on the Tender Offer, in order to ensure the fairness of the decision-making process concerning the Tender Offer Price presented by the Tender Offeror, the Company requested that UBS Securities, the Company's financial advisor and third-party valuation institution independent from the Tender Offeror, Hitachi, and the Company, calculate the value of the Company Shares and conduct financial analysis incidental thereto. The Company acquired a stock valuation report (the "Stock Valuation Report") dated April 28, 2022, subject to the assumptions set forth in (Note 1) of (ii) below and certain other conditions.

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 today, 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” under “(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” below, 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 party related to the Tender Offeror, Hitachi, or the Company and does not have any material interest in the Capital Transaction, including the Tender Offer, that is required to be disclosed. Furthermore, 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” below, since the Tender Offeror and the Company have taken measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Company has not obtained from UBS Securities any opinion on the fairness of the Tender Offer Price (fairness opinion).

The compensation payable to UBS Securities in connection with the Capital Transaction consists of contingent compensation that is payable subject to completion of the Capital Transaction and fixed-amount compensation that is payable irrespective of whether the Capital Transaction is completed. The Company has appointed UBS Securities as its financial advisor and third-party valuation institution based on the above-mentioned compensation arrangement, taking into consideration the general customary practices in similar types of transactions and other factors, as well as the conditions for the compensation to be borne by the Company regardless of whether the Capital Transaction is completed.

(ii) Outline of the Valuation

After considering the valuation method that should be adopted among various share valuation methods when assessing the share value of the Company, UBS Securities assessed the share value of the Company using each of (i) the average market price analysis because the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange, (ii) the comparable companies analysis because there are multiple listed companies comparable to the Company and it is possible to infer by analogy the share value of the Company by comparing the Company with such comparable companies, and (iii) the DCF analysis so as to reflect future business activities in the valuation, subject to the condition precedent set forth below (Note 1) and certain other conditions, based on the premise that the Company is a going concern and from the perspective that it would be appropriate to assess the share value of the Company in multiple ways.

According to UBS Securities, the corresponding ranges of the per-share prices of the Company Shares assessed by each of the above-mentioned methods are as follows. For assumptions, points of

attention, etc. in UBS Securities' preparation of the Stock Valuation Report and the underlying valuation analysis therefor, please refer to (Note 1) below.

Average market price analysis (Reference Date 1):	3,408 yen to 3,915 yen
Average market price analysis (Reference Date 2):	5,681 yen to 8,270 yen
Comparable companies analysis:	2,796 yen to 5,093 yen
DCF analysis:	3,618 yen to 6,470 yen

Under the average market price analysis, (i) in order to eliminate the impact on share price caused by speculative press reports by some news media on commencement of the First Round Bidding Process by the Company (after market hours on June 16, 2021), June 16, 2021, the transactions on which having been conducted before such press reports were made, was set as a reference date ("Reference Date 1"); based on the closing price of the Company Shares on Reference Date 1 on the Tokyo Stock Exchange of 3,915 yen, the simple average closing price for the past one-month period up to Reference Date 1 of 3,575 yen, the simple average closing price for the past three-month period up to Reference Date 1 of 3,545 yen, and the simple average closing price for the past six-month period up to Reference Date 1 of 3,408 yen, the per-share price of the Company Shares was assessed to range from 3,399 yen to 3,915 yen, and (ii) April 27, 2022, the business day immediately preceding the announcement date of the Tender Offer (April 28, 2022), was set as a reference date ("Reference Date 2"); based on the closing price of the Company Shares on the Tokyo Stock Exchange of 8,270 yen, the simple average closing price for the most recent one-month period of 6,877 yen, the simple average closing price for the most recent three-month period of 6,341 yen, and the simple average closing price for the most recent six-month period of 5,681 yen, the per-share price of the Company Shares (Note 2) was assessed to range from 5,681 yen to 8,270 yen.

Under the comparable companies analysis, the share value of the Company was assessed through comparison with trading prices and financial indices indicating profitability, etc. of listed companies engaged in businesses considered to be relatively similar to those of the Company. The per-share value of the Company Shares was assessed to range from 2,796 yen to 5,093 yen.

Under the DCF analysis, the per-share value of the Company Shares (Note 2) was assessed to range from 3,618 yen to 6,407 yen, after analyzing the corporate value and share value of the Company based on business plans on a consolidated basis for five fiscal years from the fiscal year ending March 2023 to the fiscal year ending March 2027 prepared by the Company (the "Consolidated Financial Projection") and the Company's financial forecast considering various elements, such as information disclosed to the public, by discounting the free cash flows that are expected to be generated by the Company to the present value at a certain discount rate.

The Special Committee received explanations from the Company, asked questions and received

answers about the assumptions, figures, etc. that were set in the preparation of the Consolidated Financial Projection and were used by UBS Securities as the basis of the DCF analysis, and did not find anything particularly unreasonable. Regarding the Consolidated Financial Projection based on which the above-mentioned DCF analysis was conducted, a significant increase in profits attributable to the owners of the parent company by approximately 80% compared to the previous year is expected for the fiscal year ending March 2023. Specifically, since an allowance for losses resulting from 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 was recorded for the fiscal year ended March 2022, profits attributable to the owners of the parent company for that fiscal year decreased. In response thereto, insurance proceeds for the fire will be paid in the fiscal year ending March 2023, (i.e., the following year), and a significant increase in profits attributable to the owners of the parent company is expected. Other than this fiscal year, there is no fiscal year in which a significant increase or decrease in profits is expected. Regarding the impact of the fire that occurred at a logistics center of Hitachi Transport System West Japan Co., Ltd., one of the Company's group companies, on November 29, 2021, the financial impact reasonably calculated based on information grasped by the Company as of April 15, 2022 is factored into the Consolidated Financial Projection. In addition, the Consolidated Financial Projection incorporates the impact of the revision of the consolidated earnings forecast in 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" released by the Company on April 15, 2022.

The synergy effects expected to be realized as a result of the Capital Transaction are not reflected in the Consolidated Financial Projection as it is difficult to estimate them at present.

(Note 1) The Stock Valuation Report has been delivered solely for the board of directors of the Company to examine, in its capacity, the Tender Offer Price from a financial point of view. The Stock Valuation Report does not express any opinion or view on the consideration to be received by holders of any kind of securities, creditors, or other stakeholders of the Company in connection with the Capital Transaction. The Stock Valuation Report does not express any opinion or view on the following: (a) the terms of, or other aspects of, the Capital Transaction (including, without limitation, the manner or structure of the Capital Transaction or other elements) or (b) the relative advantage of the Capital Transaction compared with other strategies or transactions that may be adopted or implemented by the Company, or business decision-making related to promoting or implementing the Capital Transaction. Furthermore, the Stock Valuation Report does not express any opinion or make any recommendations in connection with the Capital Transaction or any matters related thereto, as to whether the Company's shareholders should tender their shares in the Capital Transaction, or how they should exercise their voting rights or conduct themselves. The Stock Valuation Report also

does not express any opinion or view on the fairness (whether financial or otherwise), as compared with the Tender Offer Price in the Capital Transaction, of the amount, nature, or other aspects of any remuneration for officers, directors, or employees of any party to the Capital Transaction. The Stock Valuation Report does not express any opinion on the price at which the Company Shares should be transacted at any time, including after the Capital Transaction is publicly announced or commences.

In preparing the Stock Valuation Report, UBS Securities has assumed and relied upon the accuracy and completeness of the assumptions and information that were publicly available or were furnished to UBS Securities by the Company or its other advisors or were otherwise reviewed by UBS Securities for the purposes of preparing the Stock Valuation Report. The content of the assumptions and information has not been independently verified by UBS Securities or any of its directors, officers, employees, agents, representatives and/or, advisers, or any other person.

No representation, warranty, or undertaking, express or implied, is or will be given by UBS Securities or its directors, officers, employees, agents, representatives, or advisors in relation to the accuracy, completeness, reliability, or sufficiency of the information contained in the Stock Valuation Report or the reasonableness of any assumption contained in the Stock Valuation Report.

The Stock Valuation Report is provided solely for the benefit of the board of directors of the Company, and the Company's shareholders and other persons should not rely upon the Stock Valuation Report and will not be conferred any interests, rights, or remedies by the Stock Valuation Report.

By receiving the Stock Valuation Report, the Company acknowledges and agrees that to the maximum extent permitted by law, except in the case of fraud and save as provided in the engagement letter, UBS Securities and its directors, officers, employees, agents, representatives and advisors expressly disclaim any liability which may arise from the Stock Valuation Report, or any other written or oral information provided in connection with the Stock Valuation Report, and any errors contained therein or omissions therefrom.

The Stock Valuation Report may also contain forward-looking statements, projections, estimates, forecasts, targets, and/or opinions (collectively, the "Forecasts") provided to UBS Securities by the Company, and UBS Securities has relied upon the opinion of the Company's management as to the reasonableness and achievability of the Forecasts (and the assumptions and bases thereof). UBS Securities has assumed that the Forecasts represent the best currently available assessments and judgments of the Company's management and that the Forecasts will be realized in the amounts and time periods contemplated by the Company's management. All assumptions contained in the Stock Valuation Report have been discussed and agreed with

the Company. The Forecasts involve significant assumptions and subjective judgments which may or may not prove to be correct, and there can be no assurance that any Forecasts are a reliable indicator of future performance, nor that they are attainable or will be realized. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any Forecasts contained in the Stock Valuation Report.

The Stock Valuation Report was prepared based on the economic, regulatory, market, and other conditions as in effect on the date thereof and the information made available to UBS Securities as of the same date. Subsequent changes in these conditions may affect the information contained in the Stock Valuation Report. The Stock Valuation Report speaks as at the date thereof (unless an earlier date is otherwise indicated therein), and in furnishing the Stock Valuation Report, no obligation is undertaken, nor is any representation or undertaking given, by any person: [1] to provide the Company with any additional information, [2] to update, revise, or re-affirm any information in the Stock Valuation Report, including any Forecasts, or [3] to correct any inaccuracies therein which may become apparent.

The analyses conducted by UBS Securities described in the Stock Valuation Report are summaries of the material financial analyses presented by UBS Securities to the board of directors of the Company in connection with the Stock Valuation Report and are not comprehensive descriptions of all analyses undertaken or information referred to by UBS Securities in connection with the Stock Valuation Report. The preparation of the Stock Valuation Report and its underlying analysis are a complex analytical process involving various judgments about the appropriateness and relevance of methods of financial analysis and the application of those methods to the particular circumstances; therefore, a part or summary of the analysis results do not necessarily accurately present all aspects of the analyses. UBS Securities' analysis results must be considered holistically, and reference to a part or summary thereof, without considering all of such analysis results as a whole, may give rise to failure to obtain a correct understanding of the processes underlying UBS Securities' analyses. In expressing its opinion, UBS Securities considered each analysis and factor in a comprehensive and holistic manner, did not attribute any special weight to any particular analyses or factors, and did not state an opinion as to whether or how much any individual analysis or factor, considered in isolation, supported the analysis results by UBS Securities. None of the companies reviewed in UBS Securities' analyses as a comparable company is identical to any business units or subsidiaries of the Company, and these companies were selected because they were publicly traded companies with businesses that, for purposes of UBS Securities' analyses, could be considered similar to those of the Company. The analyses made by UBS Securities necessarily involve complex considerations and judgments concerning differences in financial and business characteristics of the companies reviewed for

comparison with the Company and other factors that could affect these companies.

In preparing the Stock Valuation Report, UBS Securities has: [1] not made any independent valuation or appraisal of the physical assets and liabilities of the Company or any other company referred to in the Stock Valuation Report, nor been furnished with any such valuation or appraisal; [2] not carried out any assessment as to the commercial merits of the Capital Transaction; [3] not conducted any legal, tax, accounting, or other analysis in respect of the Capital Transaction, and where relevant, has relied solely upon the judgments of the relevant professional advisors in these areas; and [4] assumed that in the course of obtaining any regulatory or third party approvals, consents, and releases for the Capital Transaction, no delay, limitation, restriction, or condition would be imposed that would have an adverse effect on the Company, any other company referred to in the Stock Valuation Report, or the Capital Transaction.

UBS Securities is acting as financial advisor of the Company in connection with the Capital Transaction and will receive compensation for its services as financial advisor, a substantial portion of which will become payable only if the Capital Transaction is consummated. In addition, the Company has agreed to indemnify UBS Securities for all costs borne by UBS Securities in relation to UBS Securities' involvement and certain liabilities arising out of UBS Securities' engagement.

UBS Securities and its affiliates are, as principal or agent, engaged in a wide range of commercial banking, investment banking, and other business activities globally (including investment advisory, asset management, research, securities issuance, trading (on its own account and customer account) and brokerage), and may have long or short positions in, or trade or make a market in any securities, currencies, financial instruments, or other assets-underlying transactions to which the Stock Valuation Report relates. UBS Securities' and its affiliates' banking, trading, or hedging activities may have an impact on the price of the underlying assets and may give rise to conflicting interests or duties. UBS Securities and its affiliates may provide services to any of the Company's group companies, its directors, officers or employees, or any other entity or person (a "Third Party"), engage in any transaction (on its own account or customer account) with respect to the Company or a Third Party, or act in relation to any matter for itself or any Third Party, and such provision of services, transactions, or actions may be adverse to the Company or any of its group companies, and UBS Securities or any of its affiliates may gain any related remuneration or profit.

(Note 2) 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 held 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 Company's Financial Report For the Year Ended March 31, 2022 (84,101,714 shares).

[2] Calculation Method of the Tender Offeror

According to the Tender Offeror, in determining the Tender Offer Price, KKR conducted a comprehensive and multifaceted analysis of the Company's business and financial status based on the Company's disclosed materials, such as financial information, and the results of the due diligence conducted with respect to the Company between early January and late February 2022, whereupon it prepared a financial model that has reflected the results of the analysis, and calculated a tender offer price that would ensure the investment returns required by KKR. In light of the fact that the Company Shares are traded on a financial instruments exchange, the Tender Offeror also referred to (i) the closing price (8,270 yen) of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of April 27, 2022, the business day immediately preceding the date of announcement of the Tender Offeror conducting the Tender Offer (April 28, 2022), and (ii) the history of changes in the simple average of the closing price of the Company Shares for the most recent one month (from March 28, 2022 to April 27, 2022), the most recent three months (from January 28, 2022 to April 27, 2022), and the most recent six months (from October 28, 2021 to April 27, 2022) (6,877 yen, 6,341 yen and 5,681 yen, respectively). The analysis of the Company's stock value was also conducted by comparative analysis of, among others, the market stock price and financial indicators, showing profitability and other factors, of multiple other listed companies which have business scopes, business scales, and profit and loss situations, etc. that are comparatively similar to those of the Company.

According to the Tender Offeror, as the Tender Offeror has determined the Tender Offer Price by comprehensively taking into consideration the various factors described above, as well as through consultations and negotiations with the Company and Hitachi, the Tender Offeror has not acquired a stock valuation report from a third-party valuation institution.

According to the Tender Offeror, the Tender Offer Price of 8,913 yen represents a premium of 7.78% on 8,270 yen, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of April 27, 2022, which is the business day immediately preceding the date on which the Tender Offer was announced to be conducted (April 28, 2022); or 29.61%, 40.56%, and 56.89% premiums on 6,877 yen, 6,341 yen, and 5,681 yen, the respective simple average closing prices of the Company Shares for the past one-month, three-month, and six-month periods up to that date of April 27, 2022.

(4) Possibility of Delisting and Grounds Therefor

As of today, the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange. However, since the Tender Offeror has not set an upper limit on the number of shares to be purchased in the Tender Offer, the Company Shares may be delisted through prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange, depending on the results of the Tender Offer.

Additionally, according to the Tender Offeror, even if the aforementioned standards do not apply at the point in time when the Tender Offer is completed, the Tender Offeror intends to implement the Squeeze-Out Procedures described in “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)” below after completion of the Tender Offer; accordingly, in this case, the Company Shares will be delisted through prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange. After delisting, the Company Shares will no longer be tradeable on the Prime Market of the Tokyo Stock Exchange.

(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)

According to the Tender Offeror, as described in “[1] Overview of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer,” in the event that the Tender Offeror is unable to acquire all of the Company Shares (excluding the Shares to Be Sold and the treasury shares held by the Company) upon completion of the Tender Offer, then the Tender Offeror intends to request that the Company implement the following procedures. Specifically, after completion of the settlement of the Tender Offer, the Tender Offeror intends to request that the Company promptly hold an extraordinary shareholders’ meeting (the “Extraordinary Shareholders’ Meeting”) pursuant to Article 180 of the Companies Act with the target date set for early February 2023, the agenda for which will include the following proposals: (i) a consolidation of the Company Shares (the “Share Consolidation”) and (ii) an amendment to the Company’s articles of incorporation to abolish the share unit number provisions, subject to the Share Consolidation taking effect. The Tender Offeror and Hitachi intend to approve such proposals at the Extraordinary Shareholders’ Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Company will, on the effective date of the Share Consolidation, hold the number of Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders’ Meeting. 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 same shall apply hereinafter) to the Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. According to the Tender Offeror, regarding the sale price of the Company Shares equivalent

to the total number of such fractional shares, it is intended that as a result of the sale, the amount of cash received by each shareholder of the Company who did not tender in the Tender Offer (excluding the Tender Offeror, Hitachi, and the Company) would be equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder. Thereafter, the Tender Offeror will request that the Company file a petition with a court seeking permission for a voluntary sale of such Company Shares on this basis. Although the ratio of the consolidation of the Company Shares has not been determined as of the date hereof, it is intended that the Company Shares held by the Company's shareholders who did not tender in the Tender Offer (excluding the Tender Offeror, Hitachi, and the Company) will become a fractional amount less than one share in order for the Tender Offeror and Hitachi to become the sole holders of all of the Company Shares (excluding treasury shares held by the Company).

If the Tender Offer is completed, the Company plans to accept these requests of the Tender Offeror.

According to the procedures under the Companies Act aiming to protect the rights of minority shareholders to which the procedures described above relate, if the Share Consolidation is conducted and fractions of less than one share arise in the number of shares due to the Share Consolidation, each shareholder of the Company may request that the Company purchase, from among the shares held by the shareholder, all fractional shares less than one share at a fair price, and each such shareholder may file a petition with a court to determine the price of the Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. In the event that such petition is filed, the purchase price of the Company Shares will be finally determined by the court.

It is further noted that shareholders of the Company will not be solicited to support the Tender Offer at the Extraordinary Shareholders' Meeting.

With regard to the above procedures, it is possible that, depending on situations such as amendments to or enforcement of the relevant laws and regulations or the interpretation of the relevant laws and regulations by the authorities, more time may be required for their implementation or a change may arise in the method of their implementation. However, according to the Tender Offeror, even in such a case, if the Tender Offer is completed, a method is intended to be used whereby the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror, Hitachi, and the Company) will ultimately receive cash, in which case the amount of cash to be delivered to each such shareholder of the Company will be calculated so that it will be equivalent to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder.

In such a case, the Company will announce specific procedures and the timing of their implementation, etc. promptly once determined through discussion between the Tender Offeror and the Company. Shareholders of the Company are solely responsible for seeking advice from their own tax experts with regard to the tax consequences of tendering in the Tender Offer or of the procedures

outlined above.

According to the Tender Offeror, as stated in “[1] Details of the Opinion on the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer,” the Tender Offeror has decided that it will implement the Separation Measures during a period up to the effective date of the Share Consolidation if the Tender Offeror fails to acquire the majority or above of the Company’s voting rights through the Tender Offer and the Share Consolidation takes effect before the acquisition of the approval for the Share Acquisition. According to the Tender Offeror, in the case above, regarding the implementation of the Separation Measures, the approval has been acquired from (a) the Company, which is Vantec HTS Logistics (Rus) LLC’s shareholder, and (b) Vantec Corporation, which is Vantec HTS Logistics (Rus) LLC’s shareholder and the Company’s wholly-owned subsidiary.

(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

Since the Capital Transaction is a transaction proposed by Hitachi, as 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” in “(2) Grounds and Reasons for the Opinion on the Tender Offer,” 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, as 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 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 has 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 [7] of the Conditions for Commencement of the Tender Offer, although it has not been fulfilled as of today, 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) above and certain other conditions. 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” above.

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 today, 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” under “(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” below, 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” above, 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 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” above, 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 reports, (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 [7] of the Conditions for Commencement of the Tender Offer, although it has not been fulfilled as of today, 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 today, 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 today, 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” under “(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” below, 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 Opinions on the Tender Offer” above, 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. Matters Concerning Important Agreements Relating to the Tender Offer

[1] The Basic Agreement, Etc.

According to the Tender Offeror, in connection with the Tender Offer, the Tender Offeror executed the Basic Agreement with Hitachi as of April 28, 2022, in which Hitachi agreed not to tender the Shares to Be Sold in the Tender Offer.

However, according to the Tender Offeror, the Basic Agreement sets forth as follows: if any person other than the Tender Offeror commences a tender offer for the Company Shares by the last day of the Tender Offer Period at a purchase price higher than the Tender Offer Price without setting an upper limit on the number of shares to be purchased (the “Counter Tender Offer”), Hitachi may make a request to negotiate with the Tender Offeror to amend the Tender Offer Price and the Company’s Share Repurchase Price. If the negotiations do not lead to the Tender Offeror amending the Tender Offer Price to a price that is not less than the purchase price under the Counter Tender Offer and changing the Company’s Share Repurchase Price to a price that is substantially not less than the purchase price under the Counter Tender Offer when taking into account the effect of the relevant taxes, Hitachi may, without being obligated to pay any money or becoming subject to any other obligations, tender all of the Shares to Be Sold in the Counter Tender Offer or accept share repurchase by the Company (excluding the Share Repurchase) to be conducted after the Counter Tender Offer.

Further, according to the Tender Offeror, the Basic Agreement sets forth as follows: during the period from April 28, 2022 to the last day of the Tender Offer Period, Hitachi (i) may not make an agreement with any person other than the Tender Offeror regarding a transaction that substantially conflicts with the Tender Offer or that makes it difficult to implement the Tender Offer; (ii) may not provide any person other than the Tender Offeror with any information regarding the Company Group in relation to the said transaction; and (iii) may not apply for, or solicit applications for, the said transaction or conduct any discussions or negotiations regarding the said transaction. Meanwhile, according to the Tender Offeror, if Hitachi does not breach the said obligations, Hitachi is not prohibited from engaging in the following conduct: (a) where a third party other than the Tender Offeror has commenced a Counter Tender Offer, tendering in the Counter Tender Offer pursuant to the provisions of the preceding paragraph and providing information to, or conducting discussions or negotiations with, the third party that has commenced the Counter Tender Offer in relation to the Counter Tender Offer; and (b) where Hitachi has received a written proposal for a Counter Tender Offer that is reasonably considered to be superior to the Transaction, providing the third party with the minimum necessary information or conducting discussions or negotiations, or making an agreement, with the third party, although in both (a) and (b) above, subject to the condition that Hitachi immediately provides the Tender Offeror with the same information as the said information and the details of the said discussions’ progress and (if the Tender Offeror requested,) the details of

the said discussions, negotiations and contents of agreement to the reasonable extent.

Further, according to the Tender Offeror, in the Basic Agreement, Tender Offeror and Hitachi agreed that (i) in the event the Tender Offer is completed and the Tender Offeror is unable to acquire all of the Company Shares (excluding treasury stock held by the Company and the Shares to Be Sold) in the Tender Offer, the Tender Offeror and Hitachi will request that the Company hold a general meeting of shareholders with proposals on the matters required for implementation of the Share Consolidation and will exercise their voting rights to approve said proposals, that (ii) as promptly as practically possible after the Tender Offeror and Hitachi become holders of all of the Company Shares (excluding treasury stock held by the Company) as a result of the Share Consolidation, the Tender Offeror and Hitachi will cause the Company to perform the Capital Reduction in order to ensure the amount available for allocation required for the Share Repurchase, and that (iii) promptly after the Capital Reduction takes effect, Hitachi will, through the Share Repurchase, transfer to the Company all of the Shares to Be Sold for the total amount of consideration obtained by multiplying the number of the Shares to Be Sold by 6,632 yen, the Company's Share Repurchase Price (however, if, due to the Share Consolidation, fractions of less than one share arise in the number of Shares to Be Sold held by Hitachi, the amount receivable by Hitachi as consideration for the fractions will be deducted from the said total amount of consideration).

According to the Tender Offeror, in the Basic Agreement, the Tender Offeror and Hitachi agreed to matters relating to the terms of the Tender Offer, the Conditions for Commencement of the Tender Offer, matters concerning Hitachi's right to claim that the Tender Offer not be commenced (Note 1), Hitachi's obligation to notify the Tender Offeror in the case where Hitachi receives a proposal for tender offer of the Company's common shares from any person other than the Tender Offeror, the representations and warranties by the Tender Offeror and Hitachi (Note 2), the obligation to make efforts to obtain clearance under competition laws, the obligation relating to implementation of the Transaction and the Hitachi Re-contribution, the obligation of the Company Group to make efforts to conduct business operations within the scope of the ordinary business operations pursuant to prior customary practices during the period until the Share Repurchase, the obligation to prohibit solicitation regarding the Company Group, the obligation to cooperate in fundraising, the indemnification obligation of up to 20 billion yen in the case of the Tender Offeror and 10 billion yen in the case of Hitachi if the Tender Offeror or Hitachi fails to perform its obligations or breaches its representations and warranties under the Basic Agreement, the obligation to bear taxes and public dues and expenses incurred by oneself, the obligation of confidentiality, the obligation to prohibit the transfer of contractual rights and obligations, and provisions relating to cancellation by the Tender Offeror or Hitachi due to a breach of representations and warranties, where a petition has been filed with respect to the other party for commencement of insolvency proceedings, and where the Tender Offer has not been commenced on or before November 30, 2022, among others. In connection with

the agreement on the “obligation relating to implementation of the Transaction and the Hitachi Re-contribution” in the Basic Agreement, the Tender Offeror executed the Four-Party Agreement with Hitachi, the Tender Offeror Parent, and the Company as of October 27, 2022, in connection with the Hitachi Re-contribution, which sets forth (i) that by the Tender Offeror Parent assuming the obligation to pay a price equivalent to 10 billion yen among the Company’s obligation to pay the price for the Share Repurchase to Hitachi, Hitachi will acquire the right to claim payment of the price to the Tender Offeror Parent and will contribute in-kind the right to claim payment of the price to acquire 10% of the voting rights of the Tender Offeror Parent, and (ii) matters relating to the procedures therefor.

(Note 1) According to the Tender Offeror, if any of the following is not satisfied, Hitachi may request that the Tender Offeror not commence the Tender Offer, even if the Tender Offeror waives the Conditions for Commencement of the Tender Offer that is the same to the conditions not so satisfied:

[1] the Special Committee established by the Company’s board of directors for the Tender Offer has made an affirmative report regarding the Company’s board of directors expressing an opinion in support of the Transaction, and the report has not been amended (excluding where the amended report approves the Company’s board of directors expressing an opinion in support of the Transaction or where it is a minor amendment due to an update of information that is necessarily required due to the passage of time from the execution date of the Basic Agreement to the commencement date of the Tender Offer or otherwise) or withdrawn;

[2] a resolution to express an opinion in support of the Transaction has been adopted at a meeting of the board of directors of the Company, and that opinion has been disclosed pursuant to the relevant laws and regulations and has not been amended or revoked;

[3] no decision has been made by a judicial or administrative agency to restrain or prohibit any part of the Transaction, and there is no specific possibility thereof;

[4] the Tender Offeror has performed or complied with, in all material respects, its obligations under the Basic Agreement that should be performed or complied with by the commencement date of the Tender Offer (however, unless a breach of any of the obligations has a material adverse effect, this condition shall be deemed to have been satisfied);

[5] the Tender Offeror’s representations and warranties are true and correct in all material respects (however, unless a breach of any of the representations and warranties has a material adverse effect, this condition shall be deemed to have been satisfied);

[6] contracts relating to the Transaction exist and have been executed legally and effectively;

[7] acquisition of clearance has been completed regarding necessary approvals and authorizations; and

[8] the Tender Offeror has received from the Company the Letter of Understanding, and the

Letter of Understanding has not been revoked by the commencement date of the Tender Offer. (Note 2) According to the Tender Offeror, the Tender Offeror makes representations and warranties regarding the following in the Basic Agreement: (1) effectiveness of establishment and existence, (2) capacity to hold rights and act as necessary to execute and perform the Basic Agreement, (3) completion of procedures required by relevant laws and regulations and the internal rules of the Tender Offeror regarding execution and performance of the Basic Agreement, (4) validity and compulsory enforceability of the Basic Agreement, (5) no conflict with laws and regulations regarding execution and performance of the Basic Agreement, (6) obtaining required clearances by each of the execution date of the Basic Agreement, the commencement date of the Tender Offer, the expiration date of the Tender Offer Period, and the settlement date of the Tender Offer, (7) no transactions with or involvement by antisocial forces, and (8) certainty of fundraising. According to the Tender Offeror, Hitachi makes representations and warranties regarding the following in the Basic Agreement: (1) effectiveness of establishment and existence, (2) capacity to hold rights and to act as necessary to execute and perform the Basic Agreement, (3) completion of procedures required by relevant laws and regulations and the internal rules of the Hitachi regarding execution and performance of the Basic Agreement, (4) validity and compulsory enforceability of the Basic Agreement, (5) no conflict with laws and regulations regarding execution and performance of the Basic Agreement, (6) lawful and effective ownership of the Shares to Be Sold, (7) matters relating to the Company's shares, and (8) no transactions with or involvement by antisocial forces.

