

To whom it may concern

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## **Notice Concerning Planned Commencement of Tender Offer for Shares of ARTERIA Networks Corporation (Securities Code: 4423)**

Marubeni Corporation (“**Marubeni**”) and SECOM CO., LTD. (“**SECOM**”; together with Marubeni, collectively referred to as the “**Tender Offerors**”) hereby announce as follows that they determined today to jointly acquire the shares of common stock (the “**Target Company Share(s)**”) of ARTERIA Networks Corporation (the “**Target Company**”) by tender offer (the “**Tender Offer**”) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, hereinafter the “**Act**”).

Since the completion of the necessary procedures and measures, especially those under the Chinese competition law, is expected to take a certain period of time, it is anticipated that the Tender Offer will be implemented promptly after certain conditions, such as the completion of such necessary procedures and measures under domestic and foreign competition laws (Note 1) (Note 2) (for details, please see “(1) Overview of the Tender Offer” of “1. Purpose of the Purchase” below; such conditions precedent are hereinafter referred to as the “**Conditions Precedent**”), have been satisfied (or waived by the Tender Offerors). As of today, the Tender Offerors aim to commence the Tender Offer around August 2023; however, given that it is difficult to accurately estimate how long it will take to complete the procedures at the domestic and foreign authorities, etc., the details of the schedule for the Tender Offer will be announced as soon as they are finalized.

(Note 1) This refers to the approval and the expiration of the waiting period with respect to the notifications under the Japanese and Chinese competition laws. Regarding the notification under the Chinese competition law, amendments to the provisions concerning the notification standard thereunder, which include an increase in the threshold pertaining to the necessity of making a notification under the Chinese competition law, is scheduled. In order to determine whether such threshold is met with respect to the Tender Offer, the sales in China of the Marubeni Group (as defined in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase” below), the Secom Group (as defined in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase” below), and the Target Company Group (as defined in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase”

below) need to be considered. Although such sales exceed the threshold before the amendments (which is 400 million RMB), it is lower than the threshold after the enforcement of the amendments to the provisions (according to the proposal that was made public for the purpose of hearing opinions, such threshold is 800 million RMB). Accordingly, if the amendments to the provisions are enacted and enforced, the notification standard under the Chinese competition law is not met with respect to the Tender Offer. However, the specific timing of the enforcement of such amendment is unknown at this time. As of today, the Tender Offerors are preparing for the filing of the notification under the Chinese competition law and will file such notification as soon as we are ready; however, if the relevant amendments to the provisions come into effect after the filing of the notification under the Chinese competition law and the notification becomes unnecessary, the Tender Offerors plan to apply for the withdrawal of the notification. If it is determined that the notification under the Chinese competition laws is not required, we will promptly make an announcement.

(Note 2) If the threshold for filing the notification under the Chinese competition law is not met, the planned commencement date of the Tender Offer may be changed according to a period required for the preparation of the disclosure documents and the investigation of the ownership status of the Target Company Shares by the special related parties on and after today, after confirming that such threshold is not met.

## 1. Purpose of the Purchase

### (1) Overview of the Tender Offer

As of today, Marubeni owns 25,000,100 shares of the Target Company Shares (ownership ratio (Note 1): 50.06%), which are listed on the Prime Market of the Tokyo Stock Exchange, Inc. (“**Tokyo Stock Exchange**”), and the Target Company is a consolidated subsidiary of Marubeni. As of today, SECOM does not own any Target Company Shares.

(Note 1) “Ownership ratio” means the ratio (expressed as a percentage rounded to two decimal places; this expression of ownership ratio shall be applied unless provided otherwise) of the number of shares owned to the number of Target Company Share (49,940,458 shares) as calculated by deducting the number of the treasury shares owned by the Target Company as of March 31, 2023, as described in the “Financial Summary for the Fiscal Year Ended March 2023 (IFRS) (Consolidated)” released by the Target Company today (the “**Target Company Financial Summary**”) (59,542 shares), from the total number of issued shares of the Target Company as of the same date as described in the Target Company Financial Summary (50,000,000 shares); please note, however, due to changes thereafter, the ownership ratio calculated based on the latest information available as of the commencement of the Tender Offer may differ from the figures above.

The Tender Offerors determined, respectively, to enter into the Joint Tender Offer Agreement as of today (the “**Joint Tender Offer Agreement**”) and, subject to the Conditions Precedent described in the (i) to (viii) below, which are provided in the Joint Tender Offer Agreement, being satisfied (or waived by the Tender Offerors), conduct the Tender Offer, in which all of the Target Company Shares (excluding the Target Company Shares owned by Marubeni and the treasury shares owned by the Target Company; the same applies hereinafter) are subject, as part of a series of transactions (the “**Transactions**”) aimed at making the Tender Offerors the only shareholders of the Target Company with the percentage of voting rights held by Marubeni and SECOM in the Target Company after privatization to be 66.66% and 33.34, respectively.

- (i) At the meeting of the board of directors of the Target Company, the board of directors of the Target Company resolve, upon unanimous approval of all of the directors without conflicts of interest, to express an opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer (the “**Affirmative Opinion**”), and the Affirmative Opinion has been made public and has not been changed or withdrawn;
- (ii) The Special Committee of the Target Company established in connection with the Tender Offer has made a report to the board of directors of the Target Company to the effect that it is appropriate to express an Affirmative Opinion, and such report has been made public and has not been changed or withdrawn;
- (iii) The representations and warranties by the Tender Offerors set forth in the Joint Tender Offer Agreement (Note 2) are true and accurate in all material respects;

- (iv) The Joint Tender Offer Agreement and the Shareholders Agreement entered into by the Tender Offerors as of today (the “**Shareholders Agreement**”) have been validly and legally executed and are validly existing, and all obligations that the Tender Offerors shall perform or comply with by the commencement of the Tender Offer under the Joint Tender Offer Agreement and the Shareholders Agreement have been performed or complied with in all material respects (for details, please see “(i) Joint Tender Offer Agreement” in “(6) Matters Concerning Material Agreement Regarding the Tender Offer” in “1. Purpose of the Purchase” below);
  - (v) In connection with the Transactions, the procedures and measures required under the Japanese and Chinese competition laws have been implemented, and the waiting period (if any) has elapsed;
  - (vi) No decision, etc., has been made by any governmental agency, etc., that restricts or prohibits the Transactions;
  - (vii) There are no material facts (those set forth in Article 166, Paragraph 2 of the Act) concerning the businesses with respect to the Target Company that have not been made public (the meaning set forth in Article 166, Paragraph 4 of the Act) by the Target Company, and there are no facts pertaining to a launch of a tender offer with respect to the Target Company Shares or facts pertaining to a suspension of a tender offer (those set forth in Article 167, Paragraph 2 of the Act) that have not been made public (the meaning set forth in Article 167, Paragraph 2 of the Act); and
  - (viii) Since the execution date of the Joint Tender Offer Agreement, there have not been any events that could have a material adverse effect on the businesses, financial position, results of operations or cash flows, or any of the forecasts, of the Target Company group consisting of the Target Company and its subsidiaries and affiliates, and no material changes have occurred in market conditions of the domestic or international stock markets, etc., financial conditions, or economic conditions.
- (Note 2) In the Joint Tender Offer Agreement, Marubeni has made representations and warranties on matters regarding (a) the legal and valid incorporation and existing as corporation, the authority and corporate power necessary for their businesses, (b) the due execution of, and the internal procedures necessary for, the Joint Tender Offer Agreement and the Shareholders Agreement, (c) the enforceability, (d) the absence of any conflict of laws or regulations, etc., (e) the absence of any transactions with anti-social forces, (f) the absence of any insolvency proceedings, and (g) the ownership of the Target Company Shares. In addition, SECOM has made representations and warranties on matters regarding (a) the legal and valid incorporation and existing as corporation, the authority and corporate power necessary for their businesses, (b) the due execution of, and the internal procedures necessary for, the Joint Tender Offer Agreement and the Shareholders Agreement, (c) the enforceability, (d) the absence of any conflict of laws or regulations, etc., (e) the absence of any transactions with anti-social forces, and (f) the absence of any insolvency proceedings.

As of today, the Tender Offerors are not aware of any significant events that would interfere with the satisfaction of the Conditions Precedent. In addition, the Tender Offerors will implement the necessary procedures and measures under the Japanese and Chinese competition laws in order to satisfy the above Conditions Precedent (v) based on the legal advice from a law firm with domestic and overseas offices. The Tender Offerors are already making necessary preparations to implement the procedures and measures, and, on and after today, the Tender Offerors will consult with the judicial and administrative authorities regarding Japanese and Chinese competition laws so that the procedures and measures may be implemented. The Tender Offerors aim to complete the relevant procedures and measures around August 2023 based on the views of the law firm with domestic and overseas offices. The Tender Offerors do not intend to commence the Tender Offer by waiving the Conditions Precedent (v).

In the Tender Offer, the Tender Offerors have set 8,293,500 shares (ownership ratio:16.61%) as the minimum number of shares to be purchased, and, if the total number of shares that are offered for sale in response to the Tender Offer (the “**Tendered Shares**”) is less than such minimum number, the Tender Offerors will not purchase any of the Tendered Shares. On the other hand, as described above, since the Tender Offerors contemplate to acquire all of the Target Company Shares (excluding the Target Company Shares owned by Marubeni and the treasury shares owned by the Target Company), the maximum number of shares to be purchased has not been set, and, if the total number of the Tendered Shares is no less than the minimum number to be purchased, the Tender Offerors will purchase all of the Tendered Shares.

The minimum number of shares to be purchased in the Tender Offer (8,293,500 shares) has been set such that the aggregate number of voting rights of the Target Company to be held by the Tender Offerors together with the 25,000,100 shares (ownership ratio: 50.06%) of the Target Company Shares owned by the Tender Offerors as of today after the completion of the Tender Offer will be equivalent to, or more than, two-thirds of the total voting rights of the Target Company (the number of voting rights (499,404) corresponding to the number of shares (49,940,458 shares) obtained by deducting (A) the number of treasury shares held by the Target Company (59,542 shares) as of March 31, 2023 stated in the Target Company Financial Summary, from (B) the total number of issued shares of the Target Company (50,000,000 shares) as of the same date as stated in the Target Company Financial Summary). While the Tender Offer aims to make the Tender Offerors the only shareholders of the Target Company, since a special resolution at a shareholders meeting, as stipulated in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter), is required when implementing the Share Consolidation (as defined in “(4) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Items)” below), in order to ensure that such procedures are practicable, the minimum number of shares to be purchased in the Tender Offer has been set so that the Tender Offerors will own at least two-thirds of the total number of voting rights held by all shareholders of the Target Company after the Tender Offer.

With respect to the purchase method of the Tendered Shares by each of the Tender Offerors, among the total number of the Tendered Shares, Marubeni will purchase up to 8,293,500 shares of the Tendered Shares, which is the same as the minimum number of shares to be purchased, and SECOM will purchase the remaining Tendered Shares.

As stated above, since the Tender Offer aims to make the Tender Offerors the only shareholders of the Target Company, if the Tender Offer has been completed but the Tender Offerors were unable to acquire all of the Target Company Shares (excluding the Target Company Shares owned by Marubeni and the treasury shares owned by the Target Company) through the Tender Offer, as described in “(4) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Items)” below, the Tender Offerors will acquire all of the Target Company Shares (excluding the Target Company Shares owned by Marubeni and the treasury shares owned by the Target Company) by conducting a series of procedures to make the Tender Offerors the only shareholders of the Target Company (the “**Squeeze-Out Procedures**”).

Furthermore, since the Tender Offerors intend to have Marubeni and SECOM hold 66.66% and 33.34% of the voting rights, respectively, they plan to take procedures to adjust the ratio of voting rights held by the Tender Offerors by, following the Squeeze-Out Procedures, transferring a portion of the Target Company Shares from Marubeni to SECOM after conducting a stock split of the Target Company Shares (the timing of implementing such adjustment procedures and the details thereof are undetermined as of today).

As of today, the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange. However, as described in “(5) Possibility of Delisting and Reasons therefor” below, depending on the results of the Tender Offer, the Target Company Shares may be delisted after performing the prescribed procedures, and if, after the completion of the Tender Offer, the procedures described in “(4) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Items)” below are to be implemented, the Target Company Shares will be delisted after performing such procedures.

According to the “Notice of Opinion Regarding Planned Commencement of Tender Offer for Shares of ARTERIA Networks Corporation by the Controlling Shareholders Marubeni Corporation and SECOM CO., LTD.” released today, by the Target Company (the “**Target Company Press Release**”), the Target Company resolved at a meeting of its board of directors held today, as its current opinion, to express an opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company tender the shares held by them in the Tender Offer in the event the Tender Offer commences.

For details regarding the resolution by the Target Company’s board of directors above, see the Target Company Press Release and “(F) Approval of All of Directors of the Target Company Without Conflicts of Interest and Opinion of Non-objection of All of Audit & Supervisory Board Members Without Conflicts of Interest” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(ii) Background of the Valuation” of “(4) Basis of Valuation of Tender Offer Price” of “2. Overview of the Purchase” below.

and Management Policy After the Tender Offer

(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer

Marubeni was established on December 1, 1949. In July 1950, Marubeni listed its shares on the Tokyo Stock Exchange and the former Osaka Securities Exchange, Co., Ltd. (“**Former Osaka Securities Exchange**”). Marubeni group (the “**Marubeni Group**”) is comprised of Marubeni, 317 consolidated subsidiaries and 163 affiliates (as of March 31, 2023). Through its domestic and overseas networks, Marubeni conducts, in a broad number of fields, a diverse range of business activities, including various service businesses, domestic and foreign business investments, and resource development, in addition to export and import (including foreign trade) and domestic transactions.

In accordance with the spirit grounded in “Fairness, Innovation and Harmony,” the Marubeni Group is proudly committed to social and economic development and safeguarding the global environment by conducting fair and upright corporate activities. The Marubeni Group adopted a vision of its future self as a “Global crossvalue platform” and aims to generate new value by freely combining the Marubeni Group’s strengths, internal and external expertise, and individual dreams and visions, and consolidating the Marubeni Group as one single platform. The Marubeni Group is promoting the creation of these values mainly through the 16 Business Divisions, which are under the control of four groups, namely, Consumer Products Group, Materials Group, Energy & Infrastructure Solution Group, and Transportation & Industry Machinery Financial Business Group, as well as CDIO (Note 1).

(Note 1) “CDIO” is an abbreviation for “Chief Digital Innovation Officer” and CDO is placed in a position to oversee the business group, which invests in next-generation technology bases, etc., consisting of the Next Generation Business Development Division and the Next Generation Corporate Development Division.

Of the above Business Divisions, the IT Solutions Division under the Consumer Products Group handles the domain of networks. Upon the engagement by the IT Solutions Division in the domain of networks, Global Access Ltd. (“**Global Access**”) was established and leased line services (Note 2) were commenced in the early days of the Internet in the 1990s, and in 2000, Global Solution K.K. (“**Global Solution**”) was established and Internet VPN services (Note 3) were commenced. Global Access and Global Solutions merged to form a parent organization of the Target Company. Further, in 2014, UCOM Corporation, which provides Internet access services using optical fibers, joined the Target Company, and in 2017, Tsunagu Network Communication Inc., which provides ISP services (Note 4) for condominiums, joined the Target Company, forming the current structure of the Target Company. In the future, the digitalization of society and industry will be promoted further, data will be collected everywhere, and data circulation will progress, and therefore it is essential to strengthen digital infrastructure. In the process of strengthening digital infrastructure, it is expected that large-capacity, stable, and secure networks will become the foundation of social infrastructure. Marubeni believes that the infrastructure and services owned and provided by the Target Company will play an important role in society, and in addition to strengthening the competitiveness of the Target Company, Marubeni has identified, as the strategy of the IT Solutions Division, initiatives for growing its markets, and has been searching for the methods to effect the implementation thereof.

(Note 2) “Leased line services” is services that provide dedicated network lines that can be used exclusively by physically connecting sites.

(Note 3) “Internet VPN services” is a type of VPN (Virtual Private Network) service that connects sites and provides “virtual” leased lines on the Internet.

(Note 4) “ISP services for condominiums” is “building-wide” internet connection services for multi-family buildings, such as condominiums.

SECOM was established as Nihon Keibi Hoshō Co., Ltd. (“**Nihon Keibi Hoshō**”) in July 1962, and it carried out an absorption-type merger with SP Alarm Systems Corporation formally as the surviving company in December 1972 to change the nominal value of its shares (Note 5), was thereafter listed on the Second Section of the Tokyo Stock Exchange in June 1974, was designated on the First Section of the Tokyo Stock Exchange in May 1978, changed its trade name to the current one in December 1983, and was listed on the First Section of the Former Osaka Stock

Exchange in June 1986. In addition, by the merger of the spot market of the Former Osaka Stock Exchange with the Tokyo Stock Exchange in July 2013, SECOM became listed on only the First Section of the Tokyo Stock Exchange. Then, due to the shift to a new market segment of the Tokyo Stock Exchange on April 4, 2022, SECOM became, and currently remains, listed on the Prime Market of the Tokyo Stock Exchange.

(Note 5) This absorption-type merger was implemented to change the nominal value of the shares of Nihon Keibi Hosho, and the substantial surviving company was Nihon Keibi Hosho.

SECOM group (the “**SECOM Group**”) is comprised of SECOM, 158 consolidated subsidiaries, and 16 equity-method affiliates (as of March 31, 2023). Since its foundation, SECOM has created innovative services and systems with its objective to deliver safety and peace of mind, as well as to make life more comfortable and convenient under its corporate philosophy “contributing to society through our business activities,” and is working to promote such services and systems.

Currently, SECOM runs businesses such as security services business focusing on security contract services, fire protection services business focusing on comprehensive disaster prevention services, medical services business focusing on managing home medical care and retirement homes (Note 6), insurance services business focusing on non-life insurance, geospatial information services business focusing on surveying and measurement business, and BPO and ICT services business (Note 7) focusing on information security, large-scale disaster prevention, data centers, and BPO operations.

(Note 6) “Retirement home” collectively refers to private nursing home care managed by the SECOM Group.

(Note 7) “BPO and ICT services business” collectively means BPO (Business Process Outsourcing) businesses of information security services, large-scale disaster prevention, cloud services, data center services, call center operations, and general back office operations.

Of the above businesses, the BPO and ICT services business consists of businesses operated by (i) Secom Trust Systems Co., Ltd. (“**Secom Trust Systems**”), which focuses on providing information and telecommunications and information security services, (ii) At Tokyo Corporation (“**At Tokyo**”), which operates data center services business, and (iii) TMJ Inc., which provides BPO services. In the “SECOM Group’s Vision for 2030,” which was formulated by SECOM in May 2017 as a long-term vision toward 2030, the BPO and ICT services business is positioned as the cornerstone in creating the *ANSHIN* Platform, a social infrastructure through which SECOM strives to provide services that deliver seamless peace of mind for people and society. In response to recent changes in social conditions, SECOM anticipates a strong need to build secure digital infrastructures as a foundation of providing safe and secure services that are flexible enough to meet more diverse needs. Accordingly, SECOM believes the importance of BPO and ICT services business is increasing.

On the other hand, the Target Company group, consisting of the Target Company and 4 consolidated subsidiaries (the “**Target Company Group**”), is engaged in the telecommunications business under the Telecommunications Business Act. The Target Company Group has set its slogan, “Connecting New Abilities,” and under the management philosophy of “We seek to build on our corporate identity as a pioneer in our industry to address our customers’ ever-changing business needs,” “We seek to differentiate ourselves through our proprietary network assets and customer-oriented approach and be proactive and flexible in proposing ideas and taking action quickly and effectively,” and “Through creating a communications platform, we seek to contribute to our customers’ growth and societal progress and allow each of our employees to achieve their aspirations,” the Target Group has been providing services by laying and supplying its own highly secured and high-quality optical fiber in Japan, which was constructed using the latest optical fiber connection technology to enhance the corporate value. While the Target Company’s optical fiber network covers a wide area in Japan, the Target Company is developing its services efficiently by focusing on investment in and laying the fiber-optic network mainly in urban areas, where the volume of data using telecommunications lines is large and the profitability is high. As its main services, the Target Company Group provides Internet services (optical Internet access services, IP telephone services, etc.), network services (leased line services, VPN connection services, etc.), condominium Internet services (optical Internet access services of a lump sum subscription for all dwelling units), and DX (Note 8) services (Internet optional services, etc.).

On May 14, 2021, the Target Company released its “ARTERIA Networks Group FY21-FY25 Mid-Term Plan” (the “**Mid-Term Plan**”). According to the Mid-Term Plan, the Target Company has been striving to achieve sustainable growth of the Target Company Group and to enhance its corporate value over the medium to long term by executing the management strategies described in the Mid-Term Plan. The management strategy outlined in the Mid-Term Plan is as follows.

- (i) Measures for growing the core business
  - a. Capture further demand by optimizing and updating FTTx network and expansion of line-up of its services
  - b. Enhance customization capabilities to generate added value and aim to capture greater network demand from OTTs (Note 9)
  - c. Accelerate growth in the rental market in addition to the owned condominium market and further consolidate leading position
- (ii) Measures for incorporating new growth portfolio
  - a. Respond to soaring demand for telecommuting by building a D2C (Note 10) service platform for condominium residents
  - b. Use the service platform to expand the range of customers to SOHOs and corporations
  - c. Capture growth domains through M&As or business alliances, and accelerate the expansion of the non-telecommunications business
- (iii) Pursue planet-friendly management by addressing workstyle reform (Hatarakikata Kaikaku) and SDGs (Note 11)
  - a. Use clean energy in the provision of energy to condominiums and contribute to a decarbonized society through the provision of telecommuting solutions, etc.
  - b. Upgrade to highly energy-efficient internal system and strengthen security by implementing zero-trust (Note 12) security
  - c. Enhance the development of human resources, implement diversity, and reform workstyles through the roll-out of satellite offices, etc.