[2] Letter of Understanding

In connection with the Tender Offer, the Company submitted to the Tender Offeror a letter of understanding dated April 28, 2022 (the "Letter of Understanding"), in which the Company agreed on the following, among others: matters relating to the Company Group's business operations; compliance with anti-corruption laws, money laundering laws, and sanction-related laws, and provision of responses and information at the time of breach thereof; provision of financial information; the Company's representations and warranties (regarding matters such as obtainment of necessary licenses and approvals, non-existence of breach of competition laws, anti-corruption laws, money laundering laws, and sanction-related laws, and establishment of internal rules for compliance therewith, non-existence of transactions, etc. with government personnel or parties subject to sanctions, and non-existence of government personnel and governmental organizations holding shares in the Company); and the Company's obligation to make efforts to perform actions that will be necessary for the Company to legally and effectively implement the Transaction pursuant to, among others, laws and regulations, etc., internal rules, collective labor agreements, and

agreements that are important in terms of business.

[3] Capital and Business Alliance Agreement

According to the Tender Offeror, in connection with the Transaction, the Company, Hitachi and KKR Fund have executed the Capital and Business Alliance Agreement as of October 27, 2022, and agreed to, among others, (i) Hitachi's right to nominate one director of the Company, (ii) the restriction on transfers of shares of the Tender Offeror Parent held by Hitachi for three years from the effective date of the Hitachi Re-contribution, (iii) KKR Fund's first refusal right at the time of Hitachi's transfer of shares of the Tender Offeror Parent held by Hitachi after the transfer restriction period under (ii) has passed (the right that when Hitachi transfers the shares, KKR Fund may preferentially purchase the same), (iv) KKR Fund's drag-along right at the time of KKR Fund's transfer of shares of the Tender Offeror Parent to a third party (the right that KKR Fund may request that Hitachi also sell the shares of the Tender Offer Parent held by Hitachi to the planned transferee) and Hitachi's tag along right (the right that Hitachi may request that the shares of the Tender Offeror Parent held by Hitachi also be transferred to the planned transferee), and (v) that Hitachi and the Company Group will mutually utilize the Company Group's expertise in the logistics business and Hitachi's research and development capability and external sales capability in the digital solutions business, and will continue the business alliance as the Collaborative Innovation Partners in the logistics business. The Capital and Business Alliance Agreement will terminate if (i) either Hitachi or KKR Fund ceases to directly or indirectly hold shares of the Tender Offeror Parent, (ii) the Capital and Business Alliance Agreement is canceled (Note 3), (iii) the Company's liquidation is completed and distribution of residual assets is completed, (iv) termination of the agreement is agreed in writing, and (v) listing of shares of the Tender Offeror Parent, the Tender Offeror, or the Company on a financial instruments exchange is implemented.

(Note 3) The Company, Hitachi, and KKR Fund have agreed that each of them may immediately cancel the Capital and Business Alliance Agreement if any of the other parties (i) materially breaches its obligations set forth in the Capital and Business Alliance Agreement, and even though the party requesting cancellation requires correction, the breach has not been resolved within 30 days from the day on which correction is required, or (ii) a petition for commencement of insolvency proceedings is filed, or it suspends payment or becomes insolvent.

5. Details of Benefit Contributions by the Tender Offeror or Its Specially Related Parties

No relevant matters.

6. Policy on Handling of the Basic Policy for Company Control

No relevant matters.

7. Questions for the Tender Offeror

No relevant matters.

8. Requests for Extension of the Tender Offer Period

No relevant matters.

9. Future Revisions

See “[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” 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” above, and see also “(4) Possibility of Delisting and Grounds Therefor,” and “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition) of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” above.

10. Other Matters

(1) Announcement of the “Consolidated Financial Report [IFRS] For the Second Quarter of the Year Ending March 2023”

As of October 27, 2022, the Company announced the Company’s Financial Report for the Second Quarter of the Year Ending March 2023. Please see the content of said publication of the Company for details.

(2) Announcement of the “Notice concerning Surplus Dividends (Non-Payment of Term-End Dividends)”

As described in the “Notice concerning Surplus Dividends (Non-Payment of Term-End Dividends)” announced as of April 28, 2022, the Company resolved at its board of directors meeting held on April 28, 2022 on the non-payment of surplus dividends setting September 30, 2022 (end of the second quarter) as a reference date and surplus dividends setting March 31, 2023 (end of the fiscal year) as a reference date. Please see the content of said publication of the Company for details.

End

(Attachment)

“Announcement on Commencement of Tender Offer for Shares of Hitachi Transport System, Ltd. (Security Code 9086)” dated October 27, 2022

October 27, 2022

Company Name: HTSK Co., Ltd.

Representative: Steven Codispoti, Representative Director

**Announcement on Commencement of Tender Offer for Shares of Hitachi Transport System, Ltd.
(Security Code 9086)**

As provided for in the “Announcement Regarding the Commencement of the Tender Offer for the Shares of Hitachi Transport System, Ltd. (Securities Code 9086)” dated April 28, 2022 (the “April 28 2022 Offeror Press Release”), and the “Partial Revision to “Announcement Regarding the Commencement of the Tender Offer for the Shares of Hitachi Transport System, Ltd. (Securities Code 9086)” dated September 29, 2022 (the “September 29 2022 Amended Offeror Press Release”), on April 28, 2022 HTSK Co., Ltd. (the “Offeror”) resolved to acquire the common shares (the “Target Company Shares”) of Hitachi Transport System, Ltd. (Securities Code: 9086, Prime Market of the Tokyo Stock Exchange (the “TSE”)) (the “Target Company”) by tender offer (the “Tender Offer”), in accordance with the Financial Instruments and Exchange Law (Act No. 25 of 1948, as amended) (the “Law”).

Considering the certain period of time necessary in respect of the procedures and actions required under domestic and overseas competition laws (Japan, China, the United States, Europe, Russia and Turkey) and domestic and overseas laws in connection with inward direct investments (Japan, Germany, the United Kingdom, Italy, Poland and India), the Offeror decided to implement the Tender Offer contingent upon the fulfillment (or waiver by the Offeror) (Note 2) of certain conditions (Note 1) including completion of the abovementioned procedures and actions (the “Conditions Precedent to the Tender Offer”). However, as provided in “(1) Overview of the Tender Offer” under the section titled “1. Purpose of the Tender Offer” below, as of October 20, 2022 (local time), with respect to condition (7) of the Conditions Precedent to the Tender Offer, the Offeror has decided to waive the condition to obtain approval from the Russian Federation Government Commission on Monitoring Foreign Investment (the “Russian Authorities”) as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof.

Subsequently, the Offeror has confirmed that all of the Conditions Precedent to the Tender Offer have been fulfilled (except for the condition to obtain approval from the Russian Authorities) as provided in “(1) Overview of the Tender Offer” under the section titled “1. Purpose of the Tender Offer”, and has therefore determined that the Tender Offer can be commenced. On October 27, 2022, the Offeror decided that the Tender Offer will commence on October 28, 2022.

Note 1: (1) submission by a special committee (“Special Committee”) established by the Board of Directors of the Target Company of a report approving the expressing of an opinion in support of the Transaction (as defined in “(1) Overview of the Tender Offer” under the section titled “1. Purpose of the Tender Offer”) by the Board of the Directors of the Target Company, which has not been

amended (excluding when the amended report approves the expressing of an opinion in support of the Transaction by the Board of the Directors of the Target Company or when they are information updates or other minor amendments reasonably required, such as those due to the time lapse between signing of the Basic Agreement (as defined in “(1) Overview of the Tender Offer” under the section titled “1. Purpose of the Tender Offer”) and the commencement date of the Tender Offer) or withdrawn;

(2) adoption of resolutions at a meeting of the Board of Directors of the Target Company expressing an opinion in support of the Transaction, which has been publically announced in accordance with relevant laws and regulations and the opinion has not been amended (excluding when the amended opinion is in support of the Transaction or when they are information updates or other minor amendments reasonably required, such as those due to the time lapse between signing of the Basic Agreement and the commencement date of the Tender Offer) or withdrawn;

(3) no decision from a governmental or administrative agency seeking to limit or prevent any part of the Transaction has been made, nor is there any reasonable belief that there is a risk of the foregoing decisions being made;

(4) Hitachi, Ltd. (“Hitachi”) in all material respects duly performed or complied with all of its obligations by the commencement date of the Tender Offer (Note 3) under the Basic Agreement (however, if breaches of such obligations do not result in material adverse effects, the condition can be deemed as fulfilled);

(5) the representations and warranties made by Hitachi (Note 4) are true and correct in all material respects (however, if breaches of such obligations do not result in material adverse effects, the condition can be deemed as fulfilled);

(6) confirmation by the Target Company that all material information (as defined in Article 166, Paragraph 2 of the Law) regarding the Target Company’s business has been disclosed (as defined in Article 166, Paragraph 4 of the Law);

(7) clearance has been obtained for necessary permissions and approvals (Note 5);

(8) the Offeror has received the Agreement (as defined in “(ii) the Agreement” in “(6) Material Agreements Regarding the Tender Offer” under the section titled “1. Purpose of the Tender Offer”) from the Target Company which has not been withdrawn by the commencement date of the Tender Offer and remains legal and effective;

(9) the Target Company has in all material respects duly performed or complied with all of its obligations to be performed or complied with by the commencement date of the Tender Offer under the Agreement (Note 6) (excluding the Target Company’s obligations to make efforts to implement actions required under relevant laws, internal regulations, labor agreements or other material business agreements in order to ensure the Transaction is legal and effective) (however, if breaches of such obligations do not result in material adverse effects, the condition can be deemed as fulfilled); and

(10) the representations and warranties (Note 7) made by the Target Company under the Agreement are true and correct in all material respects (however, if breaches of such representations and warranties do not result in material adverse effects, the condition can be deemed as fulfilled).

For details about the Basic Agreement and the Agreement, please refer to “(6) Material Agreements Regarding the Tender Offer” under the section titled “1. Purpose of the Tender Offer”.

Note 2: For details about Hitachi’s rights to request the Tender Offer not be commenced, please refer to “(6) Material Agreements Regarding the Tender Offer” under the section titled “1. Purpose of the Tender Offer”. As of the date hereof, Hitachi has not exercised such rights to request the Tender Offer not be commenced.

Note 3: For details about Hitachi’s obligations under the Basic Agreement, please refer to “(i) The Basic Agreement” in “(6) Material Agreements Regarding the Tender Offer” under the section titled “1. Purpose of the Tender Offer”.

Note 4: For details about Hitachi’s representations and warranties pursuant to the Basic Agreement, please refer to “(i) The Basic Agreement” in “(6) Material Agreements Regarding the Tender Offer” under the section titled “1. Purpose of the Tender Offer”.

Note 5: Notifications in relation to competition laws in Japan, China, the United States, Europe, Russia and Turkey, as well as prior notifications required under inward direct investment-related laws in Japan and Russia. Based on the Target Company’s business in the aforementioned countries, the view of the relevant regulatory authorities of the characteristics of the Offeror, and advice from respective local counsel, the Offeror subsequently confirmed that no prior notifications under the inward direct investment-related laws of Germany, the United Kingdom, Italy, Poland and India would be required by August 31, 2022, which is after the execution of the Basic Agreement. However, in early to mid-September 2022 the Offeror confirmed that prior notification will be newly required under the recently-enacted Presidential Decree No. 618 pertaining to inward direct investment in Russia (effective as of September 8, 2022).

Note 6: For details about the Target Company’s obligations under the Agreement, please refer to “(ii) The Agreement” in “(6) Material Agreements Regarding the Tender Offer” under the section titled “1. Purpose of the Tender Offer”.

Note 7: For details about the Target Company’s representations and warranties pursuant to the Agreement, please refer to “(ii) The Agreement” in “(6) Material agreement regarding the Tender Offer” under the section titled “1. Purpose of the Tender Offer”.

1. Purpose of the Tender Offer

(1) Overview of the Tender Offer

The Offeror is a joint-stock corporation (*kabushiki kaisha*) established on April 21, 2022 with the primary goal of controlling and managing the business activities of the Target Company following the acquisition and holding of the Shares and etc. of the Target Company and completion of the Tender Offer. All equity interests in the Offeror are, as of the date hereof, owned by HTSK Holdings Co., Ltd., a joint-stock corporation (*kabushiki kaisha*) established on April 21, 2022 (the “Offeror Parent”). Further, all equity interests in the Offeror Parent are, as of the date hereof, owned by HTSK Investment L.P. (the “KKR Fund”), a limited partnership established under the laws of the Province of Ontario, Canada on April 25, 2022, which is indirectly held and operated by Kohlberg Kravis Roberts & Co. L.P., an investment advisory company established under the laws of Delaware, the United States, (together with its affiliates and other

related funds, “KKR”). As of the date hereof, neither the Offeror, the Offeror Parent nor the KKR Fund holds any Target Company Shares.

KKR’s investment philosophy is to invest from a long-term perspective and in partnership with the management of the acquired company. KKR seeks partnerships with companies and their management teams with great potential and business foundations. It then leverages its management resources, expertise, and network with the aim of creating industry leaders. Based on this philosophy, KKR focuses on carve-outs (business divestitures) of subsidiaries and business units from corporations and supports their development as independent enterprises by promoting their growth strategy, profitability, and improvements in business efficiency both organically (by leveraging existing management resources) and inorganically (such as through alliances with, or acquisitions of, other companies). Globally, KKR has a track record of about 60 carve-outs and has proven results in supporting independent enterprises.

Founded in 1976, KKR is a global asset management firm with approximately USD 470 billion-worth of assets under management including private equity investments. It is listed on the New York Stock Exchange. Since the opening of its Tokyo office in 2006, KKR has been actively expanding its investment activities in the Japanese market, with employees from diverse backgrounds that possess an understanding of Japanese trade practices. In 2010, KKR invested in Intelligence, Ltd., a provider of comprehensive HR services. In 2014, KKR supported the carve-out of Panasonic Healthcare Co., Ltd. (“PHC”) from Panasonic Corporation, subsequently through KKR’s support PHC was able to acquire the diabetes care business of Bayer Aktiengesellschaft and affiliates of its subsidiary, Bayer HealthCare, in 2016. Further, the acquisition of the anatomical pathology business of Thermo Fisher Scientific, Inc. (now known as Espredia) and the acquisition of LSI Medience Corporation, a major clinical testing company in Japan and a subsidiary of Mitsubishi Chemical Holdings Corporation in 2019, all demonstrate KKR’s capability in helping its Japanese portfolio companies carry out follow-on acquisitions of both domestic and overseas enterprises. In 2015, KKR invested in Pioneer DJ, then a business unit of Pioneer Corporation. In 2017, KKR implemented tender offers for Calsonic Kansei Corporation, a listed subsidiary of Nissan Motor Co., Ltd., and Hitachi Koki Co., Ltd. and Hitachi Kokusai Electric Inc., the listed subsidiaries of Hitachi. Through these initiatives, KKR has built on its track record of supporting the stand-alone growth of subsidiaries and business units of Japanese companies. In March 2021, KKR jointly acquired Seiyu Co., Ltd. (“Seiyu”), a major supermarket player and subsidiary of Walmart Inc., with Rakuten DX Solution G.K., a subsidiary of Rakuten Inc. (“Rakuten”). By partnering with Rakuten, KKR has promoted digital transformation (“DX”) through integrating online and physical retailing at Seiyu. As exemplified above, KKR has been committed to provide its capital and human resources and networks to support the growth and development of the portfolio companies. In March 2022, KKR acquired Yayoi Co., Ltd. (“Yayoi”), a business software company with the largest market share of cloud accounting software for individual business owners (based on data from “Research on the Usage of Cloud Account Software (as of late April 2021)” by MM Research Institute), from ORIX Corporation. Small and medium-sized enterprises (“SMEs,” as defined in Article 2, Paragraph 1 of the Small and Medium-sized Enterprise Basic Act (No. 154 of July 20, 1963), (Note 1)) account for more than 99% of businesses in Japan, and Yayoi therefore has great growth potential as, in KKR’s view, it will play an important role in promoting digital transformation and cloud migration that can boost efficiency and productivity at SMEs. KKR believes it will leverage its rich experiences in investments in software, cloud and SaaS (Note 2) globally to support the growth of Yayoi. Moreover, in April 2022,

KKR completed its acquisition of Mitsubishi Corp.-UBS Realty Inc. (“MC-UBSR”) from Mitsubishi Corporation and UBS Group. MC-UBSR is a real estate asset management company in Japan with JPY 1.7 trillion of assets under management. MC-UBSR has a promising growth trajectory as KKR believes its business base in Japan is solid and can be further supported by KKR’s global real estate-related resources and networks.

Note 1: SMEs refer to (i) for businesses within the manufacturing, construction, transportation and other industries (excluding wholesale trade, service and retail trade industries), corporations with stated capital of JPY 300 million or less and employing 300 or fewer people; (ii) for businesses within the wholesale trade industry, corporations with stated capital of JPY 100 million or less and employing 100 or fewer people; (iii) for businesses within the service industry, corporations with stated capital of JPY 50 million or less and employing 100 or fewer people; and (iv) for businesses within the retail trade industry, corporations with stated capital of JPY 50 million or less and employing 50 or fewer people.

Note 2: SaaS refers to “Software as a Service”, which refers to the service form of providing software functions over the Internet.

As provided for in the April 28 2022 Offeror Press Release, provided that the Conditions Precedent to the Tender Offer are fulfilled (or waived by the Offeror), the Offeror decided on April 28, 2022 to acquire all of the Target Company Shares (excluding shares held by Hitachi, the major and largest shareholder, as well as an affiliate of the Target Company (33,471,578 Target Company Shares, representing an ownership percentage (Note 3) of 39.91% of the Target Company) (“Hitachi Shares”), as well as treasury shares held by the Target Company) through the Tender Offer, as a part of the transaction to have the Offeror become the sole shareholder of the Target Company and to de-list the Target Company from the Prime Market of the TSE it is listed on as of the date hereof (the “Transaction”), and the Offeror had been aiming for the Tender Offer to be commenced in late September 2022.

Subsequently, as provided for in the September 29 2022 Amended Offeror Press Release, as of September 21, 2022, the Offeror has completed the procedures and actions required under the competition laws in Japan, China, the United States, Europe, Russia and Turkey, and the inward direct investment-related law in Japan. In addition, the Offeror has confirmed that no prior notifications under the inward direct investment-related laws of Germany, the United Kingdom, Italy, Poland and India would be required by August 31, 2022, which is after the execution of the Basic Agreement. However, in early to mid-September 2022 the Offeror confirmed that prior notification will be newly required under the recently-enacted Presidential Decree No. 618 pertaining to inward direct investment in Russia (effective as of September 8, 2022). Prior notification concerning the acquisition of the shares through the Tender Offer (the “Acquisition”) was submitted to the Russian Authorities on October 10, 2022 (local time) (and received on the same date), and the Offer aimed to commence the Tender Offer in early November 2022.

Note 3: “Ownership Percentage” refers to the percentage (rounded to the second decimal place) of the number of Target Company shares held by the shareholder in question based on a total amount of 83,872,836 shares, which has been calculated by deducting the number of treasury shares held by the

Target Company as of September 30, 2022 (228,878 shares, excluding the 177,000 Target Company Shares held by trust for the performance-based employee stock ownership plan) from the total number of issued shares (84,101,714 shares) as of September 30, 2022, as stated in Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (IFRS) published by the Target Company on October 27, 2022 (the “Target Company’s Second Quarter Financial Results”). The same shall apply hereunder with respect to the calculation of the Ownership Percentage.

Subsequently, on October 20, 2022 (local time), the Offeror contacted the Russian Authorities through Russian counsel to inquire as to the status of its review, and was informed by the contact person at the Russian Authorities that the review concerning the notification made by the Offeror had not yet commenced at that point. Russian counsel explained to the Offeror that, in light of the status of said review, there is a reasonable possibility that the Offeror will not be able to obtain approval for the Acquisition from the Russian Authorities by early November 2022, and that it is difficult to accurately predict the period of time until such approval is obtained.

Russian counsel explained to the Offeror in its confirmation process of the submission of the prior notification to the Russian Authorities on October 10, 2022 (local time) and the review status thereof after the submission, that (i) while under Russian Presidential Decree No. 618, if a foreign corporate entity is to directly or indirectly obtain a majority of the voting rights of a Russian corporate entity, such foreign corporate entity is required to obtain prior approval from the Russian Authorities before obtaining such voting rights, and even in cases where a foreign corporate entity directly or indirectly obtains a majority of the voting rights of a Russian corporate entity, it would be possible to obtain such voting rights in a manner that would not constitute a violation of Russian Presidential Decree No. 618 if the foreign corporate entity (including its subsidiaries) implement measures whereby they do not exercise any controlling rights in relation to the Russian corporate entity, and said Russian corporate entity is operated independently, and (ii) such measures, if they are to be implemented, while such implementation is exceptional, are in practice often implemented after a certain period of time has elapsed after the submission of prior notification concerning the Acquisition to the Russian Authorities.

In light of the explanation received from Russian counsel, and the status of the abovementioned review by the Russian Authorities, the Offeror, while aiming on promptly obtaining approval for the Acquisition from the Russian Authorities (Note 4), based on the legal advice of the Russian counsel, determined as follows. In the case that prior to obtaining such approval, the Offeror is to acquire a majority of the voting rights of the Target Company through the Tender Offer, from the perspective of ensuring that the settlement of the Tender Offer can be carried out without the acquisition of such voting rights not constituting a violation of the Russian Presidential Decree requiring such approval or other laws and regulations, after the expiration of the period for the Tender Offer (the “Tender Offer Period”), from such time as it has become clear that the Offeror will acquire (Note 6) a majority of the voting rights (Note 5) of the Target Company through the Tender Offer and by the settlement commencement date of the Tender Offer, the Offeror shall implement measures (the “Separation Measures”) which are (i) the Offeror or the Target Company Group (as defined in “(i) The business environment of the Target Company” in the section titled “(2) Background, purpose and

decision-making process of the Offeror leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer” below) shall not exercise any shareholder rights, intervene in decision making, or otherwise actively exercise rights over Vantec HTS Logistics (Rus) LLC (including the transfer of Vantec HTS Logistics (Rus) LLC shares to a third party), thereby exercising controlling rights in relation to Vantec HTS Logistics (Rus) LLC and (ii) said entity will be operated independently of the Offeror and the Target Company Group until the Offeror obtains the approval from the Russian Authorities. The Offeror has obtained the agreement of the Target Company, a shareholder of Vantec HTS Logistics (Rus) LLC, and Vantec Corporation, a wholly owned subsidiary of the Target Company and shareholder of Vantec HTS Logistics (Rus) LLC, with respect to implementation of the Separation Measures in the case described above. As the Separation Measures will be decided by way of a written resolution of the board of directors by the Offeror’s director and resolved by way of a written resolution of shareholders of Vantec HTS Logistics (Rus) LLC, the Separation Measures may be implemented at the discretion of the Offeror and the shareholders Vantec HTS Logistics (Rus) LLC, respectively, and thus the Offeror is not aware of any facts that would hinder their implementation. The Offeror has determined that even in the case that the Separation Measures are to be implemented, there would be no particular impact on the enterprise value of the Target Company Group, as they would only be provisional measures until such time as approval for the Acquisition is obtained from the Russian Authorities (Note 7).

Note 4: If such approval is obtained during the Tender Offer Period, the Offeror shall file an amendment statement.

Note 5: As provided in “(6) Material Agreements Regarding the Tender Offer”, the Offeror executed the Basic Agreement with Hitachi on April 28, 2022, which provides that Hitachi will not tender any of the Hitachi Shares in the Tender Offer. The Offeror has been informed by Russian counsel that under Russian Presidential Decree No. 618, the rights pertaining to the Hitachi Shares are not included in the voting rights of the Target Company to be acquired through the Tender Offer.

Note 6: In the case that the Offeror is unable to acquire a majority of the voting rights of the Target Company through the Tender Offer, and prior to obtaining the approval for the Acquisition, the Share Consolidation (as defined in “(4) Policy for organizational restructuring after the Tender Offer (matters relating to the ‘Two-Step Acquisition’)”) is to come into effect, the Offeror shall implement the Separation Measures by the date the Share Consolidation comes into effect. The Target Company, a shareholder of Vantec HTS Logistics (Rus) LLC, and Vantec Corporation, a wholly owned subsidiary of the Target Company and shareholder of Vantec HTS Logistics (Rus) LLC have provided their agreement for the implementation of the Separation Measures in such a case.

Note 7: Russian counsel has provided the following legal advice: (i) while the implementation of the Separation Measures will allow for the operations of Vantec HTS Logistics (Rus) LLC to be based on the business judgment of its officers and employees, the Separation Measures are only temporary until such time as approval for the Acquisition has been obtained from the Russian Authorities, and currently no particular shareholder resolutions are expected to be passed during that period, (ii) it will be possible for necessary shareholder resolutions to be passed for the purpose of compliance with laws and regulations, such as the approval of financial accounts, and (iii) some of the officers of Vantec HTS Logistics (Rus) LLC, and employees and officers of the Target Company Group

(excluding Vantec HTS Logistics (Rus) LLC) currently hold concurrent positions, but there is no need for such officers to resign; and there would be no legal issue in implementing the Separation Measures if such officers carry out business decisions without being influenced by the Offeror, in the same manner they did prior to the Offeror acquiring a majority of the voting rights of the Target Company.

Accordingly, with respect to condition (7) of the Conditions Precedent to the Tender Offer, the Offeror has decided to waive the condition to obtain approval from the Russian Authorities as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof.

As described above, the Offeror has been informed by Russian counsel that there is a reasonable possibility that the Offeror will not be able to obtain approval for the Acquisition from the Russian Authorities by early November 2022, and that it is difficult to accurately predict the period of time until such approval is obtained. In order to resolve as soon as possible the unstable situation in which the Tender Offer has been announced, but not yet commenced, the Offeror shall commence the Tender Offer as soon as practicably possible, and continue in its efforts to obtain approval from the Russian Authorities. In the case that prior to obtaining such approval, the Offeror is to acquire a majority of the voting rights of the Target Company through the Tender Offer, from the perspective of ensuring that the settlement of the Tender Offer can be carried out without the acquisition of such voting rights constituting a violation of the Russian Presidential Decree requiring such approval or other laws and regulations, after the expiration of the Tender Offer Period, and by the settlement commencement date of the Tender Offer, the Offeror shall implement the Separation Measures. In light of the above, on October 20, 2022, the Offeror determined that it is expected that the Tender Offer would be able to be commenced on October 28, 2022. Subsequently, the Offeror has confirmed that all of the Conditions Precedent to the Tender Offer have been fulfilled (except for the condition to obtain approval from the Russian Authorities) as provided below, and has therefore determined that the Tender Offer can be commenced. On October 27, 2022, the Offeror decided that the Tender Offer will commence on October 28, 2022.