(Note 8) “DX” is an abbreviation for “Digital Transformation” and refers to the creation of new business model and transformation of the existing businesses using data and digital technology.

(Note 9) “OTT” stands for “Over The Top” and refers to a business operator that provides contents services on the Internet.

(Note 10) “D2C” is an abbreviation for “Direct to Consumer” and refers to the direct sale and provision of services to the users through EC (Electronic Commerce) sites.

(Note 11) “SDGs” is an abbreviation for “Sustainable Development Goals (Jizokukano-na kaihatu mokuhyo)” and refers to the international goals to achieve a sustainable and better world by 2030, as described in the “2030 Agenda for Sustainable Development,” which was unanimously adopted by member countries at the UN Summit in September 2015.

(Note 12) “Zero-trust” refers to a network security environment in which none of the network traffic is trusted, and users and devices are constantly monitored.

In November 1997, Global Access, the predecessor to the Target Company, was established (number of shares owned by the Marubeni Group: 1,000 shares; ratio of shares owned to the total number of issued shares (excluding treasury shares) at such time (rounded to two decimal places; the “**Shareholding Ratio**”; the same applies hereinafter): 100.00%). In addition, in March 2000, Global Solutions, also the predecessor to the Target Company, was established (number of shares owned: 2,000 shares; Shareholding Ratio: 100.00%). Subsequently, Global Access carried out an absorption-type merger with VECTANT Ltd. (to which Global Solution changed its trade name in April 2007) in December 2010 and changed its trade name to Marubeni Access Solutions Inc. (“**Marubeni Access Solutions**”). Furthermore, in February 2014, Marubeni Access Solutions carried out an absorption-type merger with UCOM

Corporation and changed its trade name to ARTERIA Networks Corporation (the “**Former ARTERIA Networks**”). The Target Company, which is the surviving company, was established in February 2016 as ARTERIA Networks Holdings, Inc. (“**ARTERIA Networks Holdings**”), and in July 2016, merged with Former ARTERIA Networks, ARTERIA Networks Holdings being the surviving company under the merger, and Former ARTERIA Networks being the dissolving company, and changed its trade name to ARTERIA Networks Corporation. As a result of the series of mergers, the number of Target Company Shares owned by Marubeni became 5,000,000 shares (Shareholding Ratio: 50.00%). Subsequently, in September 2018, the Target Company conducted a five-for-one stock split (number of shares owned: 25,000,000 shares; Shareholding Ratio: 50.00%) and as a result of the acquisition of one unit of shares upon the listing of the Target Company on the First Section of the Tokyo Stock Exchange in December 2018, as of today, Marubeni owns 25,000,100 shares of the Target Company Shares (ownership ratio: 50.06%).

In addition, although SECOM does not have a capital relationship with the Target Company as of today, SECOM has established a relationship with the Target Company through business transactions up to the present time, for example, the use of the Target Company’s Internet services and network services in the business operations and services provided by the SECOM Group.

Marubeni believes that, in the future, the digitalization of society and industry will be promoted further, data will be collected everywhere, and data circulation will progress, and therefore it is essential to strengthen digital infrastructure. Marubeni also believes that, in the process of strengthening digital infrastructure, it is expected that large-capacity, stable, and secure networks will become the foundation of social infrastructure. In addition, Marubeni understands that the Target Company has set, as its management strategy framework in the Mid-Term Plan, the “Measures for growing the core business,” “Measures for incorporating new growth portfolio,” and “Pursue planet-friendly management by addressing workstyle reform (*Hatarakikata Kaikaku*) and SDGs,” and has implemented measures, such as with respect to the “Measures for incorporating new growth portfolio”: launch of a D2C service platform using DX and capturing of growth domains such as IoT for condominiums and security; and with the aim to expand non-telecommunications, launch of Connectix, which provides priority communication services for condominiums, establishment of GameWith ARTERIA Corporation which provides services for use in the e-sports market, and establishment of a capital and business alliance with GameWith, Inc.

Under these circumstances, of the items of the management strategy framework in the Mid-Term Plan of the Target Company, the Target Company steadily implemented initiatives for the growth of the Internet service business and network service business, which are the core businesses of the Target Company; however with respect to the incorporation of the growth portfolio, there is a shortage of resources within the Target Company itself, including the necessary human resources, to undertake initiatives with a sense of speed in growing fields such as cloud services and information security businesses. In order to further increase the corporate value of the Target Company, Marubeni concluded that it is essential to obtain the cooperation of SECOM, which (i) has been involved in the cyber security business since the 1980s, (ii) since its entering into the data center services business in 2000, has had a wide range of strengths in high-growth fields such as cloud connections for enterprises via data centers, and (iii) has a relationship as the Target Company’s existing business partner.

Based on this conclusion, in mid-January 2022, Marubeni approached SECOM and conveyed its intention to consider with SECOM the possibility of the capital and business alliance, including a capital participation in the Target Company, explaining that it was aiming to form a capital and business alliance between the Target Company and an external partner to strengthen the Target Company’s initiatives in the growth fields, and that it also believed that the capital and business alliance with SECOM could be expected to create various synergies that would contribute to enhancing the corporate value of the Target Company and both the Marubeni Group and the SECOM Group. In response to Marubeni’s approach, SECOM conducted internal discussions and, in late March 2022, concluded that, because it was aiming to build a business infrastructure that supports the business operations of its customers, delivering safety and peace of mind, as well as making it more comfortable and convenient, acceleration of development of its businesses by making a capital participation in the Target Company, which has strengths in the



Internet service business and network service business, and strengthening of SECOM's business partnership with the Target Company and Marubeni, in addition to SECOM's cyber security services business and data center services business, will contribute to the enhancement of corporate value of the 3 companies. Accordingly, SECOM expressed to Marubeni its intention to start discussing and examining specific measures to increase the corporate value of the Target Company Group, such as considering the possibility of capital and business alliances with the Target Company. Based on the above, in early April 2022, the Tender Offerors concluded, in the process of examinations between them about how to form an alliance with the Target Company, that the direction of the initiatives of the Target Company mentioned above to enhance its corporate value was in line with the Tender Offerors' initiatives mentioned above, and with respect to the initiatives in the growing fields such as cloud services and information security services, the implementation of the initiatives of the Tender Offerors and the Target Company would be accelerated further by optimally allocating the management resources of each company and cooperating with each other, than by the Target Company implementing them alone. In particular, Marubeni and the Target Company had been working to strengthen their competitiveness by exchanging management information and personnel based on their capital ties; however, in order to respond quickly to the diversifying needs of customers amid a rapidly changing market environment, the Tender Offerors considered it necessary to pursue synergies by uniting the managements more than ever before with SECOM, which operates BPO and ICT services businesses that are strongly correlated with the above-mentioned growing fields.

Specifically, the Tender Offerors believed that if synergies, including (i) to (iv) below, would be realized through the Transactions, and accelerate the initiatives to realize the growth strategies for the Target Company be accelerated, such synergies would contribute to maximizing the corporate value of the Tender Offerors and the Target Company:

(i) Acceleration of incorporation of growth portfolio

By leveraging the resources of the Marubeni Group and the SECOM Group, develop and launch new services in the cloud services area, information security area, and BtoC (Note 13) area (in the condominium and elder care markets, etc.), which are expected to grow in the future;

(ii) Further strengthening of the core business base

Strengthen cross-selling (Note 14) of services between the Target Company and the SECOM Group and strengthen their sales and technical cooperation relationship;

(iii) Implementation of medium-to-long-term growth strategies

In connection with the privatization, consider and execute investments that will contribute to the growth of the Target Company from a medium-to-long-term perspective, in addition to pursuing short-term profits; and

(iv) Reduction of costs for remaining listed

By going private, reduce the costs for remaining listed.

(Note 13) "BtoC" is an abbreviation for "Business to Customer" and refers to a business model in which a company (Business) provides goods and services directly to the ordinary consumer (Consumer).

(Note 14) "Cross selling" is a method of improving sales per customer by providing a set of related services.

Keeping in mind the above background, purpose and expected synergies, the Tender Offerors concluded that in order to realize further enhancement of the corporate value of the Tender Offerors and the Target Company, it is necessary to further deepen the alliances of the Tender Offerors and the Target Company and to optimize the allocation of management resources and to cooperate with each other by making the Tender Offerors the sole shareholders of the Target Company.

Accordingly, in early September 2022, the Tender Offerors appointed Nomura Securities Co., Ltd. ("**Nomura Securities**") as a financial advisor independent of the Tender Offerors and the Target Company, Marubeni appointed Nishimura & Asahi as a legal advisor independent of the Tender Offerors and the Target Company and Deloitte Tohmatsu Financial Advisory LLC ("**DTFA**") as a third-party valuation organization independent of the Tender Offerors and the Target Company, SECOM appointed Nagashima Ohno & Tsunematsu as a legal advisor independent of the Tender Offerors and the Target Company and Plutus Consulting Co., Ltd. ("**Plutus**") as a third-party valuation organization independent of the Tender Offerors and the Target Company, respectively, and the Tender Offerors

started specific discussions regarding the Transactions, and on October 11, 2022, the Tender Offerors submitted a joint proposal regarding the Transactions to the Target Company, proposing to the Target Company that the Tender Offerors be the only shareholders of the Target Company.

In response, the Target Company appointed, in late October 2022, Wadakura Gate Law Office as a legal advisor independent of the Tender Offerors and the Target Company and Daiwa Securities Co. Ltd. (“**Daiwa Securities**”) Sangyo Sosei Advisory Inc. (“**Sangyo Sosei Advisory**”) as financial advisors and third-party valuation organizations independent of the Tender Offerors and the Target Company, respectively, in order to ensure the fairness of the purchase price per share of the Target Company Shares (the “**Tender Offer Price**”) and the fairness of the Transactions including the Tender Offer and requested each of Daiwa Securities and Sangyo Sosei Advisory to evaluate the share value of the Target Company Shares. Given that the Target Company is a consolidated subsidiary of Marubeni and there are issues such as structural conflicts of interest between Marubeni and the shareholders of the Target Company other than Marubeni, the Target Company established a special committee (the “**Special Committee**”) in late October 2022 to consider the proposed Transactions in order to address these issues and ensure the fairness of the Transactions. For detail of the establishment of the Special Committee, please see “(B) Establishment by the Target Company of an Independent Special Committee and Obtainment of the Report from the Special Committee” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(ii) Background of the Valuation” of “(4) Basis of Valuation of Tender Offer Price” of “2. Overview of the Purchase” below.

The Tender Offerors and the Target Company then started specific discussions and consideration of the Transactions. The Tender Offerors have continued discussions with the Target Company and the Special Committee regarding the significance and purpose of the Transactions and the synergies expected to be realized through the Transactions. In addition, the Tender Offerors conducted due diligence on the Target Company during the period from early January 2023 to early May 2023 to examine the feasibility of the Tender Offer. Subsequently, since April 6, 2023, the Tender Offerors have held several discussions and negotiations with the Target Company regarding the Tender Offer Price. Specifically, on April 6, 2023, the Tender Offerors submitted a proposal (the “**First Proposal**”) stating the Tender Offer Price. The Tender Offerors proposed the Tender Offer Price of JPY 1,650 per share, taking into consideration the progress of the due diligence that had been conducted on the Target Company up to such point, the content of the trial evaluations conducted by DTFA and Plutus regarding the Target Company Shares, and the prospects of the shares being tendered in the Tender Offer. The Tender Offerors considered that such price could be evaluated as a price that would not cause any disadvantage to the Target Company’s shareholders since it constituted a certain premium on the market price of the Target Company Shares of 31.47% (rounded to the third decimal place; the same applies for each calculation of the premium (%) on each stock price) over JPY1,255, which was the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on April 5, 2023, 27.81% over JPY1,291 (rounded to the nearest whole number; the same applies for each calculation of simple average of closing prices), which was the simple average of closing prices for the latest one-month period until the same day, 29.82% over JPY1,271, which was the simple average of closing prices for the latest three-month period until the same day, and 32.11% over JPY1,249, which was the simple average of closing prices for the latest six-month period until the same day. In response, on April 7, 2023, the Tender Offerors received from the Target Company a request for reconsideration on the grounds that the Target Company, after also confirming with the Special Committee, determined that the Tender Offer Price in the First Proposal was below the price level reflecting the intrinsic value of the Target Company and was not at a level at which the Target Company could resolve to express its support for the Tender Offer. After careful consideration of such request from the Target Company, on April 13, 2023, the Tender Offerors submitted another proposal (the “**Second Proposal**”) to set the Tender Offer Price at JPY1,850 per share (constituting a premium on the market price of the Target Company Shares as of April 12, 2023 of 46.25% over JPY1,265, which was the closing price on the same day, 44.98% over JPY1,276, which was the simple average of closing prices for the latest one-month period until the same day, 45.44% over JPY1,272, which was the simple average of closing prices for the latest three-month period until the same day, and 48.00% over JPY1,250, which was the simple average of closing prices for the latest six-month period until the same day). In response, on April 14, 2023,

the Tender Offerors received from the Target Company a request for reconsideration on the grounds that the Target Company, after also confirming with the Special Committee, determined that the Tender Offer Price in the Second Proposal was insufficient as a price level reflecting the intrinsic value of the Target Company, and did not appropriately reflect the synergies in the Transactions and was not at a level where the Target Company could resolve to express its support for the Tender Offer and recommend that its minority shareholders tender their shares in the Tender Offer. After carefully considering such request from the Target Company again, on April 20, 2023, the Tender Offerors submitted another proposal (the “**Third Proposal**”) to set the Tender Offer Price at JPY1,930 per share (constituting a premium on the market price of the Target Company Shares as of April 19, 2023 of 50.19% over JPY1,285, which was the closing price on the same day, 51.25% over JPY1,276, which was the simple average of closing prices for the latest one-month period until the same day, 51.25% over JPY1,276, which was the simple average of closing prices for the latest three-month period until the same day, 53.91% over JPY1,254, which was the simple average of closing prices for the latest six-month period until the same day). In response, on April 21, 2023, the Tender Offerors received from the Target Company a request for reconsideration on the grounds that the Target Company, after also confirming with the Special Committee, determined that the Tender Offer Price in the Third Proposal was insufficient as a price level reflecting the intrinsic value of the Target Company and not at a level where it could be judged that the synergies in the Transactions would be sufficiently distributed to its minority shareholders. After carefully considering such request from the Target Company again, on April 28, 2023, the Tender Offerors submitted another proposal (the “**Fourth Proposal**”) to set the Tender Offer Price at JPY1,980 per share (constituting a premium on the market price of the Target Company Shares as of April 27, 2023 of 53.97% over JPY1,286, which was the closing price on the same day, 55.17% over JPY1,276, which was the simple average of closing prices for the latest one-month period until the same day, 54.69% over JPY1,280, which was the simple average of closing prices for the latest three-month period until the same day, and 57.27% over JPY1,259, which was the simple average of closing prices for the latest six-month period until the same day). In response, on May 1, 2023, the Tender Offerors received from the Target Company a request for reconsideration on the grounds that the Target Company, after also confirming with the Special Committee, determined that the Tender Offer Price in the Fourth Proposal was insufficient as a price level reflecting the intrinsic value of the Target Company and not at a level where it could be judged that the synergies in the Transactions would be sufficiently distributed to its minority shareholders, although the Target Company recognized that the Tender Offerors fully understood that the Target Company focused on the degree of such synergies to be realized. After considering such request from the Target Company again, on May 8, 2023, the Tender Offerors submitted a proposal (the “**Final Proposal**”) requesting the Target Company to consider once again to set the Tender Offer Price at JPY1,980 per share (constituting a premium on the market price of the Target Company Shares as of May 2, 2023 of 56.03% over JPY1,269, which was the closing price on the same day, 55.05% over JPY1,277, which was the simple average of closing prices for the latest one-month period until the same day, 54.45% over JPY1,282, which was the simple average of closing prices for the latest three-month period until the same day, and 56.89% over JPY1,262, which was the simple average of closing prices for the latest six-month period until the same day). In response, on May 9, 2023, the Tender Offerors received a response from the Target Company to the effect that it would accept the Tender Offer Price proposed in the Final Proposal, after also confirming with the Special Committee.

As a result of these discussions and negotiations, on May 9, 2023, the Tender Offerors and the Target Company agreed that making the Tender Offerors the only shareholders of the Target Company would be the best way to respond to changes in the business environment surrounding the Tender Offerors and the Target Company and to improve the corporate value of the Tender Offerors and the Target Company, and agreed to set the Tender Offer Price at JPY1,980.

Therefore, the Tender Offerors have determined to execute the Joint Tender Offer Agreement as of today and to implement the Tender Offer as part of the Transactions if the Conditions Precedent are satisfied (or waived by the Tender Offerors), as it is expected that a certain period of time will be required for the procedures and responses required under the Japanese and Chinese competition laws.

(ii) Process of, and Reasons for, the Decision Making by the Target Company in Support of the Tender Offer

(A) Background of the Establishment of the Structure for Consideration

As described above in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer,” the Target the Target Company received an initial proposal regarding the Transactions from the Tender Offerors on October 11, 2022. In response, in order to ensure the fairness of the Tender Offer Price and fairness in other aspects of the Transactions, which includes the Tender Offer, the Target Company appointed Wadakura Gate Law Office as a legal advisor independent of the Tender Offerors and the Target Company in late October 2022, and Daiwa Securities and Sangyo Sosei Advisory as financial advisors and third-party valuation organizations independent of the Tender Offerors and the Target Company, respectively, in late October 2022. At the same time, the Target Company requested each of Daiwa Securities and Sangyo Sosei Advisory to calculate the share value of the Target Company Shares.

In addition, given that the Target Company is a consolidated subsidiary of Marubeni and there exist issues such as structural conflicts of interests between Marubeni and the shareholders of the Target Company other than Marubeni, as described in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” above, the Target Company established the Special Committee in late October 2022 in order to address these issues and ensure the fairness of the Transactions. For the members of the Special Committee and other specific advisory matters, see “(B) Establishment by the Target Company of an Independent Special Committee and Obtainment of the Report from the Special Committee” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(ii) Background of the Valuation” of “(4) Basis of Valuation of Tender Offer Price” of “2. Overview of the Purchase” below.

(B) Details of Consideration and Negotiations

After establishing the structure for consideration as described in “(A) Background of the Establishment of the Structure for Consideration” above, the Target Company examined the appropriateness of the Transactions through multiple discussions and negotiations with the Tender Offerors while receiving advices from Wadakura Gate Law Office, Daiwa Securities and Sangyo Sosei Advisory and taking into account the overview of the Tender Offer, including the purpose of the Transactions, the impact of the Transactions on the Target Company, the management policy after the Transactions and the current trend of the share price. In the process of discussions and negotiations below, from time to time, the Target Company made reports to the Special Committee and handled the issues based on the handling policy confirmed by the Special Committee beforehand, and opinions, advice and requests, etc., from the Special Committee in the material stages of the negotiations.

Specifically, after receiving the initial proposal from the Tender Offerors on October 11, 2022, while confirming and examining the details of the proposal with the Tender Offerors, the Target Company discussed the purpose of the Transactions and feasibility of the synergies, etc., with the Tender Offerors since late October 2022 through multiple inquiries towards the Tender Offerors and confirming the answers of those inquiries. Subsequently, the Target Company accepted the due diligence by the Tender Offerors from early January 2023 to early May 2023, and continued discussions and negotiations with the Tender Offerors.

Specifically, on April 6, 2023, the Target Company received the First Proposal, which set the Tender Offer Price at JPY 1,650 per share from the Tender Offerors. In response, the Target Company determined, after confirming with the Special Committee, that the Tender Offer Price in the First Proposal was below the price level reflecting the Target Company’s intrinsic value and did not reach a level at which the Target Company could resolve to express its support for the Tender Offer, and on April 7, 2023, requested the Tender Offerors to reconsideration the Tender Offer Price. On April 13, 2023, the Target Company received the Second Proposal, which set the Tender Offer Price at JPY 1,850 per share from the Tender Offerors. In response, the Target Company determined, after confirming with the Special Committee, that the Tender Offer Price in the Second Proposal

was insufficient as a price level reflecting the intrinsic value of the Target Company and did not appropriately reflect the synergies in the Transactions, and was not at a level where the Target Company could resolve to express its support for the Tender Offer and recommend that its minority shareholders tender their shares in the Tender Offer. Thus, the Target Company requested the Tender Offerors to reconsider the Tender Offer Price on April 14, 2023. On April 20, 2023, the Target Company received the Third Proposal, which set the Tender Offer Price at JPY 1,930 per share from the Tender Offerors. In response the Target Company determined, after confirming with the Special Committee, that the Tender Offer Price in the Third Proposal is insufficient as a price level that reflects the Target Company's intrinsic value. The Target Company also considered that the Tender Offer Price in the Third Proposal does not reach a level at which it can be judged that the synergies from the Transactions are sufficiently distributed to minority shareholders. Thus, the Target Company requested the Tender Offerors to reconsider the Tender Offer Price on April 21, 2023. On April 28, 2023, the Target Company received the Fourth Proposal, which set the Tender Offer Price at JPY 1,980 per share from the Tender Offerors. In response, the Target Company determined, after confirming with the Special Committee, that the Tender Offer Price in the Fourth Proposal is insufficient as a price level that reflects the Target Company's intrinsic value. The Target Company also considered that the Tender Offer Price in the Fourth Proposal does not reach a level at which it can be judged that the synergies from the Transactions are sufficiently distributed to minority shareholders, although the Target Company recognized that the Tender Offerors fully understand that the Target Company focused on the degree of synergies to be realized in the Transactions. Thus, the Target Company requested the Tender Offerors to reconsider the Tender Offer Price on May 1, 2023 (this request for reconsideration is hereinafter referred to as the "**Request for Reconsideration.**"). On May 8, 2023, the Target Company received the Final Proposal from Tender Offerors stating that they requested the Target Company to consider again the Tender Offer Price of JPY1,980 per share at the Target Company. In response, the Target Company, after also confirming with the Special Committee, submitted a response to the Tender Offerors on May 9, 2023, to the effect that the Target Company accepts the proposed Tender Offer Price in the Final Proposal. With respect to the Request for Reconsideration, although the Target Company had also considered accepting the Tender Offer Price proposed in the Fourth Proposal since the Target Company determined that the Tender Offer Price in the Fourth Proposal reflected the intrinsic value of the Target Company to a considerable extent after taking into account the synergies in the Transactions, the Target Company determined to make the Request for Reconsideration, after confirming with the Special Committee, with the intention of achieving a greater distribution to minority shareholders from the viewpoint of pursuing the maximization of the interests of its minority shareholders. Eventually, the Target Company accepted the proposal of the Tender Offer Price (JPY1,980 per share) in the Final Proposal because the Target Company considered it unlikely that the Tender Offerors would propose to further increase the Tender Offer Price in light of the course of discussions and negotiations with the Tender Offerors to date.