- a) The Offeror has been informed by the Target Company that as of October 26, 2022, (i) the Special Committee, established by the Board of Directors of the Target Company in relation to the Tender Offer, has determined that there are no factors that would change its report submitted on April 28, 2022 which approved that it is appropriate for the Board of Directors of the Target Company to adopt resolutions expressing its opinion in favor of the Tender Offer, and recommending that the shareholders of the Target Company tender their shares in the Tender Offer, and (ii) a report approving the expressing of an opinion in support of the Transaction by the Board of Directors has been submitted by the Special Committee, and such report has not been amended (excluding when the amended report is in support of the expressing of an opinion in favor of the Transaction by the Board of Directors, or when they are information updates or other minor amendments reasonably required, such as those due to the time lapse between signing of the Basic Agreement and the commencement date of the Tender Offer) or withdrawn. On October 26, 2022, the Offeror confirmed that the Special Committee's report approving the Board of Directors expressing an opinion in favor of the Transaction has been submitted.

- b) The Offeror has been informed by the Target Company that at a Board of Directors meeting held on October 27, 2022, it was determined that as of October 27, 2022 there are no factors that would change its April 28, 2022 opinion in connection with the Tender Offer, and resolutions were adopted expressing an opinion in favor of the Transaction which have been publically announced in accordance with relevant laws and regulations, and the opinion has not been amended (excluding when the amended opinion is in support of the Transaction or when they are information updates or other minor amendments reasonably required, such as those due to the time lapse between signing of the Basic Agreement and the commencement date of the Tender Offer) or withdrawn. On October 27, 2022, the Offeror confirmed that the resolutions have been adopted and published, and the opinion above has not been amended or withdrawn.
- c) The Offeror has been informed by the Target Company that as of October 27, 2022, no decision from a governmental or administrative agency seeking to limit or prevent any part of the Transaction has been made, nor is there any reasonable belief that there is a risk of the foregoing decisions being made, and on the same date the Offeror determined that no such event has occurred.
- d) The Offeror has been informed by Hitachi that as of October 27, 2022, Hitachi has in all material respects duly performed or complied with all of its obligations by the commencement date of the Tender Offer under the Basic Agreement, and on the same date the Offeror determined that Hitachi has duly performed or complied with such obligations.
- e) The Offeror has been informed by Hitachi that as of October 27, 2022, the representations and warranties made by Hitachi are true and correct in all material respects, and on the same date the Offeror determined that all such representations and warranties are true and correct in all material respects.
- f) The Offeror has been informed by the Target Company that as of October 27, 2022, all material information (as defined in Article 166, Paragraph 2 of the Law) regarding the Target Company's business has been disclosed (as defined in Article 166, Paragraph 4 of the Law), and on the same date the Offeror determined that all material information regarding the Target Company's business has been disclosed.
- g) The Offeror has confirmed that with respect to notifications in relation to competition laws in Japan, China, the United States, Europe, Russia and Turkey, as well as prior notification required under inward direct investment-related laws in Japan and Russia, the Offeror has decided to waive the condition to obtain approval from the Russian Authorities as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof, and with the receipt by the Offeror of a letter from the Federal Anti-Monopoly Service of Russia, dated September 21, 2022, which approves of the Acquisition, all Conditions Precedent to the Tender Offer (except for the condition to obtain approval from the Russian Authorities) have been fulfilled, and thus implementation of the Acquisition is now possible.
- h) The Offeror has received the Agreement from the Target Company, which has not been withdrawn by the commencement date of the Tender Offer, and remains legal and effective.
- i) The Offeror has been informed by the Target Company that as of October 27, 2022, the Target Company has in all material respects duly performed or complied with all of its obligations under the Agreement to be performed or complied with by the commencement date of the Tender Offer (excluding the Target Company's obligations to make efforts to implement actions required under relevant laws, internal

regulations, labor agreements or material business agreements in order to ensure the Transaction is legal and effective), and on the same date the Offeror determined that the Target Company has duly performed or complied with all such obligations in all material respects.

- j) The Offeror has been informed by the Target Company that as of October 27, 2022, the representations and warranties made by the Target Company under the Agreement are true and correct in all material respects, and on the same date the Offeror determined that all such representations and warranties are true and correct in all material respects.

The Transaction will ultimately render the Target Company a wholly owned subsidiary of the Offeror through:

- a) The Tender Offer;
- b) Implementation of the Share Consolidation so that the Target Company will be jointly owned by the Offeror and Hitachi only, in the event where the Offeror fails to acquire all of the Target Company Shares through the Tender Offer (excluding the Hitachi Shares and the treasury shares held by the Target Company) (the “Squeeze-Out”); and
- c) Engagement in the below actions provided that the conditions for the Share Consolidation are fulfilled, for the purpose of securing the necessary distributable funds and funds to acquire the Hitachi Shares (the “Share Repurchase.” Given that provisions regarding exclusion from taxable income for deemed dividends under the Corporation Tax Act are expected to apply for Hitachi, the Share Repurchase is to be implemented to achieve both the maximization of the Tender Offer Price and fairness among the shareholders):
 - (i) Borrowing from financial institutions by the Target Company (“Debt Financing”) and a loan to be extended to the Offeror to be used as the capital for the Capital Contribution defined in item (ii) below (the “Loan”);
 - (ii) Capital contribution from the Offeror to the Target Company (either through a third-party allotment where the Offeror is the subscriber or a loan to the Target Company, the “Capital Contribution”); and
 - (iii) Reduction of the amount of capital, capital reserve, and profit reserve pursuant to Article 447, Paragraph 1, and Article 448, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended. Hereinafter referred to as the “Companies Act”) (“Capital Reduction”) (Note 8).
- d) Completion of the Share Repurchase.

Prior to the Capital Contribution, (a) to ensure funding for the Capital Contribution, the Offeror Parent is to undergo a third-party allotment to the KKR Fund, and (b) after the Offeror Parent assumes from the Target Company its obligations to pay JPY 10 billion out of the entire consideration to be paid by it to Hitachi for the Share Repurchase, Hitachi is expected to make a contribution-in-kind of rights to payment against the Offeror Parent to be obtained through the above assumption (the “Hitachi Reinvestment.” The right to payment is to be extinguished due to “merger” pursuant to Article 520 of Civil Code Act (No. 89 of 1896, as amended)), and as a result, Hitachi plans on acquiring 10% of the voting rights of the Offeror Parent (Note 9). The Hitachi Reinvestment of 10% was decided based on negotiations

between Hitachi and KKR on the appropriate voting rights structure that can help promote ongoing collaborative projects in DX between the Target Company and Hitachi, and enable Hitachi to remain engaged in the Target Company's management to a certain extent. Hitachi and KKR had discussed the option of implementing the Hitachi Reinvestment through cash payment, however, since in the case of cash payment, cash paid by Hitachi would then be used to pay for the Share Repurchase, whereby it would be paid back from the Target Company to Hitachi, the backflow of cash appears redundant. Therefore, Hitachi and KKR decided to implement the Hitachi Reinvestment through a contribution-in-kind as mentioned above. For details about the Share Consolidation, please refer to the section titled "(4) Policy for organizational restructuring after the Tender Offer (matters relating to the 'Two-Step Acquisition').".

Note 8: For the Capital Reduction, the Target Company intends to transfer all or part of the capital and capital reserve so reduced to "Other capital surplus" and to transfer the full amount of the profit reserve so reduced to "Profit surplus carried forward."

Note 9: For the following reasons the Hitachi Reinvestment is not in violation of the best-price regulation (Article 27-2, Paragraph 3 of the Law):

(a) The valuation of the Target Company Shares, the basis for the price per share of the Offeror Parent in the Hitachi Reinvestment, is to be set as the same price as that of the Target Company Shares in the Tender Offer (the "Tender Offer Price"), being JPY 8,913 (but subject to formality adjustments corresponding to the consolidation ratio of the Target Company Shares in the Share Consolidation to be implemented as the Squeeze-Out procedure). Therefore, it is considered that the price per share for the Offeror Parent's common shares to be paid by Hitachi in the Hitachi Reinvestment is not more favorable in practice; and

(b) Hitachi, the major and largest shareholder of the Target Company, plans to implement the Hitachi Reinvestment through investing in the Offeror Parent in order to maintain engagement with the Target Company after the latter is de-listed. In addition, the Hitachi Reinvestment had been discussed independently regardless of whether Hitachi can tender the Hitachi Shares in the Tender Offer.

In connection with the Tender Offer, the Offeror and Hitachi executed a basic agreement on April 28, 2022, (the "Basic Agreement"), which provides for, among other matters, the following: (a) Hitachi will not tender any of its Hitachi Shares in the Tender Offer, (b) Hitachi will acquire JPY 10 billion worth of the Offeror Parent's shares with voting rights (equivalent to 10% of the total voting rights), and (c) Hitachi will sell all of the Hitachi Shares to the Target Company in accordance with the Share Repurchase. In addition, in connection with the matters agreed to in the Basic Agreement, the Offeror has entered into a four-party agreement dated October 27, 2022 with Hitachi, the Offeror Parent, and the Target Company which provides for matters related to the implementation and procedures concerning the Hitachi Reinvestment. For details about the Basic Agreement and the four-party agreement, please refer to "(i) The Basic Agreement" in the section titled "(6) Material Agreements Regarding the Tender Offer".

There are also other agreements entered into in connection with the Transaction:

- (i) A partnership agreement ("Capital and Business Partnership Agreement") in connection with the Target Company's operations entered into on October 27, 2022 between the Target Company,

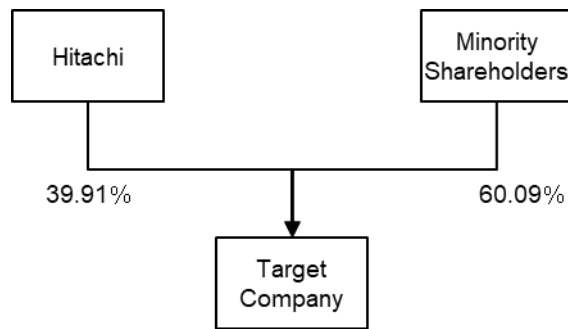
Hitachi, and the KKR Fund (for details about the Capital and Business Partnership Agreement, please refer to “(iii) Capital and Business Partnership Agreement” in the section titled “(6) Material Agreements Regarding the Tender Offer”); and

- (ii) Ancillary agreement(s) between Hitachi and the Target Company to ensure the smooth operation of the Target Company’s business activities (a transition services agreement, research consignment agreement, a Hitachi brand license agreement and a shareholders’ agreement in connection with, among others, the operation of Hitachi Distribution Software Co., Ltd.).

<Structure Chart for the Transaction>

I. Prior to the Tender Offer (current state)

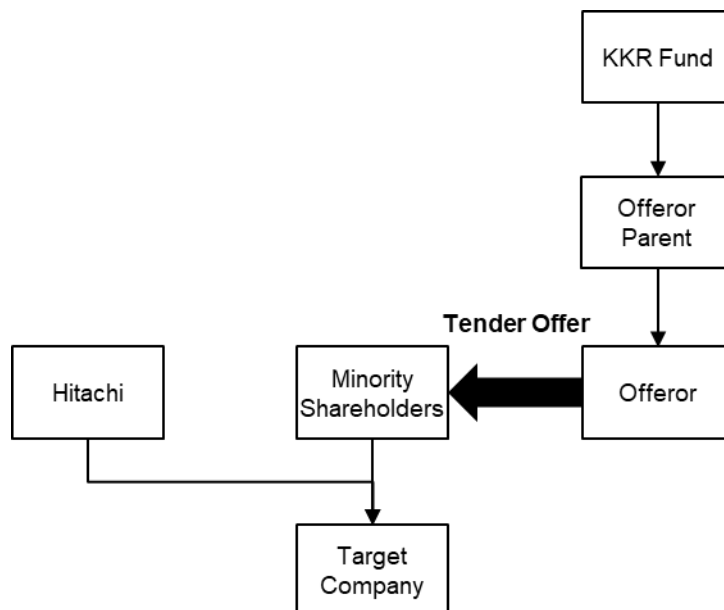
As of the date hereof, Hitachi owns 33,471,578 Target Company Shares (ownership ratio: 39.91%) and minority shareholders own the remaining 50,401,258 shares (ownership ratio: 60.09%).



II. Procurement of funds required for the Tender Offer and settlement of the Tender Offer by the Offeror

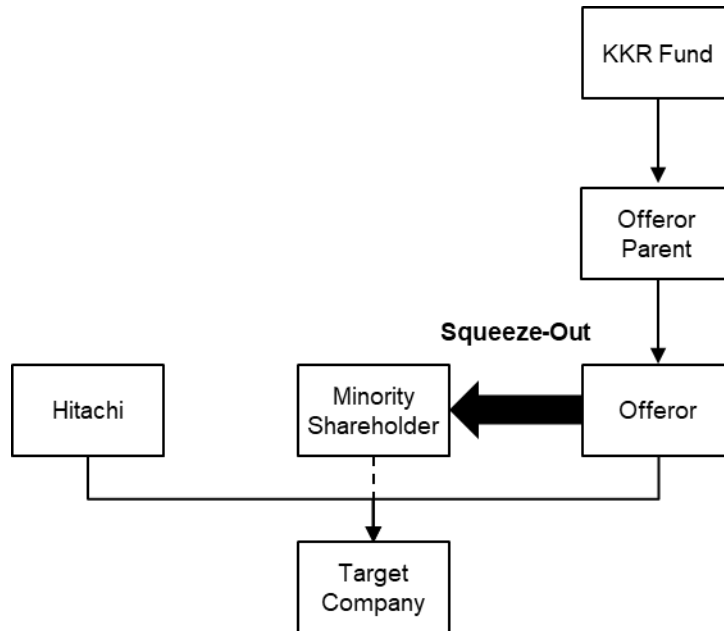
The Offeror acquires all of the Target Company Shares (except for the Hitachi Shares and the treasury shares owned by the Target Company) through the Tender Offer.

The funds required for the Tender Offer are to be financed by the equity contribution from the Offeror Parent (the "Equity Contribution").



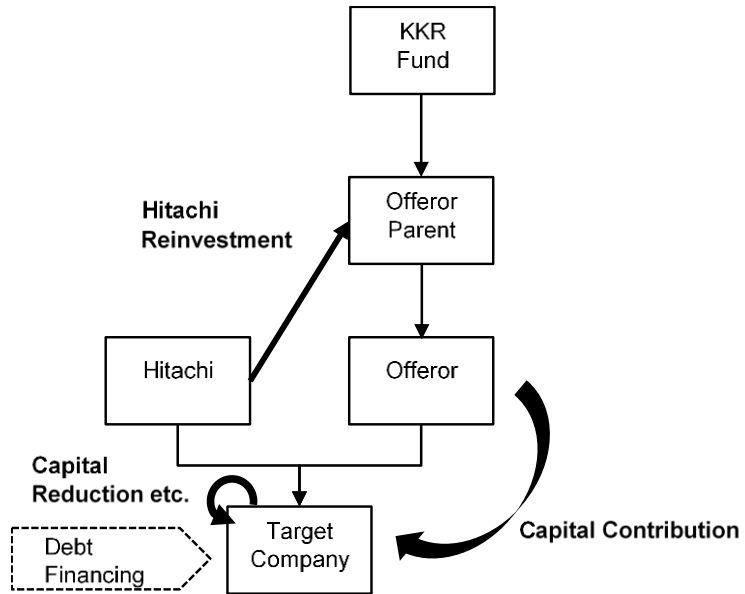
III. Squeeze-Out Procedure through the Share Consolidation (after the Tender Offer)

In the event that the Offeror fails to acquire all of the Target Company Shares (except for the Hitachi Shares and the treasury shares owned by the Target Company) through the Tender Offer, the Target Company is to implement the Share Consolidation so that the Target Company will be jointly owned by the Offeror and Hitachi only.



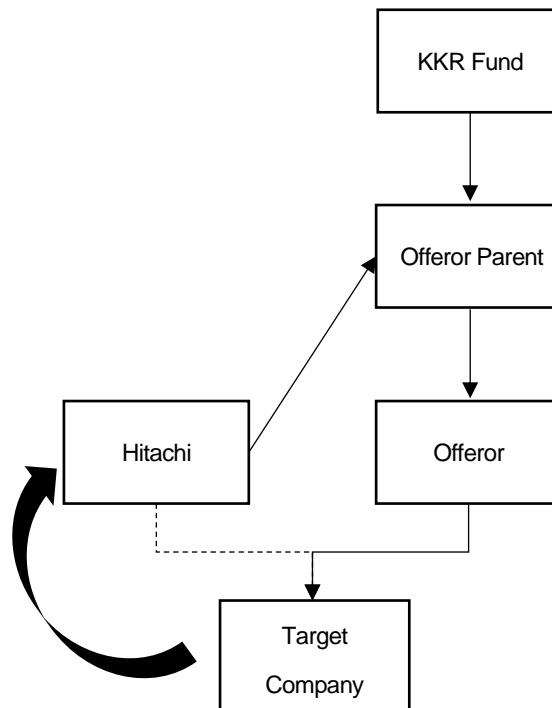
IV. Debt Financing, the Loan, the Capital Contribution and the Capital Reduction to secure the distributable funds and funds required to implement the Share Repurchase

After the Target Company Shares are de-listed and the Share Consolidation is effective, in order to secure the funds required to implement the Share Repurchase and the necessary distributable funds, Debt Financing, the Loan, the Capital Contribution and the Capital Reduction are to be implemented. Moreover, prior to the Capital Contribution, Hitachi is to conduct the Hitachi Reinvestment and the Offeror Parent is to undergo a third-party allotment to the KKR Fund.

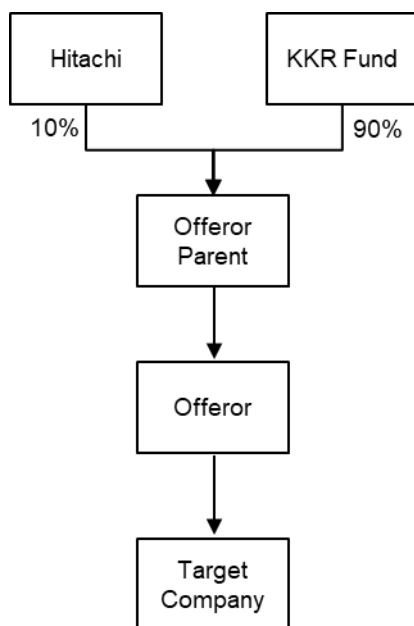


V. Target Company's Share Repurchase from Hitachi

The Target Company will leverage the distributable funds secured by Debt Financing, the Loan, the Capital Contribution and the Capital Reduction to acquire the Hitachi Shares.



VI. Completion of the Transaction



※ The percentage numbers indicate the expected voting right percentage.

If the total number of Shares and etc. tendered in the Tender Offer (“Tendered Shares”) is less than the minimum number of shares to be purchased in the Tender Offer (22,443,700 shares), then the Offeror will not purchase any of the Tendered Shares. The Offeror has not set a limit on the maximum number of Target Company Shares to be purchased in the Tender Offer, because the Offeror intends for the Target Company to be de-listed. If the total number of Tendered Shares is equal to or exceeds the minimum number of shares to be purchased in the Tender Offer (22,443,700 shares), the Offeror will purchase all of the Tendered Shares. The minimum number of shares to be purchased in the Tender Offer (22,443,700 shares) is calculated based on a figure of 83,872,836 shares, being the total number of presently issued shares (84,101,714 shares) as of September 30, 2022, as stated in the Target Company’s Second Quarter Financial Results, minus the number of treasury shares as of the same date (228,878 shares) (however, this figure excludes the 177,000 Target Company Shares held by trust for the performance-based employee stock ownership plan as of the same date). The number of votes associated with the 83,872,836 shares (838,728 votes) is then multiplied by 2/3 as 559,152 votes. The minimum number of 22,443,700 shares is equal to 100 times 224,437 votes, which is the difference between the 559,152 votes and the number of votes (334,715 votes) associated with the Hitachi Shares (33,471,578 shares). This part of the Transaction is to de-list the Target Company Shares. To achieve this and implement the Share Consolidation pursuant to the section titled “(4) Policy for organizational restructuring after the Tender Offer (matters relating to the ‘Two-Step Acquisition’)”, special resolutions passed by a general meeting of shareholders pursuant to Article 309, Paragraph 2 of the Companies Act are required. Further, it should also be based on the agreement with Hitachi, which provides that Hitachi will not tender any of the Hitachi Shares in the Tender Offer and that Hitachi will support each proposal concerning the Squeeze-Out procedures if the Tender Offer is consummated.

The Offeror will fund the Tender Offer-related expenses through the Equity Contribution. Although the Share Repurchase is to be conducted with the Target Company's distributable funds, the Offeror intends to implement Debt Financing, the Loan, the Capital Contribution and the Capital Reduction for the outstanding amounts after the Share Consolidation, upon assessing the reserves held by the Target Company and the levels of reserves needed to continue operating the business.

According to the "Announcement of Expression of Opinion in Support of the Scheduled Commencement of the Tender Offer by HTSK Co., Ltd for the Shares of Hitachi Transport System, Ltd., and Recommendation of Tender" published by the Target Company on April 28, 2022, the Target Company has expressed an opinion at the meeting of its Board of Directors held on April 28, 2022, that were the Tender Offer to be implemented, the Target Company would be in favor of it, and would recommend its shareholders to tender their shares. As mentioned, the Tender Offer is to be commenced promptly when the Conditions Precedent to the Tender Offer are fulfilled (or waived by the Offeror). As of April 28, 2022, the Offeror intended to commence the Tender Offer in late September 2022. Since it is difficult to estimate the time period required for the procedures of domestic and overseas competition authorities and inward direct investment authorities, it was resolved at the Board of Directors meeting mentioned above that at the time of commencement of the Tender Offer, the Target Company will ask the Special Committee to consider whether its opinion reported to the Board of the Directors on April 28, 2022 has changed and provide its opinion at such time to the Board of the Directors, and the Target Company has also resolved that it would, upon the commencement of the Tender Offer, express its opinion taking into account the opinion of the Special Committee.

Subsequently, according to the "Announcement of Progress of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd." published by the Target Company on September 29, 2022 (the "September 29 2022 Progress Target Company Press Release"), the Target Company was informed by the Offeror on September 29, 2022, that as of the same date, with respect to the procedures and actions required under domestic and overseas competition laws, and domestic and overseas laws in connection with inward direct investments, due to progress in and changes to such procedures and actions, and the fulfilment thereof, in light of discussions entered into with foreign counsel, the Offeror intends on completing such procedures and actions required under domestic and overseas competition laws, and domestic and overseas laws in connection with inward direct investments, and commencing the Tender Offer in early November 2022.

According to the "Announcement of Opinion in Favor of Tender Offer of Shares of the Company being Conducted by HTSK Co., Ltd and Announcement of Opinion Recommending Shareholders to Tender their Shares" published by the Target Company on October 27, 2022 (hereinafter referred to collectively with the October 27 2022 Target Company Press Release, and the September 29 Progress Target Company Press Release as the "Target Company Press Release"), the Target Company was informed by the Offeror on October 21, 2022 that: (i) with respect to the procedures and actions required under domestic and overseas competition laws (Japan, China, the United States, Europe, Russia and Turkey), and domestic and overseas laws in connection with inward direct investments (Japan, Germany, the United Kingdom, Italy, Poland and India) (among these countries, with respect to procedures and actions required under inward direct investment-related laws, actions and procedures are required for Japan and Russia,

however concerning the necessity of procedures and actions as may have been required for Germany, the United Kingdom, Italy, Poland and India, upon consideration the Offeror subsequently determined and recognizes that no such action is required by August 31, 2022), other than obtaining approval from the Russian Authorities, all such procedures and actions are now complete, (ii) with respect to condition (7) of the Conditions Precedent to the Tender Offer, the Offeror has decided to waive the condition to obtain approval from the Russian Authorities as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof, and (iii) the Offeror intends to commence the Tender Offer on October 28, 2022, subject to the fulfillment (or waiver by the Offeror) of the Conditions Precedent to the Tender Offer. As described in “(ii) The Target Company has established an independent third-party special committee and has obtained an opinion” in the section titled “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer”, on the same date the Special Committee of the Target Company was asked to consider whether there were any changes to the opinion in its Report (and to advise the Board of Directors of the Target Company that there were no such changes, or, otherwise advise the Board of Directors as to the opinion after any changes). After careful consideration by the Special Committee as to whether any material changes in circumstances have arisen since April 28, 2022 that could affect the Capital Transaction (as defined below) through confirmation with the Target Company, the Special Committee determined that there are no circumstances that have arisen from April 28, 2022 through October 26, 2022 that would require a change to the opinion in its Report, and accordingly the Special Committee submitted to the Board of Directors an additional report (“Additional Report”) dated October 26, 2022 to the effect that the opinion in its Report remains unchanged. The Target Company, while paying due respect to the Additional Report submitted by the Special Committee, once more carefully considered the terms of the Tender Offer in light of the Target Company’s business performance and the environment surrounding the Transaction, and determined that as of October 27, 2022, there are no factors that would require it to change its opinion regarding the Tender Offer. Accordingly, at a Target Company Board of Directors meeting held October 27, 2022 (hereinafter referred to collectively with the Board of Directors meeting held on April 28, 2022 as the “Board of Directors Meetings”), the Target Company resolved that its opinion in favor of the Tender Offer was reiterated, and it recommends that its shareholders tender their shares in the Tender Offer.

Please refer to “(v) The Transaction has received the unanimous approval of the directors with no interest in the Target Company” in the section titled “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” for details concerning the resolutions of both Target Company Board of Directors Meetings.

(2) Background, Purpose and Decision-Making Process of the Offeror leading to the Decision to Conduct the Tender Offer, and Management Policy following the Tender Offer

The background, purpose and decision-making process leading to the Offeror’s decision to conduct the Tender Offer as well as the management policy following the Tender Offer is described below. The description of the Target Company included below is based on publicly available information, the Target Company Press Release, and explanations received from the Target Company.

(i) The Business Environment of the Target Company

The Target Company was founded in February 1950 as a logistics subsidiary that undertakes Hitachi's transport business. It started by providing shipment services among and from Hitachi factories and has since expanded its business scope such as by shipping ultra-heavy cargo domestically and abroad. It was listed in the Second Section of the TSE in January 1989 and then in the First Section in September 1990. Through the restructuring of the TSE, the Target Company is currently listed in the Prime Market of the TSE as of the date hereof. The Target Company was originally named Nitto Transport Co., Ltd. when it was founded in February 1950, and changed its name to Hitachi Express Co., Ltd. in December 1952, and in November 1967, it merged with Western Hitachi Transport Co., Ltd. and Tokyo Monorail Co., Ltd. to become Hitachi Express & Tokyo Monorail Co., Ltd. In May 1981, after separating from Tokyo Monorail Co., Ltd., the Target Company was renamed Hitachi Express Co., Ltd. In July 1985, the Target Company adopted its current name of Hitachi Transport System, Ltd.

With a corporate philosophy of delivering high-quality services that will help make the world a better place for people and nature for generations to come, the Target 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 strives to achieve sustainable growth by solving issues and creating "values" through "collaborative innovation."

In this context, the Target Company published LOGISTEED 2024 (Note 1) on April 28, 2022, a medium-term management plan ending March 2025, that takes into account long-term management vision and the important challenges to come, as well as the unstable state of international affairs, such as the prolonged effects of the spread of COVID-19 and the intensification of geopolitical risks. The Target Company aims to address critical issues such as "Contribution to a decarbonized and recycling-oriented society", "Creation and evolution of strong and sustainable logistics services" and "Creation of new value through digital transformation ("DX")". With the objective of achieving "the Leading 3PL Company in Asia" status as stated in LOGISTEED 2024 and with the slogan of "A Global Strategic Supply Chain Partner with DX, LT (Logistics Technology), and On-site Capabilities", the Target Company is enhancing initiatives such as "Strengthening and Expanding Overseas Operations", "Expansion of Businesses with New Added Value (Acceleration of LOGISTEED)", "Evolution of Smart Logistics (Note 2)", and "Bolstering Foundations for ESG Management (Note 3)".

Note 1: LOGISTEED is a word that combines LOGISTICS with the words Exceed, Proceed, Succeed, and Speed. It represents the Target Company's determination to lead businesses to a new domain beyond conventional logistics.

Note 2: "Smart Logistics" refers to smart one-step solutions that can accommodate the diverse needs of the Target Company's clients.

Note 3: "ESG Management" refers to measures that aim to promote environmental, social, and corporate governance and raise awareness regarding corporate ethics in order to contribute to a sustainable society as well as enhance value of the Target Company's business.

With respect to the first issue, “Strengthening and Expanding Overseas Operations”, the Target Company aims to accelerate market growth and to promote measures to expand overseas business operations based on regional strategies.