As a result of these discussions and negotiations, on May 9, 2023, the Tender Offerors and the Target Company agreed that making the Tender Offerors the only shareholders of the Target Company would be the best way to respond to changes in the business environment surrounding the Tender Offerors and the Target Company and to improve the corporate value of the Tender Offerors and the Target Company, and thus, reached an agreement to set the Tender Offer Price at JPY1,980.

Furthermore, the Target Company obtained necessary legal advice from Wadakura Gate Law Office on the method and process of decision-making by the board of directors of the Target Company including various procedures regarding the Transactions and other points to be noted. Also, the Target Company received a report (the "Report") dated May 11, 2023 from the Special Committee. (For the summary of the Report and the details of specific activities, see "(B) Establishment by the Target Company of an Independent Special Committee and Obtainment of the Report from the Special Committee" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(ii) Background of the Valuation" of "(4) Basis of Valuation of the Tender Offer Price" of "2. Overview of the Purchase".) below. Based on the foregoing, taking into account the legal advice received from Wadakura Gate

Law Office and the content of the share valuation reports as of May 10, 2023, obtained from each of Daiwa Securities and Sangyo Sosei Advisory, the Target Company has carefully discussed and considered such matters as whether the Transactions would contribute to the improvement of the corporate value of the Target Company and whether the Transactions are conducted through fair procedures so that the interests to be gained by minority shareholders are secured, while respecting the contents of the Report submitted by the Special Committee.

(C) Details of Determination by the Target Company

The Target Company Group has sought to achieve continuous and stable growth and increase its corporate value over the medium-to-long-term, based on the management strategy specified in the Mid-Term Plan described in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” above. Specifically, in order to grow its core businesses, the Target Company has worked on the realization of the expansion of its backbone networks, such as right-type networks, in Tokyo, Nagoya, and Osaka, which are the areas with strong demand, the upgrading of the FTTx facility and the expansion of its service area. It has also worked on the launch of VANILA, a new cloud-based communication service using virtualization technology (Network Functions Visualization (NFV)) and the establishment of a joint venture company for the purpose of implementing a project that lays undersea optical cable linking Japan and Europe via the Arctic Ocean. In addition, in order to incorporate new growth portfolio, the Target Company has launched Portas, a platform providing D2C services, entered into a capital and business alliance with GameWith, Inc., a company operating one of the largest game walkthrough websites in Japan and entered into the e-sports market through a joint venture with GameWith, Inc., as well as launched the service called “Connectix,” a priority communication service in the ISP service for condominiums. As a result, for the fiscal year ended March 31, 2022, the first year of the Mid-Term Plan, consolidated net sales were JPY 55,402 million, consolidated operating income was JPY 9,541 million, and the consolidated EBITDA margin was 33.4%, thereby achieving the target for the fiscal year ended March 31, 2022 set out in the Mid-Term Plan (target for the consolidated net sales were JPY 54.5 billion, the target for consolidated operating income was JPY 9.3 billion, and consolidated EBITDA margin was to be in 30% to 40% range). However, for the fiscal year ended March 31, 2023, while sales remained substantially stable, mainly in its core services achieving consolidated net sales of JPY 59,452 million (7.3% change compared to the previous year), as a result of being unable to recover the operating loss including JPY 300 million of survey costs, etc. arising from the establishment of the Special Investigation Committee, which was announced on June 13, 2022, consolidated operating income and consolidated net income fell short of the previous forecasts (consolidated operating income of JPY 9,650 million and consolidated net income of JPY 6,436 million) with consolidated operating income of JPY 9,470 million (-0.7% change compared to the previous year) and consolidated net income of JPY 6,271 million (-2.1% change compared to the previous year).

Overviewing the current business environment of the Target Company Group, the demand for new high-speed, large-capacity communications and high-security network services, etc., is rapidly increasing due to the expansion of corporate use of cloud computing and the spread of teleworking. In addition, due to the increase in opportunities to use video streaming services, games, cloud services, IoT services, and 5G technologies, as well as AI and supercomputers, it is expected that the volume of data traffic will significantly increase. While this is considered to be a growth opportunity for the Target Company Group’s business, the Target Company believes it is necessary for the Target Company Group to continue to make capital investments that exceed expectations in order to meet the increasingly sophisticated needs of its customers.

Furthermore, as stated above, mainly due to the strong performance of the existing core services (Internet services, network services, etc.), except for one-time operating losses, such as the survey costs incurred by the establishment of the Special Investigation Committee, the Target Company’s current consolidated performance is substantially stable. On the other hand, the Target Company considers that, regarding the speed of growth in the rental market in the field of internet services for condominiums and the incorporation of a new growth

portfolio focusing on DX services, which were expected to be accelerated in the Mid-Term Plan, progress in the period since the announcement of the Mid-Term Plan up to the present has lagged behind the assumptions made at the time the Mid-Term Plan was formulated. Therefore, in order to achieve further growth in the fiscal year ending March 31, 2024, and beyond, the Target Company believes it is necessary to capture domestic and international telecommunications demand through the participation in the aforementioned undersea optical cable projects in the Arctic Ocean, etc. in addition to strengthening and accelerating sales development in the condominium Internet service area in general and new growth areas, including DX services.

Under such circumstances, the Target Company has concluded that it is essential to strengthen and promote the alliance with the Tender Offerors by utilizing the management resources of not only the Target Company but also of the Tender Offerors, in order to maintain and strengthen the competitiveness of existing core services and to accelerate efforts in new growth areas. Specifically, the Target Company believes that the following synergies are expected to be realized.

(a) Expansion of Sales Opportunities of Core Businesses of the Target Company Group

First, as SECOM has established broad customers and business bases mainly in the security service business, the Target Company believes that it can expand its opportunities to provide value-added services to existing customers by utilizing SECOM's customers and business bases and promoting cross sales of the services of both the Target Company and SECOM.

In addition, as SECOM operates a number of large-scale businesses in which networks are utilized, including online security services in the security services business and data center and cloud services in BPO and ICT services business, the Target Company believes that it can expand growth opportunities for network services of the Target Company Group by providing customers in the SECOM's network services with the network services of the Target Company.

(b) Development of New Services in New Growth Fields

As SECOM currently owns a portfolio of businesses that the Target Company Group currently does not hold, such as data centers and cloud connection services operated through its subsidiary, At Tokyo, and information security services provided by Secom Trust Systems, another subsidiary of SECOM, the Target Company believes that it will be able to jointly develop new services in areas where growth is expected in the future, such as cloud connection services for corporations and information security services by utilizing the service base, customer base, personnel and know-how associated with the business portfolio of SECOM, thereby expanding growth opportunities for the Target Company Group.

(c) Implementation of Strategic Investments from a Medium-to-Long-Term Perspective

As stated above, the Target Company believes that it would be essential for the Target Company Group to make sufficient capital investments, which includes those strengthen its network facilities in order to maintain and strengthen its competitiveness in markets in which competition has become intensified in response to increasingly sophisticated customer needs. In addition, while the Target Company has announced that it would engage in the capital participation with GameWith, Inc. as well as participating in the project for the purpose of examining laying undersea optical cable, the Target Company believes that it would be essential to continue to strengthen its core business and make strategic investments for new growth portfolio in order to increase the medium-to-long-term corporate value of the Target Company. Therefore, the Target Company believes that the implementation of the Transactions and taking the Target Company Shares private would enable the Target Company to implement the strategic investments from a medium-to-long-term perspective without undermining the interests of minority shareholders due to short-term cash outflows or declines in profit. The Target Company also thinks that the domestic and overseas networks and financial bases of the Tender Offerors could be utilized in identifying strategic investment opportunities and executing such investments.

Regarding a business alliance with the Tender Offerors or a capital injection from them while it remains listed, it is expected that a certain part of the profit from the improvement of corporate value due to the realization of synergies with the Tender Offerors would flow to minority shareholders of the Target Company, and that it

would be difficult for the Tender Offerors to fully cooperate with the Target Company from the perspective of economic rationality for the Tender Offerors. Therefore, the Target Company thinks that going private would be the best way to maximize the effect of collaboration with the Tender Offerors.

The Target Company has also considered the impact that going private would have on our ability to raise funds through equity financing from the capital markets and to enjoy the benefits of being a listed company, such as the enhanced social credibility and increased employee motivation. However, as a result, the Target Company determined that it is not highly necessary to continue to keep the Target Company Shares listed since the Target Company would be able to take advantage of flexible group finances of Marubeni, instead of raising funds through equity financing and as the Tender Offerors are both listed companies with high social credibility and recognition, even if the Target Company becomes a group company of the Tender Offerors, it is not likely that the social credibility of the Target Company and motivation of employees would be badly affected compared to those in the current status of being a listed company.

For the reasons stated above, the Target Company concluded that going private and strengthening of the alliance with the Tender Offerors through the Transactions, which includes the Tender Offer, would be the best option for improving the corporate value of the Target Company.

The board of directors of the Target Company has determined that the Transaction, including the Tender Offer, is expected to enhance its corporate value, that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for its shareholders, and that the Tender Offer will provide its shareholders with a reasonable opportunity to sell their shares, since;

- (a) the Tender Offer Price JPY 1,980 exceeds the upper limit of the valuation range based on the market price method and is within the valuation range of the discounted cash flow method (the “**DCF Method**”) in the results of Daiwa Securities’ calculation of the value of the Target Company Shares as described in “(D) Obtainment by the Target Company of Share Valuation Reports from the Independent Third-party Valuation Organizations” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(ii) Background of the Valuation” of “(4) Basis of Valuation of Tender Offer Price” of “2. Overview of the Purchase” below;
- (b) the Tender Offer Price exceeds the upper limit of the valuation range based on the market price method and is within the range of the valuation range of the DCF Method in the results of Sangyo Sosei Advisory’s calculation of the value of the Target Company Shares as described in “(D) Obtainment by the Target Company of Share Valuation Reports from the Independent Third-party Valuation Organizations” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(ii) Background of the Valuation” of “(4) Basis of Valuation of Tender Offer Price” of “2. Overview of the Purchase” below;
- (c) the Tender Offer Price is a premium of 54.33% (rounded to two decimal places; the same applies hereafter to the premium to the share price (%)) on the closing price of JPY1,283 of the Target Company Shares on the Tokyo Stock Exchange Prime Market on May 10, 2023, the business day before the announcement of the scheduled commencement of the Tender Offer, 54.45% on the simple average of closing prices of JPY1,282 for the past one (1) month until May 10, 2023, 54.09% on the simple average of closing prices of JPY1,285 for the past three (3) months, and 56.65% on the simple average of closing prices of JPY1,264 for the past six (6) months, and considering that the median premiums in the 47 cases of tender offers by controlling shareholders to make listed subsidiaries wholly-owned subsidiaries (including one (1) case in which multiple purchasers who are not controlling shareholders jointly conducted tender offers and the total ratio of voting rights held by such multiple purchasers in the target company was more than 50%; the “**Similar Past Cases**”) announced from June 28, 2019, the day the Ministry of Economy, Trade and Industry (METI) released “Guidelines for Fair M&A Practices - Toward Enhancing Corporate Value and Ensuring Shareholder Returns,” through April 21, 2023, were 41.2%, 43.0%, 42.3%, and 42.9% for the business day, one (1) month, three (3) months, and six (6) months prior to the announcement date, respectively, it can be considered that the aforementioned premium is higher than those in



similar transactions in the recent past.

- (d) consideration is given to the interests of minority shareholders, such as taking measures to eliminate conflicts of interest described in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” below.
- (e) the Tender Offer Price has been determined through sincere and continuous discussions and negotiations between the Target Company and the Tender Offerors on multiple occasions, after the aforementioned measures to eliminate conflict of interest have been taken.
- (f) the Special Committee’s request resulted in a meaningful increase in the price proposal for the Tender Offer.

Based on the above, at a meeting of the Target Company’s board of directors held today, the Target Company resolved unanimously (by votes of four (4) directors out of the total of five (5) directors of the Target Company, excluding Mr. Osamu Okubo) to express an opinion, as the Target Company’s current position, to support the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer if the Tender Offer is commenced. Three (3) audit & supervisory board members out of the total of four (4) audit & supervisory board members of the Target Company, excluding Mr. Hidenori Shibasaki, also participated in the meeting of the board of directors above and stated their opinion that they have no objection to resolving as above. Since Mr. Osamu Okubo, one of five (5) directors of the Target Company, is an employee of Marubeni and its group company, he did not participate in any deliberations or in any resolutions of the aforementioned meeting of the board of directors as well as discussions and negotiations with the Tender Offerors regarding the Transactions as a director of the Target Company in order to avoid the doubt of the suspicions of conflicts of interests. Since Mr. Hidenori Shibasaki, one of four (4) audit & supervisory board members of the Target Company, is an employee of Marubeni and president and representative director of its group company, he did not participate in any deliberation of the aforementioned board of directors’ meeting, in order to avoid the suspicion of conflicts of interests. Although two (2) directors (Mr. Koji Kabumoto and Mr. Daisuke Arita) and one (1) audit & supervisory board member (Mr. Koichi Mokudai) of the Target Company are former employees of Marubeni, the Target Company believes that, since a considerable period of time (four (4) years for Mr. Koji Kabumoto, four (4) years for Mr. Daisuke Arita, and nine (9) years for Mr. Koichi Mokudai) has passed since they were officers and employees of Marubeni, and they have not received any information from the Tender Offerors regarding the status of the consideration of the Transactions at the Tender Offerors or any other information held or utilized by the Tender Offerors in their consideration of the Transactions, nor have they shared with the Tender Offerors any information held or utilized by the Target Company in its consideration of the Transactions at the Target Company; there is no problem with their participation in the deliberations and resolutions, etc.

In addition, the Target Company resolved at the aforementioned board of directors’ meeting that, at the time of commencement of the Tender Offer, the Target Company will consult the Special Committee, which was established by the Target Company, to examine whether there is any change in the Report as of May 11, 2023, and report to the Target Company’s board of directors, if there is no change from previous opinion, to such effect, and, if there is any change, the opinion of the Special Committee after such change. In light of such opinion, the Target Company has also resolved that it will express its opinion regarding the Tender Offer again at the time of commencement of the Tender Offer.

For details of the resolution by the board of directors as of today, see “(F) Approval of All of Directors of the Target Company Without Conflicts of Interest and Opinion of Non-objection of All of Audit & Supervisory Board Members Without Conflicts of Interest” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(ii) Background of the Valuation” of “(4) Basis of Valuation of Tender Offer Price” of “2. Overview of the Purchase” below.

In order to steadily realize the synergies described in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” above, Tender Offerors and the Target Company will accelerate the alliance among Marubeni Group, SECOM Group, and the Target Company Group, expedite the decision-making, and work with all their might.

The Tender Offerors agreed in the Shareholders’ Agreement that, after the completion of the Tender Offer, (i) the number of directors of the Target Company shall be less than seven (7), four (4) of which may be appointed by Marubeni and two (2) of which may be appointed by SECOM, and (ii) Marubeni may appoint one (1) director to be President and Representative Director, and SECOM may appoint Vice-President Director who has no representative authority; however, the candidates for the position of director have not been determined yet as of today. Further, the Tender Offerors agreed in the Shareholders’ Agreement that, after the completion of the Tender Offer, (iii) they will abolish the board of auditors of the Target Company, and the number of auditors shall be three (3), two (2) of which may be appointed by Marubeni and one (1) of which may be appointed by SECOM. Currently, no other matters about the management system of the Target Company in the future have been determined, and the Tender Offerors and the Target Company will engage in discussion.

For details of the Shareholders Agreement, see “(ii) Shareholders Agreement” of “(6) Matters Concerning Material Agreement Regarding the Tender Offer”.

(3) Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest

In light of the fact that the Target Company is a consolidated subsidiary of Marubeni as of today, that the Transaction, including the Tender Offer, constitutes a material transaction, etc. with a controlling shareholder for the Target Company and that the Transaction falls under the category of the transaction in which there typically exists structural conflicts of interest problem and asymmetric information problems between Marubeni and the shareholders of the Target Company other than Marubeni, each Tender Offeror and the Target Company have taken the following measures in (A) through (H) to ensure fairness of the Transaction including the Tender Offer, in light of ensuring fairness of the Tender Offer Price and eliminating the arbitrariness in the process of decision-making regarding the Transaction including the Tender Offer as well as avoiding conflicts of interest.

Further, Marubeni owns 25,000,100 shares of the Target Company Shares (ownership ratio of 50.06%) as of today as described in “(1) Overview of the Tender Offer” above, so the Tender Offerors believe that, if a minimum number of shares to be purchased in the Tender Offer is set as the so-called “Majority of Minority,” it would make a successful completion of the Tender Offer uncertain, and, as a result, would not contribute to the interests of minority shareholders of the Target Company who wish to tender their shares in the Tender Offer. Therefore, the Tender Offerors have not set a minimum number of shares to be purchased in the Tender Offer as the Majority of Minority. However, the Tender Offerors and the Target Company believe that since the following measures have been taken, the interests of minority shareholders of the Target Company have been fully considered.

The following statements on measures that have been taken by the Target Company are based on the Target Company Press Release and explanations by the Target Company.

- (A) Obtainment by the Tender Offerors of the share valuation reports from independent third-party valuation organizations
- (B) Establishment by the Target Company of an Independent Special Committee and obtainment of the report from the Special Committee
- (C) Obtainment by the Special Committee of advice from an independent legal adviser
- (D) Obtainment by the Target Company of share valuation reports from the independent third-party valuation organizations
- (E) Obtainment by the Target Company of advice from an independent legal adviser
- (F) Approval of all of directors of the Target Company without conflicts of interest and opinion of non-objection of all of auditors without conflicts of interest
- (G) Measures to ensure opportunities for tender offers from other tender offerors

- (H) Measures to ensure that the Target Company's shareholders have the opportunity to make appropriate judgments as to whether or not to tender in the Tender Offer

For details of the above, see "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(ii) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "2. Overview of the Purchase" below.

(4) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Items)

As described in "(1) Overview of Tender Offer" above, if the Tender Offerors are unable to obtain all of the Target Company Shares (excluding the Target Company Shares held by Marubeni and treasury shares held by the Target Company) through the Tender Offer, the Tender Offerors plan to implement the following series of procedures to become the sole shareholder of the Target Company after the completion of the Tender Offer.

The Tender Offerors, promptly after the settlement of the Tender Offer, intend to request the Target Company to hold an extraordinary shareholders' meeting (it has not been determined at this point when the extraordinary shareholders' meeting will be held; however, if the Tender Offer is commenced around August 2023, the extraordinary shareholders' meeting is scheduled to be held around November 2023.), which will include the following proposals in the agenda items: (i) to conduct a consolidation of the Target Company Shares (the "**Share Consolidation**") pursuant to Article 180 of the Companies Act, and (ii) to make a partial amendment to the Target Company's Articles of Incorporation to abolish the provision regarding the number of shares constituting one unit of shares subject to the Share Consolidation taking effect. From the perspective of enhancing the corporate value of the Target Company, the Tender Offerors consider it desirable to hold the extraordinary shareholders' meeting as soon as possible, and plan to request the Target Company to give public notice during the period of the Tender Offer (the "**Tender Offer Period**") regarding the setting of a record date so that a date that is after, but close to, the commencement of the settlement of the Tender Offer will be the record date for the extraordinary shareholders' meeting. According to the Target Company Press Release, as of today, the Target Company plans to hold the extraordinary shareholders' meeting in response to the request from the Tender Offeror. The Tender Offerors intend to approve each of proposals above at the extraordinary shareholders' meeting.