Specifically, in North America it will expand upon the shared Milk Run (Note 4) trunk transportation business and provide one-stop logistics services to factories; in Europe, it will expand upon intermodal (Note 5) business services and expand its operations in Europe’s growing markets; in China, it will further improve safety, quality and productivity through automation and labor-saving strategies, and strengthen its high value-added logistics services; and in other Asian countries including India, Thailand, Indonesia and Malaysia, it will expand investment and businesses, develop cold chains and strengthen regional and intra-regional networks.

Note 4: “Milk Run” refers to a delivery method used to transport mixed loads from various suppliers to one customer in one batch.

Note 5: “Intermodal” refers to freight transport that involves multiple modes of transportation such as trucks, ships, and rail. By combining rail or ship mode transportation with trunk transportation, environmental costs can potentially be reduced.

With respect to the second issue, “Expansion of Businesses with New Added Value (Acceleration of LOGISTEED)” the Target Company aims to develop SCDOS (Supply Chain Design & Optimization Services) (Note 6) that can alleviate current supply chain issues and further expand the services to be provided in the intersection between the manufacturing and logistics industries, and improve VAS (Value Added Services) (Note 7) for clients. In addition, with respect to the “Evolution of Smart Logistics” issue, the Target Company aims to improve the working environment through DX and automation that integrate systems and machines. The Target Company is committed to strengthening and enhancing functions of warehouses, particularly the specialty warehouses such as those with three temperature zones (Note 8) and those storing hazardous goods. It is also keen to address issues of the higher intensity of the logistic business brought about by the increased usage of SSCV (a digital transportation platform) (Note 9) and the lack of drivers (Issues of 2024) (Note 10), as well as responses to the decarbonization initiatives.

Note 6: “SCDOS (Supply Chain Design & Optimization Services)” refers to services that support client data needs in relation to the supply chain, including management, visualization, problem-solving and strategizing.

Note 7: “VAS (Value Added Services)” refers to high value-added services including those that support clients procurement and manufacturing.

Note 8: “Warehouses with three temperature zones” refer to those having separate temperature zones for ambient, cool and freezing storage.

Note 9: “SSCV” refers to “Smart & Safety Connected Vehicle”, a digital transportation platform that aims to achieve “sustainable transportation services” and a “society of zero accidents”. It consists of three solutions: “SSCV-Safety” (safety management), “SSCV-Smart” (order management, vehicle

dispatch management and operation management) and “SSCV-Vehicle” (vehicle fleet management, failure prediction and preventative maintenance).

Note 10: “Issues of 2024” refers to issues, including the lack of drivers, associated with the Act on the Arrangement of Related Acts to Promote Work Style Reform, to take effect in April 2024, which sets the maximum number of overtime hours per year as 960 hours among people working in the automobile driving industry.

The above-mentioned measures work together with “Bolstering Foundations for ESG Management”, which is the foundation for the implementation of the other measures, to increase enterprise value. In order to achieve “Bolstering Foundations for ESG Management”, the Target Company aims to create social, economic and environmental value through environmental policies such as decarbonization and risk management policies such as disaster responses, as well as advanced and sustainable safe and quality business activities.

On the other hand, according to the Target Company Press Release, as of the date hereof, under the business environment of the logistics industry to which the Target Company and its 77 consolidated subsidiaries and 15 affiliated companies accounted for by the equity-method (collectively, the “Target Company Group”) belong, the industry faces challenges including a labor shortage in Japan due to the declining birthrate and the aging population, the spread of COVID-19, the intensification of geopolitical risks, and intensified competition due to more businesses from other industries entering the logistics industry, and thus the industry is seeking to maintain and strengthen the global supply chain, and to realize a sustainable society with innovative solutions including the IoT (Note 11), AI (Artificial Intelligence) (Note 12), Robotics (Note 13), and the evolution of DX.

Note 11: “IoT” refers to the Internet of Things, systems of physical objects that connect with the Internet.

Note 12: “AI” refers to Artificial Intelligence.

Note 13: “Robotics” refers to the design, construction and operation of robots.

In order to realize the Target Company’s objectives sooner in light of its situation, the Target Company has had extensive discussions and concluded it was necessary for it to promote prompt management and other reforms which go beyond the current capital structure of the Target Company, through formation of partnerships that complement the Target Company’s structural capabilities and enhance its competitive advantages, such as the acceleration of decision making, solicitation of funds for flexible business investments, and introduction of external knowledge.

Based on the situation mentioned above, the Target Company has been in discussions with several industrial companies and investment funds regarding its growth strategies, including potential capital transactions. As part of such discussions, KKR has been in ongoing contact with the Target Company for around five years in relation to competitive advantages for the Target Company’s future growth and acceleration of its business development, including potential M&A projects with the Target Company’s business partners. The Target Company has also shared the management challenges of “High Value-added Solutions for Optimization of SCM (Note 14)”, “Enhancing Convenience and Efficiency for Customers through DX”, “Strengthening the One-Step Value Chain Overseas”, “Strengthening Investment-led Projects”,

“Promotion of Strategic M&A” and “Strengthening of the Market Position through Strategic Partnerships” with KKR for discussion. Through this process, it can be considered that the Target Company and KKR have been building a strong partnership that can increase the Target Company’s enterprise value.

For the Target Company:

- (a) KKR is comprised of professionals with rich experience in management consulting and portfolio company management who can provide “on-site hands-on support” such as KKR Capstones, financing expertise through KKR Capital Markets, strategic management and relevant support to improve its portfolio companies’ business, as well as capital strategies for medium-to-long-term growth.
- (b) KKR is experienced in carve-out deals, follow-on acquisitions, PMI support and soliciting industrial companies as co-investors.
- (c) In recent years, KKR has been involved in multiple transactions that aim to promote DX that is highly relevant to the Target Company’s management strategies, including the acquisition of Seiyu and Yayoi, as well as MC-UBSR, one of the largest real estate asset management companies in Japan.

Based on the above and the Bidding Process (as defined below) described in the section titled “(ii) Discussions between the Offeror, the Target Company and Hitachi, and the decision-making process of the Offeror” below, the Target Company concluded on March 28, 2022 that a partnership with KKR, who has a deep understanding of the Target Company and its business, extensive resources that can help increase the Target Company’s enterprise value and a strong commitment to and rich experience in the Japan market, and the consequent de-listing of the Target Company without being constrained by its current capital structure will best help it materialize its LOGISTEED strategy and implement the abovementioned reforms.

Note 14: “SCM” refers to Supply Chain Management, the management of the flow of goods and services from raw materials to delivery to end customers that aims to optimize production and transportation process efficiency.

(ii) Discussions between the Offeror, the Target Company and Hitachi, and the Decision-Making Process of the Offeror

Against the backdrop of the business environment described in “(i) The business environment of the Target Company” above, the Target Company was informed by Hitachi in late January 2021 of the latter’s intention to sell the Hitachi Shares immediately. In early March 2021, Hitachi asked the Target Company to start considering a capital transaction based on the assumption that the Hitachi Shares will be sold. The Target Company then entered into formal negotiations in early March 2021 regarding a series of transactions that will eventually de-list the Target Company Shares by making a non-Hitachi party the sole shareholder of the Target Company (together with capital transactions based on the assumption that the Hitachi Shares are to be sold during the consideration process of the abovementioned transactions (not limited to transactions that aim to de-list the Target Company Shares), the “Capital Transaction”). During the negotiations in early March 2021 mentioned above, Hitachi clarified the three conditions with respect to the

Capital Transaction are that: (a) it would be beneficial to the Target Company's growth strategies, (b) it offers opportunities for all of the Target Company shareholders to sell, and (c) it offers opportunities to sell the shares at a price at least higher than the market price. It was confirmed that the Capital Transaction should be implemented with a tender offer in order to fulfill those conditions.

Subsequently, the Target Company and Hitachi held discussions with five potential buyers of industrial companies and investment funds between early March and late April 2021. Around late April to early May 2021, the Target Company and Hitachi received initial proposals for the Capital Transaction, which did not cover the price for the acquisition, from three investment funds among the five potential buyers of industrial companies and investment funds, including KKR.

In early May 2021, the Target Company appointed UBS Securities Co., Ltd. ("UBS Securities") as its financial advisor and the independent third-party evaluation institution in connection with the Capital Transaction. After evaluating the initial proposals, in mid-May 2021, the Target Company decided that in order to further enhance the Target Company's business and maximize shareholder interests, including those of Hitachi, the buyer should be selected through a bid targeting multiple potential buyers, which allows for their interest in the acquisition of the Target Company Shares to be shown. While evaluating the initial proposals received, the Target Company and the Special Committee requested two further proposals from the bidders, addressing both of the following scenarios:

1. Partial acquisition of the Target Company's shares so that it remains listed (the "Listing Maintenance Scheme"), and
2. 100% acquisition of the Target Company's shares so that it becomes de-listed (the "De-listing Scheme").

Specifically, there were concerns that if the Transaction were to proceed under the De-listing Scheme with an investment fund, it was expected to be financed by an LBO loan that could increase investment returns through leverage, which will increase the Target Company's interest-bearing debt. Further, de-listing of the Target Company could result in adverse impacts on its relationships with clients and business partners because it would lose certain favorable conditions previously derived from its social reputation and the maintenance and improvement of its name recognition as a listed company. Upon thorough and careful consideration of their options, in mid-May 2021, the Target Company and the Special Committee were of the opinion that (a) the increase of liabilities resulting from an LBO loan could constrain future investments and may lead to difficulties in maintaining a resilient and competitive supply chain, and (b) being an independent listed company would be important when separating from the Hitachi group in order to maintain trust and favorable relationships with existing clients, as well as to maintain and strengthen existing and new relationships with Collaborative Innovation Partners (as defined below). As such, in mid-May 2021, they concluded that instead of the De-listing Scheme utilizing a LBO loan, the Listing Maintenance Scheme would be more beneficial with respect to an increase in the medium-to-long-term enterprise value of the Target Company.

From late May 2021, in order to foster a competitive environment and to obtain indicative acquisition pricing, after soliciting the three investment funds, including KKR, that had submitted initial proposals as mentioned above to

participate in the bidding process for the Capital Transaction, the Target Company commenced the bidding process (the “First Bidding Process”) based on the Listing Maintenance Scheme. In early June 2021, one additional investment fund was invited to participate, and there were thus four investment funds in total for the First Bidding Process (the “First Bidding Candidates”). During the First Bidding Process, the First Bidding Candidates conducted initial business and financial due diligence on the Target Company and held interviews with the Target Company’s management. In early July, the Target Company received proposals from the First Bidding Candidates, which the Target Company carefully examined by comparison through the lens of the pricing evaluation of the shares, the transaction scheme, financing capacity and the conditions precedent to funding, post-transaction management strategy including growth strategies, support systems, and management policies such as employee compensation packages and governance systems, as well as the maximization of minority shareholders’ interests. The Target Company also held multiple discussions with Hitachi between early July and mid-August 2021. Furthermore, as the Target Company had begun discussions in parallel with an industrial company in early July 2021 that had expressed its interest in business collaboration, the Target Company proposed that they also join the First Bidding Process. In late July 2021, the Target Company received its initial statement of intent from said industrial company.

However, in mid-August, Hitachi asked the Target Company to also consider the De-listing Scheme for completeness of evaluation and to choose the scheme that would best serve to increase the Target Company’s enterprise value and maximize its shareholder interests through consultation between Hitachi and the Target Company. As stated above, the Target Company had decided that the Listing Maintenance Scheme was more beneficial for increasing its enterprise value. However, taking into account the need to maximize value for shareholders and the preferences of Hitachi, who is the seller, after consultations with Hitachi, the Target Company agreed to Hitachi’s proposal of another bidding process (the “Re-Bidding Process”) based on the De-listing Scheme in mid-October 2021, to be led by Hitachi. The intention was to explore options that could provide synergy for the Target Company’s businesses and the feasibility of a 100% acquisition without utilizing an LBO loan. In mid-October 2021, the Target Company issued process letters for the Re-Bidding Process to the First Bidding Candidates and the industrial company that had provided an initial statement of intent (together, the “Re-Bidding Candidates”), requesting that they submit two proposals respectively for the Listing Maintenance Scheme and De-listing Scheme so that the two scenarios could be evaluated comparatively.

In the first half of November 2021, the Target Company and Hitachi received proposals from all Re-Bidding Candidates. The Target Company conducted a thorough evaluation based on the same criteria used for the First Bidding Process and had a series of discussions with Hitachi between early November and mid-December 2021. From these discussions, the Target Company learned from the proposals received during the Re-Bidding Process that:

- (1) Under the De-listing Scheme, although there were proposals that did not offer different prices depending on whether or not a LBO loan is to be used, there were proposals that would offer a higher price if a LBO loan is used;
- (2) All proposals offer a higher price for the De-listing Scheme;
- (3) From the perspective of enhancing the feasibility of the Capital Transaction, it is necessary to choose the scheme based on which the proposal of a higher price was prepared;

- (4) Regarding the possible impacts on the Target Company's business operations, considering there may be clients in the logistics industry uncomfortable with the Target Company being acquired by a foreign company, such impacts can be limited if domestic business partners were to join the special purpose company for acquisition as they could help maintain trust and favorable relationships with existing clients, in addition to maintaining and strengthening the existing and new collaborative and innovative partnerships with companies that are complementary to the Target Company's businesses ("Collaborative Innovation Partners"). It was therefore believed that transactions that could increase the enterprise value of the Target Company under the De-listing Scheme were also possible;
- (5) Given that a LBO loan could result in financial liabilities incurred by the Target Company based on certain financial covenants etc., the financial liabilities incurred by the Target Company as a result of the Capital Transaction under the De-listing Scheme would be larger if a LBO loan is used.

Consequently, after the Re-Bidding Process, in mid-December 2021, the Target Company requested proposals for only the De-listing Scheme, based on the points (1) to (3) listed above, and decided to request proposals regarding the financial liabilities to be incurred by the Target Company as a result of the Capital Transaction, the impact of de-listing on its businesses, and the impact caused by relevant financing transactions on the Target Company, as well as in relation to the exploration of options with industrial companies, which are expected to bring business synergy with the Target Company as joint investors, to account for points (4) and (5) listed above.

Based on the assessments and discussions above, in mid-December 2021, the Target Company and Hitachi invited five candidates, including KKR (the "Second Bidding Candidates"), based on the specific proposals during the Re-Bidding Process, to join the second bidding process (the "Second Bidding Process", together with the First Bidding Process and the Re-Bidding Process, the "Bidding Process") to select the final candidate for the Capital Transaction. The Second Bidding Process was commenced in early January 2022. From mid-January 2022 to late February 2022, the Second Bidding Candidates conducted formal business, financial and legal due diligence and held interviews with the Target Company's management for a more comprehensive analysis and consideration of the acquisition of the Target Company Shares. On March 1, 2022, all of the Second Bidding Candidates submitted their final proposals to the Target Company and Hitachi.

In mid-February 2022, parallel to the Second Bidding Process, Hitachi informed the Target Company that after the Capital Transaction, it intends to maintain a capital connection with the Target Company to a certain extent in order to promote collaborative projects between the two companies and ensure their partnership continues seamlessly. Therefore, in parallel to the bidding process described above, Hitachi and the Target Company engaged in multiple rounds of discussions until early March 2022 concerning a capital and business partnership agreement in connection with a scheme for Hitachi to reinvest in the shareholder of the Target Company after the Capital Transaction (the "Hitachi Reinvestment Scheme") and other shareholder agreements that will cover the operations of Hitachi Distribution Software Co., Ltd., which is a consolidated subsidiary of the Target Company and 25% owned by Hitachi.

Later, with assistance from its legal advisor, Nishimura & Asahi, and financial advisor, UBS Securities, and taking into account the opinions of the Special Committee, the Target Company evaluated the final proposals received from the Second Bidding Candidates based on factors including valuation of the shares, the Tender Offer Price, the financing capacity and the conditions precedent for funding, post-Capital Transaction growth strategies, financial strategies that can ensure the Target Company's financial health and support systems thereto, feasibility of obtaining clearance for competition laws and other applicable laws and regulations, and so on. As a result, the Target Company decided the share valuation and the Tender Offer Price provided by KKR for the Second Bidding Process was the highest among the Second Bidding Candidates, the financing capacity and conditions precedent to funding proposed by KKR were the most advantageous among those proposed by the Second Bidding Candidates, the post-Capital Transaction growth strategies and the financial strategies that take into account the Target Company's overall financial condition and the support systems thereof proposed by KKR were also the most promising among the Second Bidding Candidates, and the concrete measures to obtain clearance for competition laws and other applicable regulations proposed by KKR were also the most feasible and efficient to consummate the Capital Transaction. After consulting with Hitachi, the Target Company began discussions regarding the possibility of implementing the Hitachi Reinvestment scheme with KKR in early March 2022.

On the other hand, as part of discussions concerning the Target Company's growth strategies, including the possibility of a capital transaction, KKR has been in ongoing contact with the Target Company for around five years in relation to competitive advantages for the Target Company's future growth and the acceleration of its business development, including consideration of potential M&A projects involving the business partners of the Target Company. In late April 2021, KKR had initial discussions with the Target Company regarding possible partnership opportunities, such as ownership restructuring, including the selling of Hitachi Shares and capital and business partnerships to increase enterprise value. Since then, the two parties conducted multiple rounds of discussions, and in early May 2021, KKR provided an initial proposal on the acquisition of the Target Company Shares to the Target Company, which did not include pricing of the acquisition. After receiving an invitation from the Target Company through its financial advisor UBS Securities, KKR joined the First Bidding Process in late May 2021. In early July 2021, KKR proposed for the Tender Offer Price to be JPY 5,500 under the Listing Maintenance Scheme. The figure was calculated to be of a value that can ensure the investment returns required by KKR through financial models prepared based on the business plan and other materials provided by the Target Company. It has also taken into account the closing price of the Target Company Shares on the First Section of the TSE of JPY 4,530 on July 1, 2021, as well as the respective simple average closing prices of JPY 4,133, JPY 3,697, and JPY 3,541, of the Target Company Shares for the one-month (between June 2, 2021 and July 1, 2021), three-month (between April 2, 2021 and July 1, 2021), and six-month periods (between January 4, 2021 and July 1, 2021) (rounded to the nearest whole number and the same shall apply herein after for the calculation of simple averages). Furthermore, KKR confirmed that appropriate premiums of 21.41% (rounded to two decimal places and the same shall apply herein after for the calculation of premiums), 33.08%, 48.77% and 55.32% are included in the calculation for the respective closing prices of JPY 4,530, JPY 4,133, JPY 3,697, and JPY 3,541. In late October 2021, KKR received the process letter for the Re-Bidding Process from Hitachi through its financial advisor Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and indicated its intent of participating in the Re-Bidding Process. KKR joined the Re-Bidding Process and submitted its proposal in early November 2021. In addition to the analysis

conducted for the First Bidding Process, KKR provided proposals to the Target Company and Hitachi in which under the Listing Maintenance Scheme, the Tender Offer Price is to be JPY 5,500, while under the De-listing Scheme, the Tender Offer Price is to be JPY 6,837 and the price per share for the Share Repurchase before the Share Consolidation (the “Share Repurchase Price”) is to be JPY 4,744. The figures have taken into account the closing price of the Target Company Shares on the First Section of the TSE of JPY 4,600 on November 4, 2021, as well as the respective simple average closing prices of JPY 4,708, JPY 4,699, and JPY 4,363, of the Target Company Shares for the one-month (between October 5, 2021 and November 4, 2021), three-month (between August 5, 2021 and November 4, 2021), and six-month periods (between May 5, 2021 and November 4, 2021). The figures under the De-listing Scheme are calculated to be of a value that can ensure the investment returns required by KKR through financial models prepared based on the business plan and other materials provided by the Target Company and from the perspective of maximizing the Tender Offer Price and ensuring fairness among shareholders, considering that provisions regarding exclusion from taxable income for deemed dividends under the Corporation Tax Act are expected to apply, whereby increasing the distribution for the minority shareholders of the Target Company. Furthermore, KKR confirmed that appropriate premiums of 19.57%, 16.82%, 17.05% and 26.06% under the Listing Maintenance Scheme and appropriate premiums of 48.63%, 45.22%, 45.50% and 56.70% under the De-listing Scheme are included in the calculation for the respective closing prices of JPY 4,600, JPY 4,708, JPY 4,699, and JPY 4,363. Given that provisions regarding exclusion from taxable income for deemed dividends under the Corporation Tax Act are expected to apply, whereby increasing the distribution for the general shareholders of the Target Company, to achieve both the maximization of the Tender Offer Price and the interests for the shareholders, the Share Repurchase Price was set at the value so that the after-tax amount for the Share Repurchase would be the same as the after-tax amount Hitachi would receive if it were to tender its shares into the Tender Offer. KKR was then shortlisted for the Second Bidding Process. KKR participated in the Second Bidding Process and conducted business, financial and legal due diligence and held interviews with the Target Company’s management to analyze and evaluate the acquisition of the Target Company Shares. Based on the due diligence conducted on the Target Company between early January and late February 2022, KKR found the Target Company to have great potential and that through partnership with KKR, who KKR believes has rich human and capital resources and global networks, the Target Company will be able to promote higher value added to its services and business growth as a global supply chain solutions provider, whereby maximizing the interests of the Target Company, its shareholders, management, employees and other stakeholders. Based on thorough and multifaceted analysis of the Target Company’s business and financial standing through due diligence between early January and late February 2022, updating financial models based on such analysis, calculating the value of the Tender Offer Price that can ensure the investment returns required by KKR, as well as comparative analysis of the Target Company Shares value through financial indicators such as market share price and profitability with those of the listed companies sharing similar business scope, business scale and profit level with the Target Company, KKR subsequently submitted its final proposal to the Target Company and Hitachi on March 1, 2022, only under the De-listing Scheme, in light of the request of the Target Company and Hitachi, in which the price from the early November 2021 proposal was increased, with the Tender Offer Price set at JPY 8,355 and the Share Repurchase Price set at JPY 6,217.

After assessing and discussing the feasibility of the Hitachi Reinvestment Scheme with the Target Company and Hitachi, KKR recognized the importance of business collaborations between Hitachi and the Target Company, in

particular the logistics digital solutions such as WMS (Note 13), SCDOS and SSCV. KKR decided that the Hitachi Reinvestment Scheme will help promote the Target Company's growth and increase in enterprise value through the expected business synergy, in initiatives such as joint development of DX. Based on discussions between Hitachi and KKR, the Hitachi Reinvestment of 10% was determined as the appropriate voting right structure that can help promote the ongoing collaborative projects in DX between the Target Company and Hitachi and enable Hitachi to remain engaged in the Target Company's management to a certain extent. On March 28, 2022, KKR submitted a revised final proposal covering the Offeror Parent's third-party allotment to Hitachi to be conducted after the Squeeze-Out. It was decided that the third-party allotment is to be implemented by the Offeror Parent and as a contribution in kind, so that Hitachi would be in a comparable position to the KKR Fund as a shareholder of the Offeror Parent and funds flow would be minimized for efficiency.

Note 13: "WMS" refers to Warehouse Management System, which is a logistics management system that organizes the work of warehouses and distribution centers.

KKR, the Target Company and Hitachi engaged in further discussions and negotiations after KKR submitted its revised final proposal, in relation to the content of the proposal, the Tender Offer Price and the price for the Share Repurchase. Because the Tender Offer Price and Share Repurchase Price did not meet the level required by the Target Company and Hitachi, the Target Company and Hitachi requested that the Tender Offer Price and Share Repurchase Price be increased on March 28, 2022, and on the same day KKR amended its proposal by increasing the Tender Offer Price to JPY 8,464 and the Share Repurchase Price to JPY 6,298. While continuing to discuss and negotiate with KKR, the Target Company evaluated the final proposals received based on factors including valuation of the shares, the Tender Offer Price, financing capacity and the conditions precedent for funding, post-Capital Transaction growth strategies, financial strategies that can ensure the Target Company's financial health and support systems thereto, the feasibility of obtaining clearance for competition laws and other applicable laws and regulations, and so on. As a result, the Target Company decided that KKR's proposal was the most promising among the Second Bidding Candidates and, after consulting with Hitachi, began discussions and deliberations on March 28, 2022 (including discussions about the final Tender Offer Price) regarding the implementation of the Transaction, including the Share Repurchase, with KKR.

KKR continued to negotiate and discuss its proposal with the Target Company and Hitachi, and because the Tender Offer Price and Share Repurchase Price did not meet the level required by the Target Company and Hitachi, the Target Company and Hitachi requested that the Tender Offer Price and Share Repurchase Price be increased on April 14, 2022. As a result of renewed and continued negotiations and discussions over the Tender Offer Price and Share Repurchase Price, KKR submitted a revised proposal to the Target Company and Hitachi on April 18, 2022, where the Tender Offer Price was set to JPY 8,913 and the Share Repurchase Price was set to JPY 6,632. On the same date, KKR received confirmation from the Target Company and Hitachi that they have been selected as the final candidate. After the submission of the revised proposal, there were speculative media reports released on April 21, 2022 in relation to the Transaction, resulting in changes to the Target Company's share price. However, KKR determined that such speculative media reports did not have any impact on the Target Company's business or financial condition and therefore found it unnecessary to revise the Tender Offer Price or Share Repurchase Price. After discussions on the implementation of the

Transaction, on April 28, 2022, KKR, the Target Company and Hitachi all agreed to set the Tender Offer Price as JPY 8,913 and the Share Repurchase Price as JPY 6,632, and the Offeror decided to, and entered into the Basic Agreement with Hitachi, and on the same date, decided to implement the Tender Offer.

Subsequently, the Target Company was informed by the Offeror on October 21, 2022 that (i) with respect to the procedures and actions required under competition laws in Japan, China, the United States, Europe, Russia and Turkey, as well the procedures and actions required under inward direct investment-related laws in Japan and Russia, other than obtaining approval from the Russian Authorities, all such procedures and actions are now complete, (ii) with respect to condition (7) of the Conditions Precedent to the Tender Offer, the Offeror has decided to waive the condition to obtain approval from the Russian Authorities as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof, and (iii) the Offeror intends to commence the Tender Offer on October 28, 2022, subject to the fulfillment (or waiver by the Offeror) of the Conditions Precedent to the Tender Offer. Subsequently, the Offeror confirmed that all of the Conditions Precedent to the Tender Offer (except for the condition to obtain approval from the Russian Authorities) have been fulfilled as provided in “(1) Summary of the Tender Offer” above, and therefore determined that the Tender Offer could be commenced at the timing planned in the September 29 2022 Amended Offeror Press Release. Accordingly, the Offeror decided on October 27, 2022 that the Tender Offer would commence on October 28, 2022.

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

The Target Company, under the business environment as described in the section titled “(ii) Discussions between the Offeror, the Target Company and Hitachi, and the decision-making process of the Offeror” above, was informed by Hitachi in late January 2021 of the latter’s intention to sell the Hitachi Shares immediately. In early March 2021, Hitachi asked the Target Company to consider a capital transaction based on the assumption that the Hitachi Shares will be sold. The Target Company then entered into formal negotiations in early March 2021. During the negotiations in early March 2021 mentioned above, Hitachi clarified the three conditions with respect to the Capital Transaction are that: (a) it would be beneficial to the Target Company’s growth strategies, (b) it offers opportunities for all of the Target Company Shares to sell, and (c) it offers opportunities to sell the shares at a price at least higher than the market price. It was confirmed that the Capital Transaction should be implemented with a tender offer in order to fulfill those conditions.

Subsequently, the Target Company and Hitachi held discussions with five potential buyers of industrial companies and investment funds between early March and late April 2021. Around late April to early May 2021, the Target Company and Hitachi received initial proposals for the Capital Transaction, which did not cover the price for the acquisition, from three investment funds among the five potential buyers of industrial companies and investment funds, including KKR.

In early May 2021, the Target Company appointed UBS Securities as its financial advisor and the independent third-party evaluation institution in connection with the Capital Transaction. After evaluating the initial proposals, in mid-May 2021 the Target Company decided that in order to further enhance the Target Company’s business and

maximize shareholder interests, including those of Hitachi, the buyer should be selected through a bid targeting multiple potential buyers, which allows for their interest in the acquisition of the Target Company Shares to be shown. While evaluating the initial proposals received, the Target Company and the Special Committee had discussions as to whether they should request further proposals addressing the Listing Maintenance Scheme or the De-listing Scheme during the bidding process. Specifically, there were concerns that if the Transaction were to proceed under the De-listing Scheme with an investment fund, it was expected to be financed by an LBO loan that could increase investment returns through leverage, which will increase the Target Company's interest-bearing debt. Further, de-listing of the Target Company could result in adverse impacts on its relationships with clients and business partners because it would lose certain favorable conditions previously derived from its social reputation and the maintenance and improvement of its name recognition as a listed company. Upon thorough and careful consideration of their options, in mid-May 2021, the Target Company and the Special Committee were of the opinion that (a) the increase of liabilities resulting from an LBO loan could constrain future investments and may lead to difficulties in maintaining a resilient and competitive supply chain, and (b) being an independent listed company would be important when separating from the Hitachi group in order to maintain trust and favorable relationships with existing clients, as well as to maintain and strengthen existing and new relationships with Collaborative Innovation Partners. As such, in mid-May 2021, they concluded that instead of the De-listing Scheme utilizing a LBO loan, the Listing Maintenance Scheme would be more beneficial with respect to an increase in the medium-to-long-term enterprise value of the Target Company. From late May 2021, in order to foster a competitive environment and to obtain indicative acquisition pricing, after soliciting the three investment funds, including KKR, that had submitted initial proposals as mentioned above to participate in the bidding process for the Capital Transaction, the Target Company commenced the First Bidding Process based on the Listing Maintenance Scheme. In early June 2021, one additional investment fund was invited to participate in the First Bidding Process. During the First Bidding Process, the First Bidding Candidates conducted initial business and financial due diligence on the Target Company and held interviews with the Target Company's management. In early July, the Target Company received proposals from the First Bidding Candidates, which the Target Company carefully examined by comparison through the lens of the pricing evaluation of the shares, the transaction scheme, financing capacity and the conditions precedent to funding, post-transaction management strategy including growth strategies, support systems, and management policies such as employee compensation packages and governance systems, as well as the maximization of minority shareholders' interests. The Target Company also held multiple discussions with Hitachi between early July and mid-August 2021. Furthermore, as the Target Company had begun discussions in parallel with an industrial company in early July 2021 that had expressed its interest in business collaboration, the Target Company proposed that they also join the First Bidding Process. In late July 2021, the Target Company received its initial statement of intent from said industrial company.

However, in mid-August, Hitachi asked the Target Company to also consider the De-listing Scheme for completeness of the evaluation, and to choose the scheme that would best serve to increase the Target Company's enterprise value, and maximize its shareholder interests through consultation between Hitachi and the Target Company. As stated above, the Target had decided that the Listing Maintenance Scheme would be more beneficial for increasing its enterprise value. However, taking into account the need to maximize value for shareholders and the preferences of Hitachi, who is the seller, after consultations with Hitachi, the Target Company agreed to Hitachi's proposal of another

bidding process based on the De-listing Scheme in mid-October 2021, to be led by Hitachi. The intention was to explore options with potential buyers including industrial companies that can be expected to provide synergy for the Target Company's businesses, and to achieve a 100% acquisition without the utilization of a LBO loan. In mid-October 2021, the Target Company issued process letters for the Re-Bidding Process to the Re-Bidding Candidates, requesting that they submit two proposals respectively for the Listing Maintenance Scheme and De-listing Scheme so that the two scenarios could be evaluated comparatively.

In the first half of November 2021, the Target Company and Hitachi received proposals from all Re-Bidding Candidates (including the proposal from KKR regarding the scheme under which the Target Company will conduct the Share Repurchase). The Target Company conducted a thorough evaluation based on the same criteria used for the First Bidding Process and had a series of discussions with Hitachi between early November and mid-December 2021. From these discussions, the Target Company learned from the proposals received during the Re-Bidding Process that:

- (1) Under the De-listing Scheme, although there were proposals that did not offer different prices depending on whether or not a LBO loan is to be used, there were proposals that would offer a higher price if a LBO loan is used;
- (2) All proposals offer a higher price for the De-listing Scheme;
- (3) From the perspective of enhancing the feasibility of the Capital Transaction, it is necessary to choose the scheme based on which the proposal of a higher price was prepared;
- (4) Regarding the possible impacts on the Target Company's business operations, considering there may be clients in the logistics industry uncomfortable with the Target Company being acquired by a foreign company, such impacts can be limited if domestic business partners were to join the special purpose company for acquisition as they could help maintain trust and favorable relationships with existing clients, in addition to maintaining and strengthening relationships with existing and new Collaborative Innovation Partnerships. It was therefore believed that transactions that could increase the enterprise value of the Target Company under the De-listing Scheme were also possible;
- (5) Given that a LBO loan could result in financial liabilities incurred by the Target Company based on certain financial covenants etc., the financial liabilities incurred by the Target Company as a result of the Capital Transaction under the De-listing Scheme would be larger if a LBO loan is used.

Consequently, after the Re-Bidding Process, in mid-December 2021, the Target Company requested proposals for only the De-listing Scheme, based on the points (1) to (3) listed above, and decided to request proposals regarding the financial liabilities to be incurred by the Target Company as a result of the Capital Transaction, the impact of de-listing on its businesses, and the impact caused by relevant financing transactions on the Target Company, as well as in relation to the exploration of options with industrial companies, which are expected to bring business synergy with the Target Company as joint investors, to account for points (4) and (5) listed above.

Based on the assessments and discussions above, in mid-December 2021, the Target Company and Hitachi selected the Second Bidding Candidates to join the Second Bidding Process, from whom the final candidate for the

Capital Transaction would be selected. They commenced the Second Bidding Process in early January 2022. From mid-January 2022 to late February 2022, the Second Bidding Candidates conducted formal business, financial and legal due diligence and held interviews with the Target Company's management for a more comprehensive analysis and consideration of the acquisition of the Target Company Shares. On March 1, 2022, all of the Second Bidding Candidates submitted their final proposals to the Target Company and Hitachi.

In mid-February 2022, parallel to the Second Bidding Process, Hitachi informed the Target Company that after the Capital Transaction, it intends to maintain a capital connection with the Target Company to a certain extent in order to promote collaborative projects between the two companies and ensure their partnership continues seamlessly. Therefore, in parallel to the bidding process described above, Hitachi and the Target Company engaged in multiple rounds of discussions until early March 2022 concerning a capital and business partnership agreement in connection with the Hitachi Reinvestment Scheme and other shareholder agreements that will cover the operations of Hitachi Distribution Software Co., Ltd., which is a consolidated subsidiary of the Target Company and 25% owned by Hitachi.

Later, with assistance from its legal advisor, Nishimura & Asahi, and financial advisor, UBS Securities, and taking into account the opinions of the Special Committee, the Target Company evaluated the final proposals received from the Second Bidding Candidates based on factors including valuation of the shares, the Tender Offer Price, the financing capacity and the conditions precedent for funding, post-Capital Transaction growth strategies, financial strategies that can ensure the Target Company's financial health and support systems thereto, feasibility of obtaining clearance for competition laws and other applicable laws and regulations, and so on. As a result, the Target Company decided the share valuation and the Tender Offer Price provided by KKR for the Second Bidding Process was the highest among the Second Bidding Candidates, the financing capacity and conditions precedent to funding proposed by KKR were the most advantageous among those proposed by the Second Bidding Candidates, the post-Capital Transaction growth strategies and the financial strategies, which take into account the Target Company's overall financial condition and the support systems thereof proposed by KKR based on its profound understanding of the Target Company and the Target Company's business and supported by its knowledge, resources, strong commitment to the Japan market and its extensive track record which can help increase enterprise value from mid- to long-term perspectives, were also the most promising among the Second Bidding Candidates, and the concrete measures to obtain clearance for competition laws and other applicable regulations proposed by KKR were also the most feasible and efficient to consummate the Capital Transaction. After consulting with Hitachi, the Target Company began discussions regarding the possibility of implementing the Hitachi Reinvestment scheme with KKR in early March 2022. On March 8, 2022, the Target Company and Hitachi received the revised final proposal from KKR, covering the Offeror Parent's third-party allotment to Hitachi to be conducted after the Squeeze-Out.

The Target Company had received a proposal from KKR to set the Tender Offer Price at JPY 5,500 under the Listing Maintenance Scheme in early July 2021 in the First Bidding Process. In addition, the Target Company and Hitachi had received proposals from KKR in early November 2021 to set the Tender Offer Price at JPY 5,500 under the Listing Maintenance Scheme and JPY 6,837 under the De-listing Scheme as well as setting the Share Repurchase Price at JPY 4,744 in the Re-Bidding Process. Then, on March 1, 2022, the Target Company and Hitachi received the final

proposal from KKR in the Second Bidding Process, in which the Tender Offer Price was set at JPY 8,355 and the Share Repurchase Price was set at JPY 6,217. Later, KKR, the Target Company and Hitachi engaged in further discussions and negotiations after KKR submitted its revised final proposal, in relation to the content of the proposal, the Tender Offer Price and the price for the Share Repurchase. On March 28, 2022, because the Tender Offer Price and Share Repurchase Price did not meet the level required by the Target Company and Hitachi, the Target Company and Hitachi requested that the Tender Offer Price and Share Repurchase Price be increased. On the same day, KKR amended its proposal by increasing the Tender Offer Price to JPY 8,464 and the Share Repurchase Price to JPY 6,298. While continuing to discuss and negotiate with KKR, the Target Company evaluated the final proposals received based on factors including valuation of the shares, the Tender Offer Price, financing capacity and the conditions precedent for funding, post-Capital Transaction growth strategies, financial strategies that can ensure the Target Company's financial health and support systems thereto, the feasibility of obtaining clearance for competition laws and other applicable laws and regulations and so on. As a result, the Target Company decided that KKR's proposal was the most promising among the Second Bidding Candidates and, after consulting with Hitachi, began discussions and deliberations (including discussion on the final Tender Offer Price) regarding the implementation of the Transaction, including the Share Repurchase, with KKR in March 28, 2022.

The Target Company issued the "Notice concerning Revision of the Consolidated Financial Forecasts for the Fiscal Year ending March 31, 2022 in connection with Loss incurred by Fire Accident at Distribution Center" on April 15, 2022, which lowered its consolidated financial forecasts. However, the Capital Transaction was irrelevant to the revision, which was due to a fire accident that occurred on November 29, 2021 at a distribution center of Hitachi Transport System West Japan Co., Ltd., a group company of the Target Company.

Considering that Hitachi, the largest shareholder of the Target Company holding around 40% of its voting rights, will enter into a definitive agreement that includes implementation of the Tender Offer with a buyer selected from the Bidding Process, Hitachi's interests in the Capital Transaction may not align with the Target Company's minority shareholders, and thus the Special Committee was established on April 27, 2021 when contemplation of the Capital Transaction began, in order to provide advice as to the integrity and propriety of the Capital Transaction (for details on the Special Committee and its role, please refer to "(ii) The Target Company has established an independent third-party special committee and has obtained an opinion" in the section titled "(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below). As detailed in the section titled "(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer" below, this is to ensure (a) there is no arbitrary decision making in the candidate selection for the Bidding Process and the Capital Transaction, (b) that the enhancement of enterprise value and shareholder interests are priorities, (c) the terms for the Capital Transaction including the structure are appropriate, and (d) the buyer (partner) selection process is fair and so on. Further to the measures detailed in the section titled "(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer", the Target Company thoroughly discussed and evaluated whether the Capital Transaction could help increase the Target Company's enterprise value, whether the Capital Transaction is implemented through fair procedures and could ensure the interests of the minority shareholders and so on, by taking

into account, to the extent possible, the share valuation report provided by its financial advisor UBS Securities (the “Share Valuation Report”), the legal advice provided by its legal advisor Nishimura & Asahi, and the report provided by the Special Committee on April 28, 2022 (the “Report”).

While taking into account the maximization of the shareholders’ interests, the Target Company evaluated the final proposals received from the Second Bidding Candidates based on factors including valuation of the shares, the transaction scheme, the terms of agreements, financing capacity and the conditions precedent for funding, post-Capital Transaction management strategies and the support systems thereof, including measures to increase enterprise value, management policies such as employee engagement and governance systems, the need to obtain clearance for competition laws and other applicable regulations and the time required for such clearance, the maximization of minority shareholder interests, and so on. As a result, the Target Company decided that KKR’s proposal was the best and that proceeding with the Capital Transaction with KKR will contribute to the enhancement of the Target Company’s enterprise value in the future. Specifically, the share valuation and the Tender Offer Price provided by KKR for the Second Bidding Process was the highest among the Second Bidding Candidates, the debt financing in KKR’s proposal does not rely on an LBO loan that requires guarantees or pledges from the Target Company, the financing capacity and the conditions precedent to funding were the most advantageous among those proposed by the Second Bidding Candidates, the growth strategies post-Capital Transaction and the financial strategies that take into account the Target Company’s overall financial condition and the support systems thereof proposed by KKR were backed by KKR’s track record and resources and therefore it was the most promising among the proposals submitted by the Second Bidding Candidates, and the concrete measures to obtain clearance for competition laws and other applicable regulations (considering the countries and regions applicable and the relevant procedures including the lead time required to file the notices), were also the most feasible and efficient to consummate the Capital Transaction. Based on the above and upon consulting with Hitachi, the Target Company began discussions and deliberations with KKR regarding the implementation of the Transaction, including the Share Repurchase on March 28, 2022. Later, after continued negotiations and discussions among KKR, the Target Company and Hitachi concerning its proposal, as the Tender Offer Price and Share Repurchase Price did not meet the level required by the Target Company and Hitachi, the Target Company and Hitachi requested that the Tender Offer Price and Share Repurchase Price be increased on April 14, 2022. As a result of renewed and continued negotiations and discussions over the Tender Offer Price and Share Repurchase Price, on April 18, 2022, KKR amended its proposal in which the Tender Offer Price was increased to JPY 8,913 and the Share Repurchase Price to JPY 6,632. On the same date, KKR received confirmation from the Target Company and Hitachi that they have been selected as the final candidate. After discussions on the implementation of the Transaction, on April 28, 2022, KKR, the Target Company and Hitachi all agreed to set the Tender Offer Price as JPY 8,913 and the Share Repurchase Price as JPY 6,632.

The Offeror has determined that the Tender Offer will provide the Target Company’s shareholders with a reasonable opportunity to sell their shares in light of the following considerations regarding the Tender Offer Price:

- a) As mentioned above, the share valuation and the Tender Offer Price provided by KKR for the Second Bidding Process was the highest among the Second Bidding Candidates;

- b) As stated in “(iv) The Target Company has procured a share valuation report from an independent third-party financial advisor” in “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer,” the calculation results for the price of the Target Company Shares according to UBS Securities shows that the Tender Offer Price and the value per Target Company Share calculated by the share valuation presented by KKR (Note) is greater than the maximum value calculated based on the market share price method (Reference Date 1 (as defined below)), the comparable company method and the discounted cash flow method (“DCF Method”). In addition, the Tender Offer Price is greater than the maximum value calculated based on the market share price method (Reference Date 2 (as defined below)) and the value per Target Company Share calculated by the share valuation presented by KKR is close to the maximum value calculated based on the market share price method (Reference Date 2);
- c) The Target Company Share price is the result of adding a 127.66% premium to the closing price of JPY 3,915 on June 16, 2021, before speculative media reports were released (after the close of the trading hours on June 16, 2021) regarding the commencement of the First Bidding Process, and 149.31%, 151.42%, and 161.53% premiums to the respective simple average closing prices of JPY 3,575, JPY 3,545, and JPY 3,408, of the Target Company Shares for the one-month, three-month, and six-month periods, as well as a 7.78% premium to the closing price of JPY 8,270 of the Target Company Shares on the TSE as of April 27, 2022, the business day prior to the announcement date of the Tender Offer on April 28, 2022 and 29.61%, 40.56%, and 56.89% premiums to the respective simple average closing prices of JPY 6,877, JPY 6,341, and JPY 5,681, of the Target Company Shares for the one-month, three-month, and six-month periods. The premiums provided can be considered to be reasonable even under the situation where it is not an unreasonable view that the past share price considered above was significantly affected by market expectations regarding the Capital Transaction after multiple rounds of speculative media reports;
- d) As stated in the section titled “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer”, measures to ensure the fairness of the Tender Offer have been established and have taken into consideration the interests of minority shareholders.

Note: The calculation of the value per share is based on a total amount of 83,873,184 shares, which has been calculated by deducting the number of treasury shares held by the Target Company as of March 31, 2022 (228,530 shares, excluding the 184,700 shares held by trust for the performance-based employee stock ownership plan) from the total number of issued shares (84,101,714) as stated in the Target Company’s “Financial Statements for the Fiscal Year Ended March 31, 2022 (IFRS) (consolidated)” as published April 28, 2022.

Based on the above, at a Board of Directors meeting of the Target Company held on April 28, 2022, it was resolved that the opinion of the Target Company as of the same date is to approve the Tender Offer if implemented and to recommend its shareholders to tender their shares into the Tender Offer.

The Tender Offer is to be commenced promptly when the Conditions Precedent to the Tender Offer are fulfilled (or waived by the Offeror). As of April 28, 2022, the Offeror intended to commence the Tender Offer in late September 2022. Since it is difficult to estimate the time period required for the procedures of domestic and overseas competition authorities and inward direct investment authorities (please refer to the recitals of this press release and “(1) Overview of the Tender Offer” for further details), it was resolved at the Board of Directors meeting mentioned above that at the time of commencement of the Tender Offer, the Target Company will ask the Special Committee to consider whether its opinion reported to the Board of the Directors on April 28, 2022 has changed and provide its opinion at such time to the Board of the Directors, and the Target Company has also resolved that it would, upon the commencement of the Tender Offer, express its opinion taking into account the opinion reported by the Special Committee.

Subsequently, the Target Company shared information as to the progress of the procedures and actions required under competition and inward direct investment laws by the Offeror (including the prior notification newly required under the recently-enacted Presidential Decree pertaining to inward direct investment in Russia) with each member of the Special Committee at the 21st meeting of the Special Committee held on September 15, 2022. UBS Securities explained to each member of the Special Committee that it will not be necessary to amend the Share Valuation Report. In addition, the Target Company shared information as to the progress of the prior notification by the Offeror under the recently-enacted Presidential Decree pertaining to inward direct investment in Russia with each member of the Special Committee at the 22nd meeting of the Special Committee held on October 20, 2022.

Subsequently, the Target Company was informed by the Offeror on October 21, 2022 that (i) with respect to the procedures and actions required under competition laws in Japan, China, the United States, Europe, Russia and Turkey, as well the procedures and actions required under inward direct investment-related laws in Japan and Russia, other than obtaining approval from the Russian Authorities, all such procedures and actions are now complete, (ii) with respect to condition (7) of the Conditions Precedent to the Tender Offer, the Offeror has decided to waive the condition to obtain approval from the Russian Authorities as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof, and (iii) the Offeror intends to commence the Tender Offer on October 28, 2022, subject to the fulfillment (or waiver by the Offeror) of the Conditions Precedent to the Tender Offer. As described in “(ii) The Target Company has established an independent third-party special committee and has obtained an opinion” in the section titled “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer”, on the same date the Special Committee of the Target Company was asked to consider whether there were any changes to the opinion in its Report, and to advise the Board of Directors of the Target Company that there were no such changes, or, otherwise advise the Board of Directors as to its opinion after any changes. After careful consideration by the Special Committee as to whether any material changes in circumstances have arisen since April 28, 2022 that could affect the Capital Transaction through confirmation with the Target Company, the Special Committee determined that there are no circumstances that have arisen from April 28, 2022 through October 26, 2022 that would require a change to the opinion in its Report, and accordingly the Special Committee submitted to the Board of Directors an Additional Report dated October 26, 2022 to the effect that the opinion in its Report remains unchanged. The Target Company, while paying due respect to the Additional Report submitted by the Special Committee, once more considered the terms of the Tender Offer, and determined that as of

October 27, 2022, there are no factors that would require it to change its opinion regarding the Tender Offer.

Accordingly, at a Target Company Board of Directors meeting held October 27, 2022, the Target Company resolved that its opinion in favor of the Tender Offer was reiterated, and it recommends that its shareholders tender their shares in the Tender Offer.

Please refer to “(v) The Transaction has received the unanimous approval of the directors with no interest in the Target Company” in the section titled “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” for details concerning the resolutions of both Target Company Board of Directors Meetings.

(iv) Post-Tender Offer Management Policy

After the Transaction, based on the solid business foundations of the Target Company, together with the officers and employees of the Target Company, KKR will utilize its rich global human and capital resources, knowhow and networks to help enhance the Target Company’s business growth and enterprise value by a combination of organic (leveraging existing management resources) and inorganic (through business partnerships and follow-on acquisitions) growth strategies. KKR will also continue to explore opportunities to invite other industrial companies as co-investors in order to bring about synergies that will also enhance the Target Company’s business growth and enterprise value. Further, KKR plans to re-list the Target Company Shares after achieving business growth and an increase to the enterprise value of the Target Company through the Transaction. Therefore, KKR plans to maintain the corporate loan structure of the Target Company after the Transaction, and does not expect to switch to a LBO loan that would result in liabilities through financial covenants, collateral or guarantees. Nor is the Offeror expected to merge with the Target Company. Regarding the restructuring of liabilities and capital after the Transaction, KKR contemplates that it will implement such restructuring after the debt has been repaid to a certain extent, in order to enhance capital efficiency. Such restructuring (if implemented) will be implemented in a way that the Target Company’s financials would be maintained at a healthy level in order to avoid issues regarding the planned re-listing.

After the Transaction, in order to enhance management efficiency, the Offeror’s plan as of the date hereof is for the Target Company to be restructured from its current form as a company with a nominating committee, into a company with a Board of Auditors. The Offeror is to appoint directors and auditors from candidates nominated by KKR (three or four directors and one or two statutory auditors), the details of which are yet to be determined. In addition, in accordance with the Capital and Business Partnership Agreement, after the Transaction, the Offeror is to appoint one director from candidates nominated by Hitachi, and the Hitachi nomination is yet to be determined. For details about the Capital and Business Partnership Agreement, please refer to “(iii) Capital and Business Partnership Agreement” in the section titled “(6) Material Agreements Regarding the Tender Offer”.

The Offeror also plans to introduce an incentive plan such as stock options for officers and employees of the Target Company so that both the Offeror and officers and employees of the Target Company are encouraged to work together to achieve the long-term growth of the enterprise value of the Target Company. The specific timing for such implementation has not yet been determined.

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

As of both April 28, 2022, the date on which the Offeror decided it would implement the Tender Offer, and the date hereof, the Target Company is not a subsidiary of the Offeror. Although this is not a tender offer conducted by its controlling shareholder, given that the Offeror has entered into the Basic Agreement with Hitachi, which, as of both April 28, 2022, the date on which the Offeror decided it would implement the Tender Offer, and the date hereof, is a shareholder of the Target Company (33,471,578 Target Company Shares, representing an ownership percentage of 39.91% of the Target Company), and the Target Company is an equity method affiliate of Hitachi, there are concerns that Hitachi's interests may not align with those of the minority shareholders. To ensure there is no arbitrary decision making in connection with the Transaction, the integrity of the Target Company's decision making, transparency and objectivity in the process, and to avoid conflicts of interests, the measures described below were implemented. The descriptions of the measures implemented by the Target Company included below are based on explanations received from the Target Company.

Considering the number of Hitachi Shares (33,471,578 shares - ownership percentage: 39.91%), the Offeror recognized that setting a minimum number of shares to be purchased to meet the "majority of minority" condition at the Tender Offer will destabilize the completion of the Tender Offer, which could hurt the interests of the minority shareholders who were to tender their shares. As such, the Offeror decided not to set a minimum number of shares to be purchased for the "majority of minority" condition. Together with the measures (i) to (vi) described below, the Offeror and the Target Company have, to the extent possible, given sufficient consideration to the interests of the Target Company's minority shareholders.

(i) Implementation of the Bidding Procedures

According to the Target Company Press Release, as described in "(iii) The decision-making process and reasons of the Target Company" in the section titled "(2) Background, purpose and decision-making process of the Offeror leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer", the Target Company commenced the Bidding Process in late May 2021 and received final letters of intent from multiple bidders, including KKR, between mid-January and late February 2022, after they were provided opportunities to conduct due diligence.

As a result of multiple rounds of discussions and negotiations among KKR, the Target Company and Hitachi, it was determined that KKR's proposal was the most beneficial to the Target Company's shareholders because the share valuation and the Tender Offer Price provided by KKR for the Second Bidding Process was the highest among the Second Bidding Candidates, the financing capacity and conditions precedent to funding were the most advantageous among those proposed by the Second Bidding Candidates, the post-Capital Transaction growth strategies and the financial strategies that take into account the Target Company's overall financial condition and the support systems thereof proposed by KKR were also the most promising among the Second Bidding Candidates, and the concrete measures to obtain clearance for competition laws and other applicable regulations were also the most feasible and efficient to consummate the Capital Transaction.

(ii) The Target Company has Established an Independent Third-Party Special Committee and has Obtained an Opinion

According to the Target Company Press Release, considering that Hitachi, the largest shareholder of the Target Company, holding around 40% of its voting rights, will enter into a definitive agreement that includes implementation of the Tender Offer with a buyer selected from the Bidding Process, the interests of Hitachi and the Target Company's minority shareholders may not align, and from the perspective of avoiding arbitrary decision making in the candidate selection for the Bidding Process and increasing enterprise value and maximizing minority shareholder interest, the Target Company established a Special Committee on April 27, 2021 immediately after commencement of consideration of the Capital Transaction to examine and make decisions regarding whether terms for the Capital Transaction, including its structure, are appropriate, whether the buyer (partner) selection process is fair and so on. The Special Committee is comprised of Mr. Mitsuhiro Urano (an outside director and independent officer of the Target Company), Mr. Tsuyoshi Nishijima (an outside director and independent officer of the Target Company) and Mr. Hajime Watanabe (a lawyer, an outside director and independent officer of the Target Company). Mr. Mitsuhiro Urano was elected as the chair of the Special Committee by the committee members. Given that the three members are serving as outside directors of the Target Company, the compensation for the Special Committee work is to be separately discussed by the Compensation Committee of the Target Company. At the meeting of the Compensation Committee of the Target Company held on April 21, 2022, it was decided that the members of the Special Committee will not receive compensation or payment specifically for their work at the Special Committee, nor will there be compensation payable contingent upon the success of the Transaction.

As the basis for the Target Company to examine the specific content of its opinion to be expressed, on April 27, 2021, the Board of Directors of the Target Company consulted with the Special Committee as to whether (i) the purpose of the Capital Transaction is justifiable and reasonable (including if the Capital Transaction can enhance the enterprise value of the Target Company); (ii) the fairness of the procedures for the Capital Transaction (including the selection process of partners) has been ensured; (iii) the legitimacy and propriety of the terms of the Capital Transaction have been ensured; (iv) the pros and cons of expressing an affirmative opinion on a tender offer (if implemented) by the Board of Directors of the Target Company as part of the Capital Transaction and the Target Company's recommendation for its shareholders to tender; and (v) based on items (i) to (iv) above, the Board of Directors' decision regarding the Capital Transaction is not disadvantageous to the minority shareholders of the Target Company (collectively, the "Matters of Inquiry"). Moreover, when the Special Committee was established, it was resolved by the Board of Directors of the Target Company that (a) the opinion of the Special Committee is to be respected to the greatest extent possible, and the Capital Transaction should be aborted if the Special Committee found the Capital Transaction to be inappropriate; (b) the Special Committee is to confirm the principles for the partner selection process and term negotiations in advance, and express opinions and give instructions or requests on material matters based on timely reports on the progress in order to be substantially involved in the selection process, as well as become directly involved in the partner selection process and term negotiations if necessary; (c) when regarded as necessary to address the Matters of Inquiry, the Special Committee could hire external advisors, with reasonable costs at the expense of the Target Company, and solicit advice from the Target Company's advisors on highly technical matters if the Special Committee assesses that such advisors are independent and have highly technical specialty; and (d) the Special Committee could

obtain information from the Target Company or its advisors that is relevant to its report. Eventually, the Special Committee did not hire external advisors itself as they approved of the impartiality and professionalism of UBS Securities, the financial advisor and independent third-party evaluation institution of the Target Company, and Nishimura & Asahi, the legal advisor of the Target Company.

The Special Committee met 20 times, for approximately 20 hours in total, between April 27, 2021 until April 28, 2022 to discuss and examine the Matters of Inquiry.