If the proposal for the Share Consolidation is approved at the extraordinary shareholders' meeting, on the effective date of the Share Consolidation, the shareholders of the Target Company will hold the number of the 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, any fraction constituting less than 1 share arises, each shareholder of the Target Company will be delivered an amount of cash, which is to be obtained by selling the Target Company Shares (the number of which is equivalent to the total number of such fractions constituting less than 1 share; if any fraction constituting less than 1 share arises with respect to such total number, such fraction shall be rounded down to the nearest whole number; the same applies hereinafter), to either or both of the Target Company and the Tender Offeror in accordance with the procedures provided in Article 235 of the Companies Act and other applicable laws and regulations. The sale price of such Target Company Shares, the number of which is equivalent to the total number of such fractions constituting less than 1 share, will be set such that, as a result of the sale, the amount of cash delivered to each of the shareholders who do not tender their shares in the Tender Offer will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each of such shareholders. Upon setting the price as such, the Tender Offerors will request the Target Company to file a petition with a court for permission with respect to voluntary sale of such Target Company Shares. Although the ratio of the consolidation of the Target Company Shares has not yet been determined as of today, the Tender Offeror intends to request the Target Company to determine the ratio of the Share Consolidation to be 16,646,800 shares (number of shares equivalent to one-thirds of the number of voting rights (499,404) corresponding to the number of shares (49,940,458 shares) obtained by deducting (A) the number of treasury shares held by the Target Company (59,542 shares) as of March 31, 2023 stated in the Target Company Financial Summary, from (B) the total number of issued shares of the Target Company (50,000,000 shares) as of the same date as described in the Target Company Financial Summary) per one share. Such ratio of the Share Consolidation is set intending to make the number of Target Company Share to be held by Marubeni two (2) and make the

number of the Target Company Share to be held by SECOM one (1) in order to approximate the voting right ratio of Marubeni and SECOM to the ratio contemplated by the Tender Offerors (66.66% and 33.34%) assuming to (i) make the number of the Target Company Shares to be held by any shareholders, excluding Marubeni, who do not tender their shares in the Tender Offer a fraction constituting less than one (1) share through the Share Consolidation, (ii) minimize the fraction for Marubeni constituting less than one share, and (iii) sell the total amount of fractions caused by the Tender Offer to SECOM (provided, however, as stated above, since the actual consolidating ratio would be determined through discussion with the Target Company based on the factual matters at the time of determining specific conditions of the Share Consolidation, the actual consolidating ratio has not been determined as of today. In the event that the actual number of shares to be purchased in the Tender Offer differs due to changes occurring from today, the consolidation ratio to be determined may be different from above. )

In the interest of protecting the rights of minority shareholders relating to the Share Consolidation, the Companies Act provides, that, if the Share Consolidation is conducted, and if any fraction constituting less than 1 share arises as a result of the Share Consolidation, the shareholders of the Target Company may request the Target Company to purchase, at a fair price, all of their shares in fraction constituting less than 1 share, and may file a petition with the court for determination of the price of the Target Company Shares pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. In the event that such petition is filed, the sale price of the Target Company Shares will be finally determined by the court. In addition, the Tender Offerors plan to implement procedures to adjust the voting rights ratios of Tender Offerors by transferring a part of the Target Company Shares from Marubeni to SECOM after the Squeeze-Out Procedures for the purpose of setting the voting rights ratios of Marubeni and SECOM 66.66% and 33.34%, respectively, after the stock splits of the Target Company Shares (the timing of implementation of such adjustment procedures and details thereof have not yet been determined as of today).

The Tender Offer is not in any way intended to solicit the shareholders of the Target Company to approve the proposals at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company need to take sole responsibility for seeking advice from their tax experts with regard to the tax consequences of tendering their shares into the Tender Offer or participating in the procedures outlined above.

(5) Possibility of Delisting and Reasons therefor

As of today, the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange, however, the Tender Offerors have not set a maximum number of shares planned to be purchased in the Tender Offer, and therefore, the Target Company Shares may be subject to delisting after performing the prescribed procedures in accordance with the Tokyo Stock Exchanges' delisting criteria, depending on the results of the Tender Offer.

Even in the case where those criteria are not met at the time of establishment of the Tender Offer, following the Tender Offer, the Tender Offerors plan to follow the a set of procedures to become the sole shareholder of the Target Company, as described in "(4) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Items)" above. In that case the Target Company Shares will be delisted after performing the prescribed procedures in accordance with the Tokyo Stock Exchanges' delisting criteria. Following delisting, the Target Company Shares will no longer be traded on the Prime Market of the Tokyo Stock Exchange.

(6) Matters Concerning Material Agreement Regarding the Tender Offer

(i) Joint Tender Offer Agreement

As described in "(1) Overview of the Tender Offer", as of today, the Tender Offerors have executed the Joint Tender Offer Agreement, which includes the following contents, concerning the implementation of the Transaction.

- (A) Tender Offerors shall jointly implement the Tender Offer.
- (B) The commencement of the Tender Offer shall be subject to the satisfaction of the Conditions Precedent (or withdrawal of the Conditions Precedent by the Tender Offerors).
- (C) If the Tender Offer is completed but not all Target Company Shares were acquired through the Tender Offer, the Squeeze-Out Procedures shall be taken.

- (D) After completing the Squeeze-Out Procedures, the procedures to approximate the voting right ratio of the Tender Offerors to be 66.66% and 33.34%, respectively, by conducting share split of the Target Company Shares and transferring a part of Target Share from Marubeni to SECOM.
- (E) Tender Offerors shall make efforts to the extent reasonably possible and necessary to complete the filings required under competition rules, etc., or any other administrative procedures as soon as practicable.
- (F) No Tender Offeror shall transfer, etc., their Target Company Shares without obtaining permission of the other Tender Offeror before completing the procedures in (D).
- (G) Tender Offerors shall not take any action contrary to the purport of the Joint Tender Offer Agreement and the Shareholders Agreement or the purpose of the Transaction before completing the procedure in (D)

(ii) Shareholders Agreement

As described in “(1) Overview of the Tender Offer,” as of today, the Tender Offerors have executed the Shareholders Agreement, which includes the following contents, concerning the joint operation etc., of the Target Company Group. Pursuant to the provisions of the Joint Tender Offer Agreement, the Shareholders Agreement shall, except for certain parts of the provisions, such as general provisions, take effect when the voting rights ratio of Marubeni and SECOM in the Target Company become 66.66% and 33.34%, respectively.

(A) Institutional Design

The Target Company shall be a company with board of directors, auditors, and accounting auditors.

(B) Directors

(i) The number of directors of the Target Company shall be less than seven (7), four (4) of which may be appointed by Marubeni and two (2) of which may be appointed by SECOM. (ii) Marubeni may appoint one (1) President and Representative Director, and SECOM may appoint a Vice President Director who has no representative authority.

(C) Auditors

The number of auditors of the Target Company shall be three (3), two (2) of which may be appointed by Marubeni and 1 of which may be appointed by SECOM.

(D) Matters requiring the consent of the Tender Offerors

In the event the Target Company decides, or even intends, to implement certain matters (including major change in internal rules, issuance, etc. of shares, M&A transactions, withdrawal or material change in important business, or commencement of important new business, etc.), prior consent of the Tender Offerors shall be obtained.

(E) Handling of Target Company Shares

In principle, the Tender Offerors are prohibited from transferring their Target Company Shares; provided, however, after a certain period of time, the Tender Offerors may transfer their Target Company Shares subject to the right of first refusal of the counterparty to the transfer.

2. Overview of the Purchase

(1) Outline of the Target Company

(i)	Name	ARTERIA Networks Corporation	
(ii)	Location	6-9-8, Shinbashi, Minato-ku, Tokyo	
(iii)	Name and title of representatives	Representative Director, President & CEO	Mr. Koji Kabumoto
(iv)	Business	Telecommunications business under the Telecommunications Business Law	
(v)	Capital	JPY5,150,000,000 (as of March 31, 2023)	
(vi)	Date of incorporation	February 12, 2016	
(vii)	Major shareholders and shareholding ratio (as of September 30, 2022) (Note)	Marubeni Corporation	50.06%
		UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Standing Proxy: Citibank, N.A., Tokyo Branch)	9.06%
		The Master Trust Bank of Japan (Trust Account)	8.75%
		Custody Bank of Japan (Trust Account)	5.47%
		BNYM TREATY DTT 15 (Standing Proxy: MUFG Bank, Ltd.)	0.97%

		KIA FUND F149 (Standing Proxy: Citibank, N.A., Tokyo Branch)	0.84%
		JP MORGAN BANK LUXEMBOURG S.A. 384513 (Standing Proxy: Mizuho Bank, Ltd., Payment Sales Department)	0.77%
		JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank, Ltd., Payment Sales Department)	0.75%
		JPMorgan Securities Japan Co., Ltd.	0.58%
		JP MORGAN CHASE BANK 385780 (Standing Proxy: Mizuho Bank, Ltd., Payment Sales Department)	0.49%
(viii)	Relationship between the Tender Offerors and the Target Company		
	Capital relationship	As of today, Marubeni owns 25,000,100 Target Company Shares (ownership ratio: 50.06%), rendering the Target Company a consolidated subsidiary.	
	Personnel relationship	Two (2) directors (Mr. Koji Kabumoto and Mr. Daisuke Arita) and one (1) auditor (Mr. Koichi Mokudai) of the Target Company have worked for Marubeni. Also, Mr. Osamu Okubo, a director, and Mr. Hidenori Shibasaki, an audit & supervisory board member of the Target Company, are employees of Marubeni. One (1) director (Mr. Osamu Okubo) of the Target Company serves concurrently as an employee of a group company of Marubeni and 1 auditor (Mr. Hidenori Shibasaki) of the Target Company serves concurrently as the representative director of a group company of Marubeni. Further, five (5) employees of Marubeni have been seconded to the Target Company.	
	Business relationship	Transactions related to services provided to Marubeni's affiliates totaled JPY1,693 million and transactions related to the purchase of transmission equipment totaled JPY668 million exist (Results for the fiscal year ended March 31, 2023). Transactions related to services provided to SECOM's affiliates totaled JPY1,414 million exist (Results for the fiscal year ended March 31, 2023).	
	Status as a Related Party	The Target Company falls under the related party of Marubeni due to being the consolidated subsidiary of Marubeni.	

(Note) "Major shareholders and shareholding ratio" based on "Status of Major Shareholders" in the Target Company's Second Quarterly Report for the 8th Fiscal Year which the Target Company submitted on November 14, 2022.

(2) Schedule, etc.

Pursuant to the Joint Tender Offer Agreement, the Tender Offer will be implemented promptly after the Conditions Precedent are satisfied (or waived by the Tender Offerors). As of today, the Tender Offerors aim to commence the Tender Offer around August 2023, however, given that it is difficult to accurately estimate how long it may take to complete the procedures, etc., required by Japanese and Chinese competition authorities, details of the schedule for the Tender Offer will be announced as soon as they are finalized. The Tender Offerors are scheduled to set the Tender Offer Period to the statutory minimum period of 20 business days. Under the relevant laws and regulations, if the Tender Offer Period is shorter than 30 business days, the Target Company has the right to request the Tender Offerors to extend the Tender Offer Period to 30 business days. However, as described in "(B) Establishment by the Target Company of an Independent Special Committee and Obtainment of the Report from the Special Committee" of "(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)" of "(ii) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "2. Overview of the Purchase," the Special Committee determined that although the Tender Offer Period is set to the statutory minimum period of 20 business days, given the lengthy period between the announcement of the scheduled commencement of the Tender Offer and the actual commencement of the Tender Offer, the opportunities have been secured for minority shareholders to make appropriate decisions about tendering their shares in the Tender Offer and for parties other than the Tender Offerors to purchase the Target Company Shares. Therefore, at present, the Tender Offerors do not believe that there is any possibility of receiving a request for an extension of the Tender Offer Period from the Target Company.

- (3) Tender Offer Price  
JPY1,980 per ordinary share

(4) Basis of Valuation of Tender Offer Price

(i) Basis of the Valuation

In determining the Tender Offer Price, in order to ensure fairness of the Tender Offer Price, Marubeni requested DTFA, which is a third-party valuation organization independent of the Tender Offerors and the Target Company to analyze the share value of the Target Company Shares. DTFA is not a related party of the Tender Offerors and the Target Company and does not have any material interest in the Tender Offer.