Specifically, the Special Committee has received relevant information and materials from KKR and the Target Company, and held question and answer sessions with the Target Company, UBS Securities, the financial advisor, and Nishimura & Asahi, the legal advisor on the below matters:

- Outline of the selection process of the Offeror, the rationale and the procedure of the process, confirmation of the selection process;
- Outline and background of the Capital Transaction, including the Tender Offer, its content, implications and objectives;
- Impact on the Target Company's enterprise value;
- Relationship with the Offeror and Hitachi, and the existing partnership;
- Independence of the advisors;
- Whether the calculation behind the Tender Offer Price is justifiable;
- Whether the assumptions for relevant analysis is appropriate;
- Existence of inappropriate interference from interested persons;
- Whether the Target Company's decision-making process is valid;
- Whether information has been disclosed appropriately; and
- Other matters relevant to the Capital Transaction.

Furthermore, the Special Committee has received explanations from the officers and employees concerning the Target Company's business plan and conducted question and answer sessions to evaluate the business plan. It has received explanations from UBS Securities, the financial advisor of the Target Company, regarding its Share Valuation Report and conducted interview investigations to understand the assumptions employed for the calculation. It also has received explanations from Nishimura & Asahi, the legal advisor of the Target Company, regarding the legal advice it has provided in relation to the decision-making process, the decision-making method and other matters to be paid attention to in respect of the Capital Transaction including the Tender Offer. The Special Committee has received timely reports by the Target Company on price proposals from all Second Bidding Candidates including the Offeror every time such proposal was received by the Target Company in the Bidding Process. After hearing the Target Company's views on such proposals based on financial advice from UBS Securities, the Special Committee examined and discussed the content of such proposals, and expressed its opinion about transaction conditions such as the Tender Offer Price in important decision-making phases including the selection of bidders. By doing so, the Special Committee has also been substantively involved in the negotiation process for the bidder selection and the negotiation of terms.

After considering the Matters of Inquiry against the background described above, on April 28, 2022 the Special Committee unanimously resolved to submit the report to the Target Company's Board of Directors under certain preconditions, such as that the contents of the explanations it has received and the materials disclosed are true and correct. The key findings of the report are listed below:

- (i) whether the purpose of the Capital Transaction is justifiable and reasonable (including if the Capital Transaction can enhance the enterprise value of the Target Company)

The Target Company strives to achieve sustainable growth with a corporate vision of becoming the most preferred global supply chain solutions provider for all stakeholders, including customers, shareholders, and employees, in the sophisticated, diversified and wide-ranging global supply chain. In light of this corporate vision and objective, the aim of the Capital Transaction is to de-list the Target Company and promote prompt management reforms which go beyond the current capital structure of the Target Company, by way of the formation of partnerships that complement the Target Company's structural capabilities and enhance its competitive advantages, profitability and enterprise value through new growth, and through the acceleration of decision making, the solicitation of funds for flexible business investments, and the introduction of external knowledge. The purpose of the Capital Transaction is reasonable, and can be considered as such because through these measures, the Target Company Group will be able to achieve sustainable growth, improved profitability, and an increase to enterprise value.

Although there are differences of opinion between KKR and the Target Company's management with respect to growth strategies and measures to increase the business value of the Target Company, these differences are not substantial and have not lead to any impact on the strategic direction the Target Company should take. The Target Company's management has no issue in principle with the general direction of KKR's proposed strategies and specific implementations to be made. With regard to the most important aspect of the strategy for the Target Company's future enterprise value, M&A, the Special Committee recognized that said strategy was prepared based on a thorough investigation of the Target Company's business challenges and did not find any point in particular to be unreasonable.

Further, the post-Capital Transaction management policy presented by the Offeror envisages for the current management of the Target Company to continue to play a role in the development of the Target Company's operations. The policy takes into account a support system consisting of people who have a profound understanding of the Target Company's business. The Special Committee did not find the policy to be unreasonable.

KKR has proposed considerably high figures in connection with the measures to increase the Target Company's enterprise value. However, according to the Target Company's management, it is feasible to attain such figures, and therefore such measures to increase enterprise value are not unreasonable. Further, the post-Capital Transaction management policies were considered appropriate for de-listed companies. The plans to maintain the corporate loan structure and to restructure liabilities and capital have also taken into account requests made by the Target Company. The Special Committee therefore did not find KKR's proposed management policies to be unreasonable.

Although there are expected to be potentially adverse impacts from the Capital Transaction, including those arising from separation from the Hitachi group, the de-listing, the capital liabilities, and being acquired by a foreign business, the Special Committee recognized that there are appropriate solutions proposed to address and resolve each of these issues. The Special Committee therefore assessed that the Capital Transaction would not lead to hurdles in the Target Company's business operations which the Target Company has maintained or material adverse impacts on the Target Company's enterprise value.

In conclusion, the Special Committee determined that the purpose of the Capital Transaction is to increase the enterprise value of the Target Company Group, and is therefore justifiable and reasonable.

(ii) whether the fairness of the procedures for the Capital Transaction (including the selection process of partners) has been ensured

The Special Committee determined that the procedures of the Capital Transaction were fair based on the implementation of the measures below:

- The Special Committee was established before the initial transaction terms were provided to the bidders in the First Bidding Process. The Special Committee was given the power to hire external advisors. The Target Company took the opinion of the Special Committee into account to the greatest extent possible, and its Board of Directors resolved not to implement the Capital Transaction if it was deemed as inappropriate by the Special Committee. Moreover, the Special Committee was substantially involved in the negotiations between the bidders and Hitachi regarding the Bidding Process, including how the bids should be implemented. There have not been any particular issues identified regarding the independence, attributes or expertise of the Special Committee, the process of establishing and the member selection for the Special Committee, the evaluation system for advisors and others that support the Special Committee, the system of collecting information, the compensation system, and how the Target Company internally conducts evaluations etc. Hence, it is considered that the Special Committee is independent and functioning effectively.
- The Target Company hired Nishimura & Asahi as its legal advisor, which is independent of the Target Company, Hitachi, the Offeror and the bidders, and has received legal advice.
- The Target Company hired UBS Securities as its financial advisor and third-party evaluation institution, which is independent of the Target Company, Hitachi, the Offeror and the bidders. The Target Company requested that UBS Securities assess the share value for the Target Company and prepare relevant financial analyses, and UBS Securities submitted the Share Valuation Report on April 28, 2022.
- Based on discussions and negotiations among the Target Company, Hitachi and the bidders, the Bidding Process was set out to identify the best scheme and candidate. As such, the Bidding Process could be considered to have paid appropriate attention to procedure.
- The Tender Offer Period was set as 21 business days. The Tender Offer is an offer with prior public notice, which means that there will be a certain period of time between the announcement of the terms of the Tender Offer, including the Tender Offer Price, and the commencement of the Tender Offer. It is believed that this provides sufficient opportunities and time for the shareholders of the Target Company to decide

whether to participate in the Tender Offer and for persons other than the Offeror to conduct competitive tender offers for the Target Company Shares.

- It is considered that the materials disclosed by the Target Company sufficiently disclose information relating to the Special Committee, the Share Valuation Report and other matters.
- Care has been taken to ensure there is no pressure placed upon minority shareholders.

There is no “majority of minority” condition set for the Capital Transaction, because (a) considering the number of Hitachi Shares (33,471,578 Target Company Shares - ownership percentage: 39.91%), the Offeror recognized that setting a minimum number of shares to be purchased to meet the “majority of minority” condition at the Tender Offer would destabilize the completion of the Tender Offer, which could hurt the interests of the minority shareholders who were to tender their shares; and (b) based on the measures to ensure the fairness of the procedures described above, the Offeror determined that not setting a “majority of minority” condition would not negatively impact the fairness of the procedures for the Capital Transaction.

(iii) the legitimacy and propriety of the terms of the Capital Transaction have been ensured

With respect to the terms of the Capital Transaction, with the implementation of a market check procedure through the Bidding Process, the Offeror presented the highest price in the Bidding Process. As such, the Special Committee did not find issues in relation to the transparency and legitimacy of the Bidding Process, or any other issues in relation to the negotiation of the Capital Transaction.

According to the Share Valuation Report, the per share value of the Target Company Shares was calculated based on the combination of the market share price method (Reference Date 1) for the range between JPY 3,408 to JPY 3,915, the market share price method (Reference Date 2) for the range between JPY 5,681 to JPY 8,270, the comparable company method for the range between JPY 2,796 to JPY 5,093, and the DCF method for the range between JPY 3,618 to JPY 6,407. The Tender Offer Price of JPY 8,913 and the price per share of the Target Company Shares calculated by the share valuation presented by KKR were both higher than the maximum numbers calculated by the market share price method (Reference Date 1), the comparable company method and the DCF method. Further, the Tender Offer Price was greater than the maximum value calculated based on the market share price method (Reference Date 2), and the price per share of the Target Company Shares calculated by the share valuation presented by KKR was close to the maximum number calculated by the market share price method (Reference Date 2). The Special Committee did not find the assessment methodology and the share value evaluation, or the business plan based on the share valuation to be unreasonable. Accordingly, the Special Committee recognized the reliability of the valuation materials and that the Tender Offer Price is appropriate with respect to the results of the share valuation in the valuation materials.

Concerning the level of premiums, the Tender Offer Price was higher than the range calculated by the market share price method, the comparable company method and the DCF method. Therefore, the Special Committee determined that it is reasonable to conclude that the Tender Offer Price has appropriately reflected the increase in value to the Target Company’s shares to be brought about by the synergy of the Capital Transaction. In particular, as there were multiple rounds of speculative media reports about the Capital Transaction, the share value reflects interest in the

acquisition to a certain extent, which is unusual in this type of transaction. However, the Special Committee believes that the Tender Offer Price proposed is higher than the maximum number calculated by the market share price method, as well as significantly higher than the range calculated by the DCF method, which shows the intrinsic value of the Target Company, which all serve to support the contention that the Tender Offer Price is appropriate.

Moreover, in the Capital Transaction, the minority shareholders are guaranteed to receive the same amount of consideration as in the Tender Offer, regardless of whether they receive that compensation through either the Tender Offer or through the post-Tender Offer procedures to render the Target Company a wholly owned subsidiary of the Offeror .

Based on the above, the Special Committee concluded that the terms of the Capital Transaction are legitimate and appropriate because the Target Company's enterprise value is accurately evaluated and the terms of the Capital Transaction, including the Tender Offer Price and the consideration to be received for the shareholders who do not participate in the Tender Offer during the Share Consolidation, are appropriate.

(iv) the pros and cons of expressing an affirmative opinion on a tender offer (if implemented) by the Board of Directors of the Target Company as part of the Capital Transaction and the Target Company's recommendation for its shareholders to tender

As discussed in items (i) to (iii) above, as the purpose of the Capital Transaction is considered justifiable and reasonable, the procedures for the Capital Transaction are considered fair and the terms of the Capital Transaction are considered legitimate and appropriate, it is reasonable that at the Target Company's Board of Directors meeting, the Target Company resolved to express an opinion of approval in relation to the Tender Offer and to recommend its shareholders tender their shares into the Tender Offer.

(v) based on items (i) to (iv) above, the Board of Directors' decision regarding the Capital Transaction is not disadvantageous to the minority shareholders of the Target Company

As discussed in items (i) to (iv) above, the Tender Offer provides opportunities for the minority shareholders of the Target Company to sell their shares at an appropriate price, making it the best arrangement from the perspective of the interest of the shareholders at this moment. As the purpose of the Capital Transaction is considered justifiable and reasonable, the procedures for the Capital Transaction are considered fair and the terms of the Capital Transaction are considered legitimate and appropriate, the Special Committee does not consider the Capital Transaction to be disadvantageous to the minority shareholders of the Target Company.

Subsequently, the Target Company shared information as to the progress of the procedures and actions required under competition and inward direct investment laws by the Offeror (including the prior notification newly required under the recently-enacted Presidential Decree pertaining to inward direct investment in Russia) with each member of the Special Committee at the 21st meeting of the Special Committee held on September 15, 2022. UBS Securities explained to each member of the Special Committee that it will not be necessary to amend the Share Valuation Report. In addition, the Target Company shared information as to the progress of the prior notification by the Offeror under the recently-enacted Presidential Decree

pertaining to inward direct investment in Russia with each member of the Special Committee at the 22nd meeting of the Special Committee held on October 20, 2022.

Subsequently, the Target Company was informed by the Offeror on October 21, 2022 that (i) with respect to the procedures and actions required under competition laws in Japan, China, the United States, Europe, Russia and Turkey, as well the procedures and actions required under inward direct investment-related laws in Japan and Russia, other than obtaining approval from the Russian Authorities, all such procedures and actions are now complete, (ii) with respect to condition (7) of the Conditions Precedent to the Tender Offer, the Offeror has decided to waive the condition to obtain approval from the Russian Authorities as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof, and (iii) the Offeror intends to commence the Tender Offer on October 28, 2022, subject to the fulfillment (or waiver by the Offeror) of the Conditions Precedent to the Tender Offer. On the same date the Special Committee of the Target Company was asked to consider whether there were any changes to the opinion in its Report, and to advise the Board of Directors of the Target Company that there were no such changes, or, otherwise advise the Board of Directors as to its opinion after any changes. After careful consideration by the Special Committee as to whether any material changes in circumstances have arisen since April 28, 2022 that could affect the Capital Transaction through confirmation with the Target Company, the Special Committee determined that there are no circumstances that have arisen from April 28, 2022 through October 26, 2022 that would require a change to the opinion in its Report, and accordingly the Special Committee submitted to the Board of Directors an Additional Report dated October 26, 2022 to the effect that the opinion in its Report remains unchanged.

The Special Committee determined that it was not necessary to request any updates or changes to the content of the Share Valuation Report, taking into account that the Special Committee believes (i) there was nothing unreasonable in UBS Securities' explanation that it would not be necessary to amend the Share Valuation Report, (ii) that since no material changes in circumstances have arisen since April 28, 2022 it was not unreasonable for the Target Company to have not added changes to its business plan (which forms the basis of the share valuation calculated by UBS Securities) by the preparation date of the Additional Report, and (iii) there is no particular change in the business environment of the Target Company Group and its industry.

(iii) The Target Company has Obtained the Advice of an Independent Law Firm

According to the Target Company Press Release, in order to take the utmost care in its decision-making concerning the Capital Transaction, including the Tender Offer, and to ensure the fairness and propriety of the decision-making process of its Board of Directors, as described in "(ii) the Target Company has established an independent third-party special committee and has obtained an opinion" above, the Target Company appointed Nishimura & Asahi, a legal advisor independent from the Offeror, Hitachi and the Target Company, to provide legal advice in connection with the procedures of the Capital Transaction, including the Tender Offer, the decision-making method and process of the Board of Directors, and other matters concerning decision-making in respect of the Capital Transaction (including, but not limited to the Target Company's directors who may have interests in the Capital Transaction, the establishment of the Special Committee and the timing of its establishment, and the desirability of decision-making that defers to the content of the Special Committee's report to the greatest extent possible).

Nishimura & Asahi is not a party related to the Offeror, Hitachi or the Target Company and does not have any material interest in the Capital Transaction, including the Tender Offer.

(iv) The Target Company has Procured a Share Valuation Report from an Independent Third-Party Financial Advisor

According to the Target Company Press Release, when considering its opinion and announcement regarding the Tender Offer, the Target Company requested a calculation of the price of the Target Company Shares and financial analysis related thereto from UBS Securities, a financial advisor and third-party evaluation institution independent from the Target Company, Hitachi, and the Offeror, in order to secure the fairness of the decision-making process regarding the Tender Offer Price proposed by the Offeror. The Target Company received the Share Valuation Report on April 28, 2022, which was prepared subject to certain conditions, including those listed below (Note 1).

The Target Company Board of Directors has determined that changes or updates to the content of the Share Valuation Report would not be necessary, taking into account that the Board of Directors believes (i) there was nothing unreasonable in UBS Securities' explanations that it would not be necessary to amend the Share Valuation Report, (ii) there have been no significant changes in the assumptions affecting the Share Valuation Report, in light of the circumstances arising between the Board of Directors meeting held April 28, 2022, and October 27, 2022, and the possibility of the Separation Measures, (iii) there is no particular change in the business environment of the Target Company Group and its industry, and (iv) as provided in "(ii) The Target Company has established an independent third-party special committee and has obtained an opinion" above, the Special Committee has determined that it is not necessary to request any updates or changes to the content of the Share Valuation Report.

UBS Securities is not a related party of Target Company, Hitachi, or the Offeror and does not have any material interest in the Capital Transaction, including the Tender Offer. As stated in "(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer," the Offeror and the Target Company have implemented measures to ensure fairness of the Tender Offer and avoid conflicts of interest, and the Target Company has not obtained an opinion regarding the fairness of the Tender Offer Price from UBS Securities.

Compensation for UBS Securities consists of a fixed portion to be paid regardless of the success of the Capital Transaction and a contingent portion to be paid upon the success of the Capital Transaction. The Target Company appointed UBS Securities as its financial advisor and independent third-party evaluation institution with the above compensation system in place, considering common practices in similar transactions and the compensation to be paid by the Target Company in the event that the Capital Transaction is either consummated or unsuccessful.

With respect to the appropriate calculation method to be utilized in calculating the Target Company's share price among several methods for equity valuation, based on the assumption that the Target Company is to continue business operations, UBS Securities decided that it is appropriate to conduct a more comprehensive evaluation, and three methods should be employed: (a) the market share price method, as the Target Company Shares are listed on the

Prime Market of the TSE and therefore have a market price, (b) the comparable company method, as there are a certain number of listed companies which operate relatively similar businesses and it is possible to draw analogies with the share prices of such comparable companies, and (c) the DCF method, to reflect the intrinsic value of future business activities in the appraisal. Through the aforementioned methods based on certain conditions, including those below (Note 1), UBS Securities conducted an analysis of the Target Company's share price.

According to UBS Securities, the value ranges per Target Company Share as calculated by using the aforementioned methods are as provided below. The conditions based on which the Share Valuation Report was prepared and the important factors considered in the process are listed below (Note 1).

- Market share price method (Reference Date 1): JPY 3,408 to JPY 3,915
- Market share price method (Reference Date 2): JPY 5,681 to JPY 8,270
- Comparable company method: JPY 2,796 to JPY 5,093
- DCF method: JPY 3,618 to JPY 6,407

Based on the market share price method,

- (1) Using June 16, 2021 as the first reference date ("Reference Date 1"), so as to exclude the effect of speculative media reports that were released regarding the commencement of the First Bidding Process after the close of trading hours on June 16, 2021, the per-share value of the Target Company Shares has been estimated to range from JPY 3,408 to JPY 3,915, based on the Reference Date 1 closing price (JPY 3,915), the one-month average closing price (JPY 3,575), the three-month average closing price (JPY 3,545), and the six-month average closing price (JPY 3,408), respectively, of the Target Company Shares on the TSE immediately preceding, and including Reference Date 1.
- (2) Using April 27, 2022 as the second reference date ("Reference Date 2"), the business day immediately preceding the announcement date of the Tender Offer (April 28, 2022), the per-share value of the Target Company Shares has been estimated to range from JPY 5,681 to JPY 8,270, based on the Reference Date 2 closing price (JPY 8,270), the one-month average closing price (JPY 6,877), the three-month average closing price (JPY 6,341), and the six-month average closing price (JPY 5,681), respectively, of the Target Company Shares on the TSE immediately preceding, and including Reference Date 2.

Based on the comparable company method, the value of the Target Company Shares has been evaluated by comparing the market share prices and financial indicators of profitability of listed companies that are engaged in similar businesses as those of the Target Company. According to this evaluation method, the per-share value (Note 2) of the Target Company Shares has been estimated to range from JPY 2,796 to JPY 5,093.

Based on the DCF method, the per-share value of the Target Company Shares was estimated to range from JPY 3,618 to JPY 6,407 after evaluating the enterprise value of the Target Company and the value of the Target Company Shares by discounting the free cash flows that the Target Company is expected to generate in the future, based

on profit forecasts that take into consideration the consolidated business plan for the five fiscal years between the fiscal year ending on March 31, 2023 and the fiscal year ending on March 31, 2027 (the “Consolidated Financial Forecasts”), recent trends in results, and the content of publicly disclosed information.

The Special Committee has received explanations from, and held question and answer sessions with the Target Company regarding the assumptions and data used for the Consolidated Financial Forecasts, which is the basis for the DCF method analysis conducted by UBS Securities, and the Special Committee did not find any issues. The Consolidated Financial Forecasts predict a significant year-on-year increase of approximately 80% in the Net Income Attributable to Shareholders for the fiscal year ending on March 31, 2023. This is because the fire accident at a distribution center of Hitachi Transport System West Japan Co., Ltd., a group company of Target Company, that occurred on November 29, 2021 had resulted in damages, leading to a decrease in the Net Income Attributable to Shareholders for the fiscal year ending on March 31, 2022. There is insurance related compensation to be received for the fire accident in the following fiscal year (the fiscal year ending on March 31, 2023), whereby the Net Income Attributable to Shareholders would be increased. Other than the fiscal year in question, there are no other fiscal years in which a significant increase or decrease in profit is expected. With respect to the November 29, 2021 fire accident, the affected amount, which was reasonably calculated based on the information the Target Company has obtained as of April 15, 2022, is accounted for in the Consolidated Financial Forecasts. The Consolidated Financial Forecasts have also incorporated the impact brought about by the revision of the consolidated financial forecasts in the “Notice concerning Revision of the Consolidated Financial Forecasts for the Fiscal Year ending March 31, 2022 in connection with Loss incurred by Fire Accident at Distribution Center” issued by the Target Company on April 15, 2022.

Since it is difficult to currently predict the potential synergy effect of the Capital Transaction, it is not considered in the Consolidated Financial Forecasts.

Note 1: The Share Valuation Report is provided solely for reference to the Target Company’s Board of Directors, in its capacity as such, to evaluate the Tender Offer Price from a financial perspective. The Share Valuation Report does not opine on the consideration to be received by any stakeholders of the Target Company in connection with the Capital Transaction, such as the holders of securities of any kind, and debtors. Nor does the Share Valuation Report opine on the terms of the Capital Transaction, including its form and structure, the merits of the Capital Transaction in comparison with other strategies or transactions that the Target Company can or may employ, or the commercial decision-making in connection with the promotion or implementation of the Capital Transaction. The Share Valuation Report does not take a position or make any recommendation regarding whether shareholders of the Target Company should tender their shares into the Capital Transaction, or exercise their voting rights or take other action or related matters thereto. The Share Valuation Report does not opine on whether the amount and the form of compensation received by officers, directors and employees of parties involved in the Capital Transaction is fair (financially or otherwise) in comparison to the Tender Offer Price. The Share Valuation Report does not opine on the price at which the Target Company Shares should be traded at any time including when and after the Capital Transaction is announced or commenced. In preparing the Share Valuation Report, UBS Securities has assumed and relied upon the accuracy and

completeness of the assumptions and information provided by the Offeror, the Target Company or the advisors of the Target Company. Neither UBS Securities, nor its officers, agents, representatives, or advisors have independently verified the content of such information and assumptions.

UBS Securities and its officers, agents, representatives, or advisors make no representation, guarantee or undertaking, express or implied, in relation to the accuracy, completeness, reliability and sufficiency of the information included or the propriety of the assumptions made in the Share Valuation Report.

The Share Valuation Report is provided solely for the benefit of the Target Company's Board of Directors.

Neither the shareholders of the Target Company, nor any other person shall rely on the Share Valuation Report nor shall they derive any benefit, right or remedy from the Share Valuation Report.

Upon receiving the Share Valuation Report, the Target Company acknowledges and consents that UBS Securities and its officers, agents, representatives, or advisors assume no liability for damages arising from the Share Valuation Report, information provided in writing or verbally in connection therewith or error or lack of information contained in the Share Valuation Report, to the extent legally permissible, except when (a) such damages arise from fraud or (b) under the circumstances stipulated in the engagement agreement.

There may be descriptions, predictions, quotations, forecasts, objectives and opinions about future forecasts (the "Future Forecasts") in the Share Valuation Report. UBS Securities has relied on the opinions of the Target Company's management for the appropriateness and feasibility of the Future Forecasts (including the assumptions and basis thereof). UBS Securities has judged that the Future Forecasts represent the evaluation and judgement of the Target Company's management, which is the most accurate information that can be obtained at this stage, and that the Future Forecasts are made based on the assumption that having been thoroughly considered by the Target Company's management, the projections can be realized in the numbers and at the timing proposed by the management of the Target Company. UBS Securities has discussed and reached consensus with the Target Company regarding the assumptions made in the Share Valuation Report. The Future Forecasts include major assumptions and subjective judgements and therefore cannot be guaranteed to be correct, nor can it be a guarantee for reliability of future business or the materialization of such forecasts. The Share Valuation Report makes no representation or warranty regarding the feasibility or propriety of the Future Forecasts, nor should the Future Forecasts be relied upon.

UBS Securities has prepared the Share Valuation Report based on the economic, regulatory and market situation, and the relevant information obtained as of the date of the report, and subsequent changes in such circumstances may affect the information contained in the Share Valuation Report. The Share Valuation Report is valid as of the date of the report (except for cases in which the report has referred to historical information). Upon providing the Share Valuation Report, no person assumes any obligation, representation or undertaking to the Target Company regarding (i) the provision of additional information, (ii) the revision, amendment or re-confirmation of information including the Future Forecasts, and (iii) the amendment of content found to be inaccurate.

The analysis provided by UBS Securities in the Share Valuation Report is a summary of the key financial analyses in connection with the Share Valuation Report presented to the Target Company's Board of Directors and does not cover the entirety of the analysis conducted and information referenced by UBS Securities. In the preparation of the Share Value Report and the analyses underlying it, there are complicated analysis exercises

conducted in relation to the appropriateness and relevance of financial analysis methods, as well as the extent to which each method is applicable, and therefore the analysis results and the account of the analyses in the Share Valuation Report may not be entirely accurate. The results of UBS Securities' analysis should be considered as a whole, and the analysis may be misconstrued if only certain parts or summaries of the analysis are considered. UBS Securities has approached the analysis through a holistic approach without placing more weight on certain factors or analyses and therefore does not opine on whether certain specific analyses or factors are used as proof or to what extent. With respect to similar company comparison in its analysis, UBS Securities has selected companies because they are public companies that share a similar scope of business with the Target Company, and none of the selected companies are equivalent to business units or subsidiaries of the Target Company. Further, considering the multifaceted factors that can contribute to these companies' financial and business characteristics, complicated and nuanced evaluation and judgment are required when comparing them with the Target Company.

When preparing the Share Valuation Report, UBS Securities:

- (a) has not conducted any independent evaluation or appraisal of the assets and liabilities of the Target Company or other companies as referenced in the Share Valuation Report, nor has any such evaluation or appraisal been provided;
- (b) has not assessed the commercial merits of the Capital Transaction;
- (c) has not conducted any legal, tax or accounting analysis with respect to the Capital Transaction but relied solely upon expert advisors' judgement as appropriate; and
- (d) regarding regulatory or third-party approvals, consents and exemptions, has assumed that there is no delay, restrictions, constraints or conditions that will result in adverse impacts on the Target Company, other entities mentioned in the Share Valuation Report or the Capital Transaction.

UBS Securities, as the Target Company's financial advisor for the Capital Transaction, will receive commission for its services (a large part of which is contingent upon the completion of the Capital Transaction). Further, the Target Company has agreed to provide compensation for certain liabilities borne by UBS Securities and expenses incurred during its service for the Target Company.

UBS Securities and its affiliates are involved (including as agents) in a wide range of businesses globally including commercial banking, investment banking and other businesses (investment advisory, asset management, investigations, securities offerings, trading (proprietary or on behalf of clients) and brokerage). Hence, there may be cases in which UBS Securities and its affiliates are involved in securities, foreign exchange, financial products or other transactions related to the Share Valuation Report with long/short positions, trading or market maker impact. UBS Securities and its affiliates' banking, trading and hedging operations could affect the prices of such assets, which may result in conflicts of interest and obligations. When providing services to the Target Company's group companies, executives, employees and other entities and individuals (the "Third Parties"), there are cases where UBS Securities and its affiliates conduct trading (proprietary or on behalf of clients) concerning the Target Company and the Third Parties, or perform operations for proprietary interests or for the interests of the Third Parties, and by engaging in such services and operations, it is possible that UBS Securities and its affiliates may receive compensation and profits when the Target Company or its group companies suffer a loss.

Note 2: The calculation of the value per share is based on a total amount of 83,873,184 Target Company Shares, which has been calculated by deducting the number of treasury shares held by the Target Company as of March 31, 2022 (228,530 shares, excluding the 184,700 shares held by trust for the performance-based employee stock ownership plan) from the total number of issued shares (84,101,714 shares) as stated in the Target Company's "Financial Statements for the Year Ended March 31, 2022 (IFRS) (consolidated)".

(v) The Transaction has Received the Unanimous Approval of the Directors with No Interest in the Target Company

According to the Target Company Press Release, as set forth in the section titled "(iii) The decision-making process and reasons of the Target Company" within "(2) Background, purpose and decision-making process of the Offeror leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer", the Board of Directors of the Target Company has, taking into consideration the details in the Share Valuation Report, financial advice from UBS Securities, and legal advice from Nishimura & Asahi, as well as respecting the content of the Special Committee Report to the maximum extent possible, carefully discussed and examined whether the terms and conditions of the Capital Transaction, including the Tender Offer Price are reasonable, and whether the Capital Transaction, including the Tender Offer would contribute to enhancing the enterprise value of the Target Company.

Consequently, as set forth in the section titled "(iii) The decision-making process and reasons of the Target Company" within "(2) Background, purpose and decision-making process of the Offeror leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer", the Target Company has concluded that (i) KKR's proposal was the best among the bidders of the Second Bidding Process, in consideration of factors including the post-Capital Transaction growth strategies and the financial strategies, which take into account the Target Company's overall financial condition and the support systems thereof proposed by KKR, based on its profound understanding of the Target Company and the Target Company's business, and supported by KKR's knowledge, resources, strong commitment to the Japan market, and its extensive track record, which can help increase enterprise value from a mid- to long-term perspective. It was therefore considered that the Transaction, including the Tender Offer, will enhance the Target Company's enterprise value, and (ii) based on the fact that KKR has proposed the highest share price valuation and Tender Offer Price among the Second Bidding Candidates, in addition to the fact that the Tender Offer Price proposed was considerably higher than the various maximum numbers calculated in the Share Valuation Report, the fact that the premiums provided can be considered to be reasonable even under the situation where it is not an unreasonable view that the past share price considered above was significantly affected by market expectations regarding the Capital Transaction after multiple rounds of speculative media reports, the fact that there have been measures implemented to ensure the fairness of the Tender Offer and sufficient consideration paid to the interests of minority shareholders, it can therefore be judged that the terms of the Transaction, including the Tender Offer Price, ensure the interests of the Target Company's minority shareholders and provide reasonable opportunities for the minority shareholders to sell their Target Company Shares. At the Board of Directors meeting held April 28, 2022, by the unanimous approval of the directors present at the meeting (i.e., among a total of nine directors, eight directors excluding Mr. Hiroshi Maruta for the reasons as set forth below), the Target Company's Board of Directors has, based on the above

judgments, issued a resolution supporting the Tender Offer and recommending its shareholders to tender their shares into the Tender Offer.

It was resolved at the Board of Directors meeting mentioned above that at the time of commencement of the Tender Offer, the Target Company will ask the Special Committee to consider whether its opinion reported to the Board of the Directors on April 28, 2022 has changed and provide its opinion at such time to the Board of the Directors, and the Target Company has also resolved that it would, upon the commencement of the Tender Offer, express its opinion taking into account the opinion reported by the Special Committee.

Subsequently, the Target Company was informed by the Offeror on October 21, 2022 that (i) with respect to the procedures and actions required under competition laws in Japan, China, the United States, Europe, Russia and Turkey, as well the procedures and actions required under inward direct investment-related laws in Japan and Russia, other than obtaining approval from the Russian Authorities, all such procedures and actions are now complete, (ii) with respect to condition (7) of the Conditions Precedent to the Tender Offer, the Offeror has decided to waive the condition to obtain approval from the Russian Authorities as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof, and (iii) the Offeror intends to commence the Tender Offer on October 28, 2022, subject to the fulfillment (or waiver by the Offeror) of the Conditions Precedent to the Tender Offer. The Target Company, while paying due respect to the Additional Report submitted by the Special Committee, once more considered the terms of the Tender Offer, and determined that as of October 27, 2022, there are no factors that would require it to change its opinion regarding the Tender Offer. Accordingly, at a Target Company Board of Directors meeting held October 27, 2022, the Target Company resolved that its opinion in favor of the Tender Offer was reiterated, and it recommends that its shareholders tender their shares in the Tender Offer.

The Target Company Board of Directors has been informed by the Offeror that even in the case that the Separation Measures are to be implemented, they would only be provisional measures until such time as approval for the Acquisition is obtained from the Russian Authorities. Thus, the Target Company Board of Directors has determined that the Separation Measures would have no material impact on the enterprise value of the Target Company and the Tender Offer Price remains appropriate as of October 27, 2022, and therefore revision to the Tender Offer Price is not necessary.

In addition, the Target Company Board of Directors has determined that changes or updates to the content of the Share Valuation Report would be unwarranted, taking into account that the Board of Directors believes (i) there was nothing unreasonable in UBS Securities' explanations that it would not be necessary to amend the Share Valuation Report, (ii) there have been no significant changes in the assumptions affecting the Share Valuation Report, in light of the circumstances arising between the Board of Directors meeting held April 28, 2022, and October 27, 2022, and the possibility of the Separation Measures, (iii) there is no particular change in the business environment of the Target Company Group and its industry, and (iv) as provided in "(ii) The Target Company has established an independent third-party special committee and has obtained an opinion" above, the Special Committee has determined that it is not necessary to request any updates or changes to the content of the Share Valuation Report.

With respect to Mr. Hiroshi Maruta, a director of the Target Company who used to be an employee of Hitachi, it has been stated that he has not attended any Board of Directors meetings of the Target Company held to deliberate on and move resolutions concerning the Capital Transaction, including the deliberations and resolutions moved at the Board of Directors Meetings mentioned above, nor has he been involved in any negotiations or discussions with the Offeror in his capacity as the Target Company's director, in order to avoid any suspected conflicts of interest and ensure the fairness of the Capital Transaction.

(vi) Measures to Ensure Tender Opportunities from Other Tender Offerors

The Target Company and the Offeror have not executed any agreement that obligates the Target Company to support the Tender Offer and recommend that the Target Company's shareholders tender their shares in the Tender Offer, nor have the Target Company and the Offeror executed any agreement that restricts the Target Company's contact with competing offerors other than the Offeror, including a so-called 'deal protection provision' that prohibits the Target Company from contacting such competing offerors in any capacity. As provided for above, the Offeror has taken care to ensure the fairness of the Tender Offer, along with the setting of the Tender Offer Period.

Further, as set forth in the section titled "(iii) The decision-making process and reasons of the Target Company" within "(2) Background, purpose and decision-making process of the Offeror leading to the decision to conduct the Tender Offer, and management policy following the Tender Offer", the bidding process was implemented by the Target Company and Hitachi by approaching multiple potential buyers regarding the acquisition of all of the Target Company Shares, through comparison with multiple other potential purchasers in a competitive situation. The Target Company and Hitachi eventually decided to commence discussions and deliberations (including discussions regarding the final Tender Offer Price) in relation to implementation of the Transaction, including the Share Repurchase with KKR, whose final proposal was regarded as the most promising. The final candidate was selected after extensive subsequent discussions and negotiations. Together with the lapse of time prior to the commencement of the Tender Offer, it was considered that ample consideration time has been provided for the minority shareholders regarding the tendering of their Target Company Shares into the Tender Offer, and the Offeror also believes that sufficient opportunities have been provided for persons other than the Offeror to acquire the Target Company Shares.

(4) Policy for Organizational Restructuring after the Tender Offer (Matters Relating to the "Two-Step Acquisition")

As stated in the section titled "1. Purpose of the Tender Offer," in the event that the Offeror is unable to obtain all of the Target Company Shares (excluding treasury shares held by the Target Company and the Hitachi Shares) upon successful completion of the Tender Offer, the Offeror intends to request that the Target Company implement the following procedures.

Specifically, after completion of the Tender Offer, the Offeror intends to promptly request that the Target Company hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting"), expected to take place in early February 2023, the agenda for which would include the following proposals: (i) consolidation of the Target Company Shares (the "Share Consolidation") pursuant to Article 180 of the Companies Act; and (ii) an amendment to the Target Company's articles of incorporation to abolish the share unit number provisions, subject to the Share Consolidation taking effect. The Offeror and Hitachi intend to approve such proposals at the Extraordinary

Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to the Share Consolidation, the number is a fraction less than one, each shareholder of the Target Company holding such fractional shares will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total number of such fractional shares (with such aggregate sum rounded down to the nearest whole number if there is any fraction less than one share; the same shall apply hereinafter) to the Target Company or Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws. Regarding the purchase price for the aggregate sum of such fractional shares in the Target Company, it is intended that the amount of cash received by each shareholder who did not tender its Target Company Shares in the Tender Offer (excluding the Offeror, Hitachi, and the Target Company) would be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares owned by each such shareholder. The Target Company will request permission from the court to authorize the purchase of such Target Company Shares on this basis.

Although the ratio of the Share Consolidation of the Target Company Shares has not been determined as of the date hereof, it is intended that shareholders who did not tender their shares in the Tender Offer (excluding the Offeror, Hitachi, and the Target Company) would have their shares classified as fractional shares in order for the Offeror and Hitachi to become the sole owners of all of the Target Company Shares (excluding treasury shares held by the Target Company).

According to the provisions of the Companies Act that aim to protect the rights of minority shareholders to which the Share Consolidation relates, if the Share Consolidation occurs and there are fractional shares as a result, each shareholder of the Target Company may request that the Target Company purchase all such fractional shares that it holds at a fair price, and each such shareholder may file a petition with the court to determine the price of the Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. In the event that such petition is filed, the acquisition price will be determined finally by the court.

The Offeror further notes that the Tender Offer is not intended to solicit shareholders of the Target Company in any manner whatsoever to agree to the above proposals at the Extraordinary Shareholders' Meeting.

With regard to the above procedures, depending on amendments to the relevant laws and regulations, their enforcement, and their interpretation by authorities, it is possible that more time may be required or alternative methods that have substantially the same effect may be utilized to implement the Transaction.

However, even in such a case, if the Tender Offer is consummated, the Offeror intends to use a method whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Offeror, Hitachi, and the Target Company) will ultimately receive cash consideration, in which case the amount to be

delivered to each such shareholder will be calculated to equal the number of Target Company Shares held by each such shareholder multiplied by the Tender Offer Price. In such a case, the Target Company will announce specific details and the expected timing promptly once determined upon consultation between the Offeror and the Target Company.

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

As provided in “(1) Summary of the Tender Offer”, in the case that the Offeror is unable to acquire a majority of the voting rights of the Target Company through the Tender Offer, and prior to obtaining the approval for the Acquisition, the Share Consolidation is to come into effect, the Offeror shall implement the Separation Measures by the date the Share Consolidation comes into effect. The Target Company, a shareholder of Vantec HTS Logistics (Rus) LLC, and Vantec Corporation, a wholly owned subsidiary of the Target Company and shareholder of Vantec HTS Logistics (Rus) LLC have provided their agreement for the implementation of the Separation Measures in such a case.

(5) Expected De-listing and Reasons Therefor

The Target Company Shares are, as of the date hereof, currently listed on the Prime Market of the TSE. However, since the Offeror has not set a maximum limit on the number of Shares and etc. to be purchased in the Tender Offer, the Target Company Shares may, depending on the results of the Tender Offer, be de-listed through prescribed procedures in accordance with the TSE de-listing criteria.

Additionally, even in the event where the Target Company does not meet the de-listing criteria at the time of completion of the Tender Offer, the Target Company Shares will, after the completion of the Tender Offer, be de-listed in accordance with the de-listing criteria of the TSE through the Squeeze-Out procedure as stated in the section titled “(4) Policy for organizational restructuring after the Tender Offer (matters relating to the ‘Two-Step Acquisition’)”. After de-listing, the Target Company Shares will no longer be traded on the Prime Market of the TSE.

(6) Material Agreements Regarding the Tender Offer

(i) The Basic Agreement

In connection with the Tender Offer, the Offeror and Hitachi executed the Basic Agreement on April 28, 2022, which provides that Hitachi will not tender any of its Target Company Shares in the Tender Offer.

However, under the Basic Agreement, if any person other than the Offeror commences a tender offer for the Target Company Shares by the last day of the Tender Offer Period at a purchase price higher than the Tender Offer Price without setting a limit on the maximum number of shares to be purchased (the “Competitive Tender Offer”), Hitachi may negotiate with the Offeror to amend the Tender Offer Price and the Share Repurchase Price. If such negotiations do not lead to a higher or equal Tender Offer Price and Share Repurchase Price to that provided by the Competitive Tender Offer (taking into account the relevant tax effects), Hitachi may tender all of the Hitachi Shares into the Competitive

Tender Offer, or agree to the Target Company's purchase of the Hitachi Shares (excluding the Share Repurchase) after the Competitive Tender Offer without any cash payment requirement or additional obligations.

Pursuant to the Basic Agreement, between April 28, 2022 and the end of the Tender Offer Period, Hitachi shall not:

- a) enter into any agreements with parties other than the Offeror in connection with transactions that can result in conflicts or hurdles for the implementation of the Tender Offer;
- b) provide any information regarding the Target Company Group in relation to such transactions to parties other than the Offeror; and
- c) participate, or engage in solicitation to participate, in such transactions, including relevant discussions or negotiations in connection with such transactions.

The below actions will not constitute a breach of its obligations:

- a) If a third party other than the Offeror has commenced a Competitive Tender Offer as mentioned above, Hitachi could tender the Hitachi Shares in accordance with the second paragraph of this subsection (i), and engage in information sharing, discussions and negotiations in connection with the Competitive Tender Offer, and
- b) If Hitachi has received a written proposal that offers better terms, judged reasonably, than the Transaction from a third party other than the Offeror, Hitachi could share relevant information to the minimum extent required and engage in discussions and negotiations with the third party, provided that the information shared, the status of such discussions and negotiations, and, to a reasonable extent, if requested by the Offeror, the content of the discussions and negotiations and the content of the relevant agreement were shared with the Offeror promptly.

Furthermore, pursuant to the Basic Agreement:

- a) In the event that the Tender Offer is completed but the Offeror fails to acquire all of the Target Company Shares (except for the Hitachi Shares and the treasury shares owned by the Target Company) through the Tender Offer, the Offeror and Hitachi shall request for the Target Company to hold a general shareholders' meeting and use their voting rights to approve the proposal for the Share Consolidation.
- b) Upon the Offeror and Hitachi acquiring all of the Target Company Shares after the Share Consolidation (excluding treasury shares held by the Target Company), the Capital Reduction to secure the necessary distributable funds for the Share Repurchase is to be implemented by the Target Company as soon as possible.
- c) Immediately after the Capital Reduction becomes effective, Hitachi agrees to sell all of the Hitachi Shares to the Target Company through the Share Repurchase at the amount calculated by multiplying the Share Repurchase Price (JPY 6,632) by the number of Hitachi Shares (however, excluding the amount of consideration to be paid for Hitachi for fractional shares, if any fractional shares among the Hitachi Shares arise as a result of the Share Consolidation).

Pursuant to the Basic Agreement, matters are provided for in connection with the conditions for the Tender Offer, the Conditions Precedent to the Tender Offer, Hitachi's right to request the Tender Offer not be commenced (Note 1), Hitachi's obligation to notify the Offeror of its receipt of a tender offer proposal for the common shares of the Target Company from a person other than the Offeror, the representations and warranties made by the Offeror and Hitachi (Note 2), obligations to make efforts to obtain clearance under competition laws, implementation of the Transaction and the Hitachi Reinvestment, efforts to maintain the operations of the Target Company Group in the ordinary course of business consistent with past practice until the completion of the Share Repurchase, non-solicitation in connection with the Target Company Group, financing cooperation obligations, indemnification for breaches of obligations or representations and warranties under the Basic Agreement (the maximum indemnification by the Offeror is JPY 20 billion and by Hitachi, JPY 10 billion), payment of taxes and public dues, as well as expenses incurred individually, confidentiality, non-assignment, and termination by the Offeror or Hitachi in the event of (a) breach of representations and warranties, or breach of obligations under the Basic Agreement, (b) a bankruptcy proceeding is filed against the other party, and (c) the Tender Offer has not commenced by November 30, 2022. In connection with the agreement under the Basic Agreement concerning obligations regarding the implementation of the Transaction and the Hitachi Reinvestment, as described above, the Offeror has entered into a four-party agreement dated October 27, 2022 with Hitachi, the Offeror Parent, and the Target Company, which provides for the Offeror Parent assuming the obligation of the Target Company to pay JPY 10 billion out of the entire consideration to be paid by it to Hitachi for the Share Repurchase, Hitachi acquiring 10% of the voting rights of the Offeror Parent by making a contribution-in-kind of rights to such payment to be obtained against the Offeror Parent, and matters related to the procedures related thereto.

Note 1: If any of the conditions below are not fulfilled, even in the case that the Offeror has waived a Condition Precedent to the Tender Offer that is identical to such unfulfilled condition, Hitachi may request that the Offeror not commence the Tender Offer:

- (1) submission by the Special Committee established by the Board of Directors of the Target Company of a report approving the expressing of an opinion in support of the Transaction by the Board of the Directors of the Target Company, which has not been amended (excluding when the amended report approves the expressing an opinion in support of the Transaction by the Board of the Directors of the Target Company or when they are information updates or other minor amendments, reasonably required, such as those due to the time lapse between signing of the Basic Agreement and the commencement date of the Tender Offer) or withdrawn;
- (2) adoption of resolutions at a meeting of the Board of Directors of the Target Company expressing an opinion in support of the Transaction, which has been publically announced in accordance with relevant laws and regulations and the opinion has not been amended or withdrawn;
- (3) no decision from a governmental or administrative agency seeking to limit or prevent any part of the Transaction has been made, nor is there any reasonable belief that there is a risk of the foregoing decisions being made;
- (4) the Offeror has in all material respects duly performed or complied with all of its obligations by the commencement date of the Tender Offer under the Basic Agreement (however, if breaches of such obligations do not result in material adverse effects, the condition can be deemed as fulfilled);

- (5) the representations and warranties made by the Offeror are true and correct in all material respects (however, if breaches of such representations and warranties do not result in material adverse effects, the condition can be deemed as fulfilled);
- (6) the agreements relating to the Transaction were legally and validly executed and continue in existence;
- (7) clearance has been obtained for necessary permissions and approvals;
- (8) the Offeror has received the Agreement from the Target Company, which has not been withdrawn by the commencement date of the Tender Offer.

Note 2: Under the Basic Agreement, the Offeror represents and warrants:

- 1) it is duly organized and validly existing,
- 2) it has the rights and capacity necessary to execute and perform the Basic Agreement,
- 3) it has completed the procedures required under relevant laws and internal regulations to execute and perform the Basic Agreement,
- 4) the validity and enforceability of the Basic Agreement,
- 5) the execution and performance of the Basic Agreement does not conflict with relevant laws and regulations
- 6) it has obtained the clearances required by the execution date of the Basic Agreement, the commencement date of the Tender Offer, the expiration date of the Tender Offer Period and the settlement date of the Tender Offer,
- 7) it has no transactions and involvement with anti-social forces, and
- 8) financing.

Under the Basic Agreement, Hitachi represents and warrants:

- 1) it is duly organized and validly existing,
- 2) it has the rights and capacity necessary to execute and perform the Basic Agreement,
- 3) it has completed the procedures required under relevant laws and internal regulations to execute and perform the Basic Agreement,
- 4) the validity and enforceability of the Basic Agreement,
- 5) the execution and performance of the Basic Agreement does not conflict with relevant laws and regulations
- 6) its ownership of the Hitachi Shares is legal and valid,
- 7) matters in relation to the shares of the Target Company, and
- 8) it has no transactions and involvement with anti-social forces.

(ii) The Agreement

In connection with the Tender Offer, the Target Company submitted an agreement (the “Agreement”) to the Offeror dated April 28, 2022, relating to the Transaction, to provide information regarding the Target Company Group’s business operation-related matters, information regarding compliance with anti-corruption, anti-money laundering and sanction-related laws, as well as responses and information provision in the event of non-compliance thereof, financial information, representations and warranties made by the Target Company (including the obtaining of necessary permissions and approvals, no violation of anti-trust, anti-corruption, anti-money laundering and sanction-related laws and the establishment of internal regulations to comply with such laws, no engagement in transactions with politically exposed or sanctioned persons, no ownership of shares of the Target Company held by government officials or

governmental organizations), and the obligation to make efforts to conduct the actions required for the Transaction to be legal and valid pursuant to relevant laws, internal regulations, labor agreements and material business agreements.

(iii) The Capital and Business Partnership Agreement

In connection with the Transaction, the Target Company, Hitachi and the KKR Fund entered into the Capital and Business Partnership Agreement on October 27, 2022, with regard to, among others:

- a) Hitachi's right to nominate one director of the Target Company;
- b) restrictions on the transfer of the Offeror Parent shares held by Hitachi for a period of three years from the effective date of the Hitachi Reinvestment;
- c) the KKR Fund's right of first refusal (the KKR Fund's preferential right to purchase the Offeror Parent shares held by Hitachi) upon the transfer by Hitachi of the Offeror Parent shares held by Hitachi after the expiration of the restriction period provided for in item b);
- (d) upon the transfer of the Offeror Parent shares held by KKR to a third party, the KKR Fund's drag-along rights (the KKR Fund's right to request that the Offeror Parent shares held by Hitachi also be sold to the third party) and Hitachi's tag-along rights (Hitachi's right to request that it may also sell the Offeror Parent shares it holds to the third party); and
- (e) Hitachi and the Target Company Group will mutually utilize the Target Company Group's logistics business expertise, and Hitachi's research and development capabilities, and its digital solutions business external sales capacities. Hitachi and the Target Company Group will continue their business alliance as Collaborative Innovation Partners in the logistics business.

The Capital and Business Partnership Agreement shall terminate in the event that:

- a) either Hitachi or the KKR Fund ceases to directly or indirectly hold the shares of the Offeror Parent;
- b) upon exercise of the right to terminate the Capital and Business Partnership Agreement (Note 3);
- c) upon completion of liquidation of the Target Company and distribution of its residual assets;
- d) the parties have agreed to its termination in writing; or
- e) the shares of the Offeror Parent, the Offeror, or the Target Company are listed on a financial instruments exchange.

Note 3: The Target Company, Hitachi and the KKR Fund have agreed that each of them may terminate the Capital and Business Partnership Agreement immediately in the event that: (i) either of the other parties has materially breached any of its obligations under the Capital and Business Partnership Agreement, and despite the party requesting termination having demanded correction, such breach is not cured within 30 days of receipt of the demand, or (ii) a petition for the commencement of bankruptcy proceedings has been filed pertaining to either of the other parties, or either of the other parties has suspended payments, or is insolvent.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(i) Name	Hitachi Transport System, Ltd.
(ii) Address	2-9-2, Kyobashi, Chuo-ku, Tokyo
(iii) Name and Title of Representative Director	President & Chief Executive Officer: Hiroaki Takagi
(iv) Type of Business	Comprehensive logistics services
(v) Capital	JPY 16,803,000,000 (as of September 30, 2022)
(vi) Date of Incorporation	August 7, 1959
(vii) Major Shareholders and Ownership Percentage (as of March 31, 2022)	<p>Hitachi, Ltd. – 39.91%</p> <p>SG Holdings Co., Ltd. – 9.79%</p> <p>The Master Trust Bank of Japan, Ltd. (Trust Account) – 7.96%</p> <p>State Street Corporation 510312 (Proxy Account: Mizuho Bank, Ltd., Settlement & Clearing Services Department) – 3.21%</p> <p>State Street Corporation 510311 (Proxy Account: Mizuho Bank, Ltd., Settlement & Clearing Services Department) – 2.86%</p> <p>Custody Bank of Japan, Ltd. (Trust Account) – 2.20%</p> <p>Goldman Sachs & Company Regular Account (Proxy Account: Goldman Sachs Japan Co., Ltd.) – 1.72%</p> <p>Bank of New York GCM Client Account JPRD ISG FE AC (Proxy Account: MUFG Bank) – 1.70%</p> <p>Oasis Investments II Master Fund Ltd. – 1.66%</p> <p>Employee Stock – 1.45%</p>
(viii) Relationships Between the Offeror and the Target Company	
Capital Relationships	None applicable
Personal Relationships	None applicable
Business Relationships	None applicable
Related Party Relationships	None applicable

Note: The “Major Shareholders and Ownership Percentage (as of March 31, 2022)” data in item (vii) above is cited from the section titled “Status of Major Shareholders” in the Annual Securities Report for the 63rd Fiscal Year filed by the Target Company on June 24, 2022.

(2) Schedule

(i) Schedule

Determination Date	October 27, 2022 (Thursday)
Announcement Date for Commencement of Tender Offer	October 28, 2022 (Friday) Public notice will be made electronically, and a notice thereof will be published in the Nihon Keizai Shimbun. (Electronic public notice address: https://disclosure.edinet-fsa.go.jp/)
Tender Offer Registration Statement Submission Date	October 28, 2022 (Friday)

(ii) Initial Tender Offer Period at Time of Registration

From October 28, 2022 (Friday) until November 29, 2022 (Tuesday) (21 business days)

(iii) Possibility of Extension to Tender Offer Period upon Request of Target Company

The Tender Offer Period shall be extended until December 12, 2022 (Monday) (30 business days) in the event that the Target Company submits a statement of opinion requesting an extension to the Tender Offer Period pursuant to Article 27-10 Paragraph 3 of the Law.

(3) Tender Offer Price

JPY 8,913 per common share

(4) Basis for the Calculation of the Tender Offer Price

(i) Basis for the Calculation

In determining the Tender Offer Price, KKR conducted a comprehensive and multifaceted analysis of the Target Company's business and financial status based on the Target Company's disclosed financial information and the results of the due diligence conducted with respect to the Target Company between early January and late February 2022. Further, KKR calculated the Tender Offer Price to be of the value that can ensure the investment returns required by KKR through financial models reflecting such analysis. In light of the fact that the Target Company Shares are traded on a financial instruments exchange, the Offeror also referred to (i) the closing price of the Target Company Shares on the Prime Market of the TSE as of April 27, 2022, the business day prior to the announcement date of the Tender Offer (JPY 8270); and (ii) the simple average closing prices of the Target Company Shares for the one-month (between March 28, and April 27, 2022), three-month (between January 28, and April 27, 2022), and six-month (between October 28, 2021 and April 27, 2022) periods (JPY 6,877, JPY 6,341 and JPY 5,681, respectively). Such analysis also includes comparative analysis with the financials of other listed companies sharing similar business scope, business scale and profit levels with the Target Company.

As the Offeror has determined the consideration for the Transaction by comprehensively taking into account the various factors described above, as well as through its consultation and negotiations between the Target Company and Hitachi, the Offeror has not obtained a share valuation report from any third-party financial advisor.

The Tender Offer Price (JPY 8,913 per Target Company Share) represents a 7.78% premium to the closing price of JPY 8,270 of the Target Company Shares on the Prime Market of the TSE as of April 27, 2022, which is the business day immediately preceding the date on which the Tender Offer was announced; or 29.61%, 40.56%, and 56.89% premiums to the respective simple average closing prices JPY 6,877, JPY 6,341, and JPY 5,681, of the Target Company Shares for the one-month, three-month, and six-month periods until the same date.

(ii) Background of the Calculation

As part of discussions about the Target Company's growth strategies including capital transactions, KKR has been in ongoing contact with the Target Company for around five years in relation to competitive advantages for the Target Company's future growth and acceleration of business development, including the Target Company's potential M&A projects with business partners. In late April 2021, KKR had several initial discussions with the Target Company regarding possible partnership opportunities, such as ownership restructuring, including the selling of Hitachi Shares and capital and business partnerships to increase enterprise value. Since then, the two parties conducted multiple rounds of discussions and in early May 2021, KKR provided an initial proposal on the acquisition of the Target Company Shares to the Target Company, which did not include pricing of the acquisition. After receiving an invitation from the Target Company through its financial advisor UBS Securities, KKR joined the First Bidding Process in late May 2021. In early July 2021, KKR proposed for the Tender Offer Price to be JPY 5,500 under the Listing Maintenance Scheme. The figure was calculated to be of a value that can ensure the investment returns required by KKR through financial models prepared based on the business plan and other materials provided by the Target Company. It has also taken into account the closing price of the Target Company Shares on the First Section of the TSE of JPY 4,530 on July 1, 2021, as well as the respective simple average closing prices of JPY 4,133, JPY 3,697, and JPY 3,541, of the Target Company Shares for the one-month (between June 2, 2021 and July 1, 2021), three-month (between April 2, 2021 and July 1, 2021), and six-month periods (between January 4, 2021 and July 1, 2021). Furthermore, KKR confirmed that appropriate premiums of 21.41%, 33.08%, 48.77% and 55.32% are included in the calculation for the respective closing prices of JPY 4,530, JPY 4,133, JPY 3,697, and JPY 3,541. In late October 2021, KKR received the process letter for the Re-Bidding Process from Hitachi through its financial advisor Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and indicated its intent of participating in the Re-Bidding Process. KKR joined the Re-Bidding Process and submitted its proposal in early November 2021. In addition to the analysis conducted for the First Bidding Process, KKR provided proposals to the Target Company and Hitachi in which under the Listing Maintenance Scheme, the Tender Offer Price is to be JPY 5,500, while under the De-listing Scheme, the Tender Offer Price is to be JPY 6,837 and the price per share for the Share Repurchase (the scheme of which was proposed to achieve both the maximization of the Tender Offer Price and fairness among the shareholders by increasing the distribution for the general shareholders of the Target Company, based on the consideration that provisions regarding exclusion from taxable income for deemed dividends under the Corporation Tax Act are expected to apply) is to be JPY 4,744. The figures have taken into account the closing price of the Target Company Shares on the First Section of the TSE of JPY 4,600 on November 4, 2021, as well as the respective simple

average closing prices of JPY 4,708, JPY 4,699, and JPY 4,363, of the Target Company Shares for the one-month (between October 5, 2021 and November 4, 2021), three-month (between August 5, 2021 and November 4, 2021), and six-month periods (between May 5, 2021 and November 4, 2021). The figures under the De-listing Scheme are calculated to be of a value that can ensure the investment returns required by KKR through financial models prepared based on the business plan and other materials provided by the Target Company. Furthermore, KKR confirmed that appropriate premiums of 19.57%, 16.82%, 17.05% and 26.06% under the Listing Maintenance Scheme and appropriate premiums of 48.63%, 45.22%, 45.50% and 56.70% under the De-listing Scheme are included in the calculation for the respective closing prices of JPY 4,600, JPY 4,708, JPY 4,699, and JPY 4,363. Given that provisions regarding exclusion from taxable income for deemed dividends under the Corporation Tax Act are expected to apply, in order to achieve both the maximization of the Tender Offer Price and fairness among the shareholders, the Share Repurchase Price was set at the value so that the after-tax amount for the Share Repurchase would be the same as the after-tax amount Hitachi would receive if it were to tender its shares into the Tender Offer, whereby increasing the distribution for the general shareholders of the Target Company. KKR was then shortlisted for the Second Bidding Process. Given that provisions regarding exclusion from taxable income for deemed dividends under the Corporation Tax Act are expected to apply, whereby increasing the distribution for the general shareholders of the Target Company, to achieve both the maximization of the Tender Offer Price and the interests for the shareholders, the Share Repurchase Price was set at the value so that the after-tax amount for the Share Repurchase would be the same as the after-tax amount Hitachi would receive if it were to tender its shares into the Tender Offer. KKR was then shortlisted for the Second Bidding Process. KKR participated in the Second Bidding Process and conducted business, financial and legal due diligence and interviews with the Target Company's management to analyze and evaluate the acquisition of the Target Company Shares. Based on the due diligence conducted on the Target Company between early January and late February 2022, KKR concluded on March 1, 2022 that the Target Company has great potential and that through partnership with KKR, who KKR believes has rich human and capital resources and global networks, the Target Company will be able to promote higher value added to its services and business growth as a global supply chain solutions provider, whereby maximizing the interests of the Target Company, its shareholders, management, employees and other stakeholders. Based on thorough and multifaceted analysis of the Target Company's business and financial standing through due diligence between early January and late February 2022, updating financial models based on such analysis, calculating the value of the Tender Offer Price that can ensure the investment returns required by KKR, as well as comparative analysis of the Target Company Shares value through financial indicators such as market share price and profitability with those of the listed companies sharing similar business scope, business scale and profit level with the Target Company, on March 1, 2022, KKR submitted its final proposal to the Target Company and Hitachi under only the De-listing Scheme, at the request of the Target Company and Hitachi, in which the price from the early November 2021 proposal was increased, whereby the Tender Offer Price was set at JPY 8,355 and the Share Repurchase Price was set at JPY 6,217. In the final proposal, the Transaction scheme was presented with the Tender Offer Price and Share Repurchase Price set to achieve both the maximization of the Tender Offer Price and fairness among the shareholders by increasing the distribution for the general shareholders of the Target Company, given that provisions regarding exclusion from taxable income for deemed dividends under the Corporation Tax Act are expected to apply for Hitachi.

KKR, the Target Company and Hitachi engaged in further discussions and negotiations after KKR submitted its revised final proposal, in relation to the content of the proposal, the Tender Offer Price and the price for the Share Repurchase. Because the Tender Offer Price did not meet the level required by the Target Company, Hitachi requested that the Tender Offer Price and Share Repurchase Price be increased on March 28, 2022, and on April 14, 2022 KKR amended its proposal by increasing the Tender Offer Price to JPY 8,464 and the Share Repurchase Price to JPY 6,298. While continuing to discuss and negotiate with KKR, the Target Company evaluated the final proposals received based on factors including valuation of the shares, the Tender Offer Price, financing capacity and the conditions precedent for funding, post-Transaction growth strategies, financial strategies that can ensure the Target Company's financial health and support systems thereto, the feasibility of obtaining clearance for competition laws and other applicable laws and regulations, and so on. As a result, the Target Company decided that KKR's proposal was the most promising among the Second Bidding Candidates and, after consulting with Hitachi, began discussions and deliberations on March 28, 2022 (including discussions about the final Tender Offer Price) regarding the implementation of the Transaction, including the Share Repurchase, with KKR.

KKR continued to negotiate and discuss its proposal with the Target Company and Hitachi, and because the Tender Offer Price and Share Repurchase Price did not meet the level required by the Target Company, Hitachi requested that the Tender Offer Price and Share Repurchase Price be increased on April 14, 2022. KKR submitted a revised proposal on April 18, 2022, where the Tender Offer Price was set to JPY 8,913 and the Share Repurchase Price was set to JPY 6,632. On the same date, KKR received confirmation from Hitachi that they have been selected as the final candidate. After the submission of the revised proposal, there were speculative media reports released on April 21, 2022 in relation to the Transaction, resulting in changes to the Target Company's share price. However, KKR determined that such speculative media reports did not have any impact on the Target Company's business or financial condition and therefore found it unnecessary to revise the Tender Offer Price or Share Repurchase Price. After discussions on the implementation of the Transaction, on April 28, 2022, KKR, the Target Company and Hitachi all agreed to set the Tender Offer Price as JPY 8,913 and the Share Repurchase Price as JPY 6,632, and on the same date, the Offeror decided to implement the Tender Offer.

Subsequently, the Offeror confirmed that all of the Conditions Precedent to the Tender Offer (except for the condition to obtain approval from the Russian Authorities) have been fulfilled as provided in "(1) Overview of the Tender Offer" under the section titled "1. Purpose of the Tender Offer" above, and has therefore determined that the Tender Offer can be commenced at the timing planned in the September 29 2022 Amended Offeror Press Release. Accordingly, the Offeror decided on October 27, 2022 that the Tender Offer will commence on October 28, 2022.

(iii) Relationships with Financial Advisors

The Offeror decided on the Tender Offer Price based on comprehensive assessment of the factors described in the item titled "(i) Basis for the Calculation" above, and through discussions and negotiations with Hitachi and the Target Company. As the Offeror did not obtain valuation reports and fairness opinions from third-party financial advisors when determining the Tender Offer Price, this item is not applicable.

(5) Number of Shares to be Purchased

Type of Shares and etc.	Number of Shares to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
Common Shares	50,401,258 shares	22,443,700 shares	- shares
Total	50,401,258 shares	22,443,700 shares	- shares

Note 1: If the total number of Tendered Shares is less than the minimum number of shares to be purchased in the Tender Offer (22,443,700 shares), then the Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares is equal to or exceeds the minimum number of shares to be purchased in the Tender Offer (22,443,700 shares), the Offeror will purchase all of the Tendered Shares.

Note 2: Since there is no maximum number of shares set to be purchased in the Tender Offer, the maximum number of Shares and etc. of the Target Company (50,401,258 shares) that may be acquired by the Offeror in the Tender Offer is stated as the number of shares to be purchased. This maximum number (50,401,258 shares) is obtained by deducting the number of treasury shares held by the Target Company, (228,878 shares, excluding the 177,000 Target Company Shares held by trust for the performance-based employee stock ownership plan as of September 30, 2022) and the number of Hitachi Shares (33,471,578 shares), from the total number of Target Company issued shares (84,101,714 shares) as of September 30, 2022, as stated in the Target Company's Second Quarter Financial Results.

Note 3: The Tender Offer also applies to fractional units of shares. If the right to request a sale of fractional shares is utilized by a shareholder pursuant to the Companies Act, the Target Company may purchase such fractional shares during the Tender Offer Period in accordance with applicable legal procedures.

Note 4: There is no plan to acquire the treasury shares of the Target Company through the Tender Offer.

(6) Changes to Ownership Ratio of Shares and etc. due to the Tender Offer

Number of voting rights represented by Shares and etc. held by the Offeror prior to the Tender Offer	0	Ownership ratio prior to the Tender Offer: -%
Number of voting rights represented by Shares and etc. held by special related parties prior to the Tender Offer	334,715	Ownership ratio prior to the Tender Offer: 39.91%
Number of voting rights represented by Shares and etc. held by the Offeror after the Tender Offer	504,012	Ownership ratio after the Tender Offer: 60.09%

Number of voting rights represented by Shares and etc. held by special related parties after the Tender Offer	334,715	Ownership ratio after the Tender Offer: %
Total number of Target Company voting rights	838,516	

Note 1: The “Number of voting rights represented by Shares and etc. held by special related parties prior to the Tender Offer” is recorded as the total number of voting rights represented by Shares and etc. held by special related parties (however, those to be excluded from the category of special related parties when calculating the Ownership Percentage of Shares and etc. as set forth in each item of Article 27-2, Paragraph 1 of the Law, pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ministry of Finance Ordinance No. 38 of 1990, as amended) (the “Ordinance”) are excluded). However, the “Number of voting rights represented by Shares and etc. held by special related parties after the Tender Offer” indicates the number of voting rights represented by the Hitachi Shares held by Hitachi (334,715 shares).

Note 2: The “Total number of Target Company voting rights” is the total number of voting rights held by all shareholders of the Target Company as of June 30, 2022, as stated in the Target Company’s First Quarter Report for the 64th Fiscal Year submitted on August 12, 2022 . However, because fractional units of shares will be subject to the Tender Offer (excluding fractional units of Target Company Shares held by Hitachi and fractional units of treasury shares held by the Target Company), in the calculation of the “Ownership ratio prior to the Tender Offer” and the “Ownership ratio after the Tender Offer”, the denominator used for the purposes of such calculations will be the number of voting rights represented by 83,872,836 shares (838,728 voting rights), which is the total number of issued shares as of September 30, 2022 as stated in the Target Company’s Second Quarter Financial Results (84,101,714 shares), deducted by the total number of treasury shares held by the Target Company as of the same date (excluding the 177,000 shares held by the trust for the performance-based employee stock ownership plan as of the same date) (228,878 shares).

Note 3: With respect to the “Ownership ratio prior to the Tender Offer” and the “Ownership ratio after the Tender Offer”, all figures are rounded off to the second decimal place.

(7) Purchase Price

JPY 449,228,239,719

Note: The “purchase price” is the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (50,401,258 shares) by the Tender Offer Price per share (JPY 8,913).

(8) Settlement Method

(i) Name and Location of Head Office of the Financial Instruments Business Operator or Bank etc.

Responsible for Settlement

SMBC Nikko Securities Inc.

3-3-1 Marunouchi, Chiyoda-ku, Tokyo

(ii) Settlement Commencement Date

December 6, 2022 (Tuesday)

Note: Pursuant to Article 27-10 Paragraph 3 of the Law, if the Target Company submits a statement of opinion requesting an extension to the Tender Offer Period, the date shall be December 19, 2022 (Monday).

(iii) Settlement Method

A notice of purchase through the Tender Offer will be mailed to the address or location of the persons accepting the offer for the purchase of, or offering for the sale of Shares and etc. under the Tender Offer (the “Tendering Shareholders”) (for shareholders that are not residents of Japan (including corporate shareholders. Hereinafter referred to as “Non-Resident Shareholders”), the standing proxy) promptly after the end of the Tender Offer Period. In the case of tender applications made through online trading (<http://trade.smbcnikko.co.jp/>) (“Nikko Easy Trade”), such notice will be delivered via electromagnetic means.

The purchase shall be made in cash. The Tender Offer Agent shall, in accordance with the instructions of the Tendering Shareholder (or the standing proxy in the case of Non-Resident Shareholders), remit the proceeds from the sale of the Shares and etc., on or promptly after the settlement commencement date, to the account designated by the Tendering Shareholder (or the standing proxy in the case of Non-Resident Shareholders).

(iv) Method of Return of Shares and etc.

In the case that none of the Tendered Shares are purchased under the conditions set forth in “(1) Existence and Description of Conditions Stipulated in each Item of Article 27-13, Paragraph 4 of the Law” or “(2) Existence and Description of Conditions for Withdrawal of Tender Offer, and Method of Disclosure of Withdrawal” in the section below titled “(9) Other Conditions and Methods for the Tender Offer”, the Tender Offer Agent will, on the second business day following the last day of the Tender Offer Period (in the case the Tender Offer is withdrawn, on the day of such withdrawal), return the Shares and etc. that are required to be returned to the account opened by, and in the name of, the Tendering Shareholder with the Tender Offer Agent, in the state in which such shares were tendered (“in the state in which such shares were tendered” refers to the state such shares were in when execution of the order for such shares to be tendered was cancelled).

(9) Other Conditions and Methods for the Tender Offer

(i) Existence and Description of Conditions Stipulated in each Item of Article 27-13, Paragraph 4 of the Law

If the total number of Tendered Shares is less than the minimum number of shares to be purchased in the Tender Offer (22,443,700 shares), then the Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares is equal to or exceeds the minimum number of shares to be purchased in the Tender Offer (22,443,700 shares), the Offeror will purchase all of the Tendered Shares.

(ii) Existence and Description of Conditions for Withdrawal of Tender Offer, and Method of Disclosure of Withdrawal

The Offeror may withdraw the Tender Offer upon the occurrence of any event falling under Article 14, Paragraph 1, items 1.1 through 1.10 and 1.13 through 1.19, items 3.1 through 3.8 and 3.10, and item 4, and items 3 through 6 of Article 14, Paragraph 2 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Ordinance No. 321 of 1965, as amended) (the “Order”).

With respect to Article 14, Paragraph 1, item 3.10 of the Order, the “events which are equivalent to those listed in items 1 through 9” shall refer to:

- (i) In cases where it is found there were misstatements regarding material matters in, or omissions of material matters that should have been stated in statutory disclosure documents filed by the Target Company in the past, and the Offeror did not know of the existence of such misstatements etc. and could not have known despite exercising due care, and
- (ii) Upon the occurrence of any event falling under Article 14, Paragraph 1, items 3.1 through 3.7 with respect to a significant subsidiary of the Target Company.

In the case that the Tender Offer is to be withdrawn, public notice will be made electronically, and a notice thereof will be published in the Nihon Keizai Shimbun. However, when it is difficult to issue such public notice before the last day of the Tender Offer Period, notice shall be provided in such manner as set forth in Article 20 of the Ordinance, and public notice given immediately thereafter.

The Offeror has determined, based on the legal advice of Russian counsel, that in the case that prior to obtaining the approval for the Acquisition from the Russian Authorities, the Offeror is to acquire a majority of the voting rights of the Target Company through the Tender Offer, from the perspective of ensuring that the settlement of the Tender Offer can be carried out without the acquisition of such voting rights constituting a violation of the Russian Presidential Decree requiring such approval or other laws and regulations, after the expiration of the Tender Offer Period, from such time as it has become clear that the Offeror will acquire a majority of the voting rights of the Target Company through the Tender Offer and by the settlement commencement date of the Tender Offer, the Offeror shall implement the Separation Measures. Accordingly, the Tender Offer shall not be withdrawn, even upon the occurrence of any of the events falling under Article 14, Paragraph 1, item 4 of the Order due to the failure to obtain approval for the Acquisition from the Russian Authorities by one day before the last day of the Tender Offer Period. However, the Tender Offer may be withdrawn, if due to a change in the Russian Presidential Decree, or other material changes in circumstances, it is not possible to carry out the settlement of the Tender Offer without constituting a violation of the Russian Presidential Decree or other laws and regulations, even if the Separation Measures are implemented.

(iii) Existence and Description of Conditions for Reduction to Purchase Price for the Tender Offer, and Method of Disclosure of Reduction to Purchase Price

Pursuant to Article 27-6, Paragraph 1, item 1 of the Law, if the Target Company takes any of the actions set forth in Article 13, Paragraph 1 of the Order during the Tender Offer Period, the Offeror may reduce the purchase price for the Tender Offer in accordance with the criteria under Article 19, Paragraph 1 of the Ordinance.

In the case that the purchase price for the Tender Offer is to be reduced, public notice will be made electronically, and a notice thereof will be published in the Nihon Keizai Shimbun. However, when it is difficult to issue such public notice before the last day of the Tender Offer Period, notice shall be provided in such manner as set forth in Article 20 of the Ordinance, and public notice given immediately thereafter.

In the case that the purchase price for the Tender Offer has been reduced, the Tendered Shares tendered on or before the date of such public notice will also be purchased at the reduced price.

(iv) Matters Concerning Right of Tendering Shareholders to Terminate Contracts

Any Tendering Shareholder may terminate the contracts relating to the Tender Offer at any time during the Tender Offer Period. Any Tendering Shareholder that wishes to terminate the contracts relating to the Tender Offer is requested to deliver or send a written notice of termination of the contracts relating to the Tender Offer (the "Termination Notice") to the person designated below by 15:30 on the last day of the Tender Offer Period (however, the business hours of the Tender Offer Agent differ based on the domestic branch. Please check the business hours of the particular domestic branch to be used prior to proceeding). Provided, however, that when the Termination Notice is sent, it must reach the person designated by 15:30 on the last day of the Tender Offer Period (however, the business hours of the Tender Offer Agent differ based on the domestic branch. Please check the business hours of the particular domestic branch to be used prior to proceeding).

To terminate contracts that have been tendered through Nikko Easy Trade, please log into Nikko Easy Trade and follow the on-screen instructions to complete the termination procedures by 15:30 on the last day of the Tender Offer.

Person authorized to receive Termination Notice:

SMBC Nikko Securities Inc. 3-3-1 Marunouchi, Chiyoda-ku, Tokyo
(including other domestic branches of SMBC Nikko Securities Inc.)

The Offeror shall not make any claim for payment of damages or penalties in relation to the termination of such contracts by a Tendering Shareholder. In addition, the Offeror shall bear the costs of returning the Tendered Shares. In the case that termination is requested, the Tendered Shares shall be returned promptly upon completion of the termination procedures in the manner described in "(4) Method of Return of Shares and etc." in the section titled "(8) Settlement Method".

(v) Method of Disclosure of Change to Conditions of Purchase

The Offeror may change the conditions of purchase for the Tender Offer during the Tender Offer Period except where prohibited by Article 27, Paragraph 6, item 1 of the Law, or Article 13 of the Order.

In the case that the conditions of purchase for the Tender Offer are to be changed, public notice of the details of such changes are to be made electronically, and a notice thereof will be published in the Nihon Keizai Shimbun. However, when it is difficult to issue such public notice before the last day of the Tender Offer Period, notice shall be provided in such manner as set forth in Article 20 of the Ordinance, and public notice given immediately thereafter.

In the case that the conditions of purchase for the Tender Offer have been changed, the Tendered Shares tendered on or before the date of such public notice will also be purchased under such changed conditions.

(vi) Method of Disclosure of Submission of Amendment Statement

In the case that an amendment statement is submitted to the Director of the Kanto Local Financial Bureau (except as provided in the proviso of Article 27-8, Paragraph 11 of the Law), the Offeror shall immediately make a public announcement of the content thereof to the extent relevant to the content of the “Notice concerning the Commencement of Tender Offer” in such manner as set forth in Article 20 of the Ordinance. In addition, the Offeror shall also immediately amend the Tender Offer Explanatory Statement, and deliver the amended Tender Offer Explanatory Statement to the Tendering Shareholders that have already received the Tender Offer Explanatory Statement prior to such amendments. However, if the scope of such amendment is limited to a small portion, the Offeror may instead prepare and deliver a written document to the Tendering Shareholders describing the reasons for such amendment, the matters amended, and the relevant content after such amendment.

(vii) Method of Disclosure of Results of Tender Offer

The results of the Tender Offer shall be announced in the manner set forth in Article 9-4 of the Order and Article 30-2 of the Ordinance on the day following the last day of the Tender Offer.

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

October 28, 2022 (Friday)

(11) Tender Offer Agent

SMBC Nikko Securities Inc. 3-3-1 Marunouchi, Chiyoda-ku, Tokyo

3. Post-Tender Offer Policies and Future Outlook

Please refer to the section “1. Purpose of the Tender Offer.” for post-Tender Offer policies etc.

4. Other Matters

(1) Existence and Description of Agreements between the Offeror and the Target Company and their Respective Officers

(i) Opinion in Favor of the Tender Offer

According to the Target Company Press Release, at a Board of Directors meeting of the Target Company held on April 28, 2022, it was resolved that the opinion of the Target Company as of the same date is to approve the Tender Offer if implemented and to recommend its shareholders to tender their shares into the Tender Offer.

It was resolved at the Board of Directors meeting mentioned above that at the time of commencement of the Tender Offer, the Target Company will ask the Special Committee to consider whether its opinion reported to the Board of the Directors on April 28, 2022 has changed and provide its opinion at such time to the Board of the Directors, and the Target Company has also resolved that it would, upon the commencement of the Tender Offer, express its opinion taking into account the opinion reported by the Special Committee.

Subsequently, the Target Company shared information as to the progress of the procedures and actions required under competition and inward direct investment laws by the Offeror (including the prior notification newly required under the recently-enacted Presidential Decree pertaining to inward direct investment in Russia) with each member of the Special Committee at the 21st meeting of the Special Committee held on September 15, 2022. UBS Securities explained to each member of the Special Committee that it will not be necessary to amend the Share Valuation Report. In addition, the Target Company shared information as to the progress of the prior notification by the Offeror under the recently-enacted Presidential Decree pertaining to inward direct investment in Russia with each member of the Special Committee at the 22nd meeting of the Special Committee held on October 20, 2022.

Subsequently, the Target Company was informed by the Offeror on October 21, 2022 that (i) with respect to the procedures and actions required under competition laws in Japan, China, the United States, Europe, Russia and Turkey, as well the procedures and actions required under inward direct investment-related laws in Japan and Russia, other than obtaining approval from the Russian Authorities, all such procedures and actions are now complete, (ii) with respect to condition (7) of the Conditions Precedent to the Tender Offer, the Offeror has decided to waive the condition to obtain approval from the Russian Authorities as a Condition Precedent to the Tender Offer, although such condition has not been fulfilled as of the date hereof, and (iii) the Offeror intends to commence the Tender Offer on October 28, 2022, subject to the fulfillment (or waiver by the Offeror) of the Conditions Precedent to the Tender Offer. As described in “(ii) The Target Company has established an independent third-party special committee and has obtained an opinion” in the section titled “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” under the section titled “1. Purpose of the Tender Offer”, on the same date the Special Committee of the Target Company was asked to consider whether there were any changes to the opinion in its Report, and to advise the Board of Directors of the Target Company that there were no such changes, or, otherwise advise the Board of Directors as to its opinion after any changes. After careful consideration by the Special Committee as to whether any material changes in circumstances have arisen since April 28, 2022 that could affect the Capital Transaction through confirmation with the Target Company, the Special Committee determined that there are no

circumstances that have arisen from April 28, 2022 through October 26, 2022 that would require a change to the opinion in its Report, and accordingly the Special Committee submitted to the Board of Directors an Additional Report dated October 26, 2022 to the effect that the opinion in its Report remains unchanged. The Target Company, while paying due respect to the Additional Report submitted by the Special Committee, once more considered the terms of the Tender Offer, and determined that as of October 27, 2022, there are no factors that would require it to change its opinion regarding the Tender Offer. Accordingly, at a Target Company Board of Directors meeting held October 27, 2022, the Target Company resolved that its opinion in favor of the Tender Offer was reiterated, and it recommends that its shareholders tender their shares in the Tender Offer.

Please refer to “(v) The Transaction has received the unanimous approval of the directors with no interest in the Target Company” in the section titled “(3) Measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer” under the section titled “1. Purpose of the Tender Offer” for details concerning the resolutions of both Target Company Board of Directors Meetings.

(ii) The Agreement and the Capital and Business Partnership Agreement

Please refer to “(ii) The Agreement” and “(iii) The Capital and Business Partnership Agreement” under the section titled “(6) Material Agreements Regarding the Tender Offer” under the section titled “1. Purpose of the Tender Offer”.

(2) Other Information Necessary for Investors to Decide Whether to Tender their Shares in the Tender Offer

Not applicable

(3) Other Matters

- This press release has been prepared for the purpose of informing the public of the Tender Offer and has not been prepared for the purpose of soliciting an offer to sell, or making an offer to purchase, any securities under the Tender Offer. If shareholders wish to tender their shares in the Tender Offer, they should first read the Tender Offer Explanation Statement for the Tender Offer and proceed at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or a solicitation of an offer to sell or purchase, any securities, and neither this press release (or a part thereof) nor its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, and this press release may not be relied on at the time of entering into any such agreement.
- The Tender Offer is for the acquisition of the Target Company Shares of the Target Company, a company incorporated in Japan. The Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed by the laws of Japan, which may differ from the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the same applies hereunder) and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information included in this press release and its reference documentation was prepared based on the Japanese Accounting Standards, which may differ significantly

from those of other countries including the United States. As the Offeror is incorporated outside of the United States, and all or some of its executives are not residents of the United States, it may be challenging to exercise rights or requests based on securities-related laws of the United States. Also, courts of the United States may be unable to take legal action against entities incorporated outside of the United States and their executives based on violation of securities-related laws of the United States. Entities incorporated outside of the United States and their subsidiaries and affiliates may fall outside of the jurisdiction of courts of the United States.

- Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. All or a part of the documentation relating to the Tender Offer will be prepared in the English language; however, if there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.
- This press release and its reference documentation includes statements that fall under “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Due to known and unknown risks and uncertainties, actual results may differ significantly from the statements that are implicitly or explicitly forward-looking. The Offeror and its affiliates do not guarantee for such implicit and explicit forward-looking statements to materialize. The “forward-looking statements” in this document and its reference materials were prepared based on information obtained by the Offeror as of the date hereof, and unless required by law, the Offeror and its affiliates are not obligated to amend or revise such forward-looking statements.
- The financial advisors to the Offeror, the Target Company and Hitachi, as well as the Tender Offer Agent (including their related parties) may engage in purchases of Target Company Shares, not through the Tender Offer, for their own account or for their customers’ accounts or may engage in acts for such purchases to the extent of the ordinary course of their businesses and to the extent permitted under the Law-related laws and regulations of Japan and other applicable laws and regulations, in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, during the Tender Offer Period. Such purchases may be conducted at a market price through a market transaction, or at a price determined through negotiations off-market. In the event that information regarding such purchases is disclosed in Japan, such information will also be disclosed on the English website of the financial advisor, the Target Company, or the Tender Offer Agent conducting such purchases, or will otherwise be made publicly available.
- The Target Company may repurchase its shares during the Tender Offer Period when its shareholders require it to purchase their fractional shares pursuant to the relevant provisions of the Companies Act.

The financial advisors to KKR are SMBC Nikko Securities Inc. and BofA Securities Japan Securities Company, Limited. The legal advisors to KKR are Simpson Thacher & Bartlett LLP and Mori Hamada & Matsumoto.

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