After considering valuation methods for the Tender Offer, DTFA conducted valuation of the Target Company Shares by using the following methods: the market share price method (because the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange); the comparable company method (because it is possible to infer the value of the Target Company Shares through comparisons with several listed companies comparable to the Target Company); and the DCF Method (in order to reflect the status of future business activities in the calculation). And Marubeni has obtained the share valuation report from DTFA (the “**Share Valuation Report (DTFA)**”) as of May 10, 2023. Marubeni has not obtained from DTFA an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) since Marubeni comprehensively considered the various factors described in “(Background Leading to Determination of the Tender Offer Price)” of “(ii) Background of the Valuation” below, and judged and determined the Tender Offer Price after discussions and negotiations with the Target Company.

The valuation results of the Target Company Shares per share by DTFA are as follows.

Market share price method	: JPY 1,264 to JPY 1,285
Comparable company method	: JPY 1,094 to JPY 2,225
DCF Method	: JPY 1,304 to JPY 2,348

Under the market share price method, May 10, 2023 was reference date (the “**Reference Date**”), the per-share value of the Target Company Shares was calculated to range from JPY 1,264 to JPY 1,285, based on the following prices of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange: the closing price on the Reference Date (JPY 1,283); the simple average of closing prices for the one (1) month immediately preceding the Reference Date (inclusive) (JPY 1,282); the simple average of closing prices for the three (3) months immediately preceding the Reference Date (inclusive) (JPY 1,285); and the simple average of closing price for the six (6) months immediately preceding the Reference Date (inclusive) (JPY 1,264).

Under the comparable company method, the value of the Target Company Shares was calculated through comparison with the market share prices and financial indicators including profitability of listed companies that engage in businesses comparatively similar to those of the Target Company. Using this methodology, the per-share value of the Target Company Shares was calculated to range from JPY 1,094 to JPY 2,225.

Under the DCF Method, the share value of the Target Company Shares was calculated by discounting the free cash flow that is expected to be generated in the future by the Target Company in and after the fiscal year ending in March 31, 2024 at a certain discount rate to the present value, based on the relevant factors including the profitability and investment plans in the Target Company’s business plan for 3 fiscal years from the fiscal year ending in March 31, 2024 to the fiscal year ending in March 31, 2026, the historical performance trend to the most recent, the result of the due diligence on the Target Company that was conducted by the Tender Offerors during the period from early January 2023 to early May 2023, as well as other publicly available information. Using this methodology, the per-share value of the Target Company Shares was calculated to range from JPY 1,304 to JPY 2,348. In the business plan which served as a basis for the DCF Method, no significant increases or decreases in profits are expected. The synergy effects expected to realize as a result of the execution of the Transaction has not been reflected because it is difficult at this point to specifically estimate the impact on profit.

In determining the Tender Offer Price, in order to ensure fairness of the Tender Offer Price, SECOM requested Plutus, which is a third-party valuation organization independent of the Tender Offerors and the Target Company to analyze the share value of the Target Company Shares. Plutus is not a related party of the Tender Offerors and the Target Company and does not have any material interest in the Tender Offer.

After considering valuation methods for the Tender Offer, Plutus conducted valuation of the Target Company Shares by using the following methods: the market share price method (because the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange); the comparable company method (because it is possible to infer the value of the Target Company Shares through comparisons with listed companies comparable to the Target Company); and the DCF Method (in order to reflect the status of future business activities in the calculation) and SECOM has obtained the share valuation report from Plutus (the “**Share Valuation Report (Plutus)**”) as of May 10, 2023. SECOM has not obtained from Plutus an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) since SECOM comprehensively considered the various factors described in “(Background Leading to Determination of the Tender Offer Price)” of “(ii) Background of the Valuation” below, and judged and determined the Tender Offer Price after discussions and negotiations with the Target Company.

The valuation results of the Target Company Share per share by Plutus are as follows.

Market share price method	:JPY 1,264 to JPY 1,285
Comparable company method	:JPY 837 to JPY 1,497
DCF Method	:JPY 1,269 to JPY 2,315

Under the market share price method, May 10, 2023 was the Reference Date, the per-share value of the Target Company Shares was calculated to range from JPY 1,264 to JPY 1,285, based on the following prices of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange: the closing price on the Reference Date (JPY 1,283); the simple average of closing prices for the one (1) month immediately preceding the Reference Date (inclusive) (JPY 1,282); the simple average of closing prices for the three (3) months immediately preceding the Reference Date (inclusive) (JPY 1,285); and the simple average of closing prices for the six (6) months immediately preceding the Reference Date (inclusive) (JPY 1,264).

Under the comparable company method, the value of the Target Company Shares was calculated through comparison with the market share prices and financial indicators including profitability of listed companies that engage in businesses comparatively similar to those of the Target Company. Using this methodology, the per-share value of the Target Company Shares was calculated to range from JPY 837 to JPY 1,497.

Under the DCF Method, the share value of the Target Company Shares was calculated by discounting the free cash flow that is expected to be generated in the future by the Target Company in and after the fiscal year ending in March 31, 2024 at a certain discount rate to the present value, based on the relevant factors including the profitability and investment plans in the Target Company’s business plan for 3 fiscal years from the fiscal year ending in March 31, 2024 to the fiscal year ending in March 31, 2026, the historical performance trend to the most recent, as well as other publicly available information. Using this methodology, the per-share value of the Target Company Shares was calculated to range from JPY 1,269 to JPY 2,315. In the business plan which served as a basis for the DCF Method, no significant increases or decreases in profits are expected. The synergy effects expected to realize as a result of the execution of the Transaction has not been reflected because it is difficult at this point to specifically estimate the impact on profit.

As of today, based on the results of discussions and negotiations with the Target Company, the Tender Offerors ultimately determined that the Tender Offer Price would be JPY1,980 per share, comprehensively taking into account: (i) the valuation results in the Share Valuation Report (DTFA) and the Share Valuation Report (Plutus) obtained from DTFA and Plutus on May 10, 2023; (ii) the result of the due diligence on the Target Company that was carried out by the Tender Offerors during the period from early January 2023 to early May 2023; (iii) whether the board of



directors of the Target Company would support the Tender Offer; (iv) fluctuations in the market price of the Target Company Shares; and (v) anticipated levels of tendering in the Tender Offer.

In addition, the Tender Offer Price JPY1,980 represents a premium of 54.33 % on the closing price of the Target Company Share of JPY 1,283 on the Prime Section of the Tokyo Stock Exchange on May 10, 2023, which is the business day immediately preceding the day on which the scheduled commencement of the Tender Offer is publicly announced by the Tender Offerors, a premium of 54.45 % on the simple average of closing prices of JPY 1,282 for the one-month period ending on that day, a premium of 54.09% on the simple average of closing prices of JPY 1,285 for the three-month period ending on that day, and a premium of 56.65% on the simple average of closing prices of JPY 1,264 for the six-month period ending on that day.

(ii) Background of the Valuation

(Background Leading to Determination of the Tender Offer Price)

As described in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase” above, in early September 2022, the Tender Offerors appointed Nomura Securities as a financial advisor independent of the Tender Offerors and the Target Company, Marubeni appointed Nishimura & Asahi as a legal advisor independent of the Tender Offerors and the Target Company and DTFA as a third-party valuation organization independent of the Tender Offerors and the Target Company, SECOM appointed Nagashima Ohno & Tsunematsu as a legal advisor independent of the Tender Offerors and the Target Company and Plutus as a third-party valuation organization independent of the Tender Offerors and the Target Company, respectively, and the Tender Offerors started specific discussions regarding the Transactions, and on October 11, 2022, the Tender Offerors submitted a joint proposal regarding the Transactions to the Target Company, proposing to the Target Company that the Tender Offerors be the only shareholders of the Target Company.

In response, as described in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase” above, the Target Company appointed, in late October 2022, Wadakura Gate Law Office as a legal advisor independent of the Tender Offerors and the Target Company and Daiwa Securities and Sangyo Sosei Advisory as financial advisors and third-party valuation organizations independent of the Tender Offerors and the Target Company, respectively, in order to ensure the fairness of the Tender Offer Price and the fairness of the Transactions including the Tender Offer and requested each of Daiwa Securities and Sangyo Sosei Advisory to evaluate the share value of the Target Company Shares.

Given that the Target Company is a consolidated subsidiary of Marubeni and there are issues such as structural conflicts of interests between Marubeni and the shareholders of the Target Company other than Marubeni, as described in “(ii) Process of, and Reasons for, the Decision Making by the Target Company in Support of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase” above, the Target Company established the Special Committee in late October 2022 in order to address these issues and ensure the fairness of the Transactions. For details of the establishment of the Special Committee, please see “(B) Establishment by the Target Company of an Independent Special Committee and Obtainment of the Report from the Special Committee” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” below.

The Tender Offerors and the Target Company then started specific discussions and consideration of the Transactions. The Tender Offerors have continued discussions with the Target Company and the Special Committee regarding the significance and purpose of the Transactions and the synergies expected to be realized through the Transactions. In addition, the Tender Offerors conducted due diligence on the Target Company during the period from early January 2023 to early May 2023 to examine the feasibility of the Tender Offer. Subsequently, since April 6, 2023, the Tender

Offerors have held several discussions and negotiations with the Target Company regarding the Tender Offer Price. Specifically, on April 6, 2023, the Tender Offerors submitted the First Proposal. The Tender Offerors proposed the Tender Offer Price of JPY 1,650 per share, taking into consideration the progress of the due diligence that had been conducted on the Target Company up to such point, the content of the trial evaluations conducted by DTFA and Plutus regarding the Target Company Shares, and the prospects of the shares being tendered in the Tender Offer. The Tender Offerors considered that such price could be evaluated as a price that would not cause any disadvantage to the Target Company's shareholders since it constituted a certain premium on the market price of the Target Company Shares of 31.47% over JPY1,255, which was the closing price of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on April 5, 2023, 27.81% over JPY1,291, which was the simple average of closing prices for the latest one-month period until the same day, 29.82% over JPY1,271, which was the simple average of closing prices for the latest three-month period until the same day, and 32.11% over JPY1,249, which was the simple average of closing prices for the latest six-month period until the same day. In response, on April 7, 2023, the Tender Offerors received from the Target Company a request for reconsideration on the grounds that the Target Company, after also confirming with the Special Committee, determined that the Tender Offer Price in the First Proposal was below the price level reflecting the intrinsic value of the Target Company and was not at a level at which the Target Company could resolve to express its support for the Tender Offer. After careful consideration of such request from the Target Company, on April 13, 2023, the Tender Offerors submitted the Second Proposal to set the Tender Offer Price at JPY1,850 per share (constituting a premium on the market price of the Target Company Shares as of April 12, 2023 of 46.25% over JPY1,265, which was the closing price on the same day, 44.98% over JPY1,276, which was the simple average of closing prices for the latest one-month period until the same day, 45.44% over JPY1,272, which was the simple average of closing prices for the latest three-month period until the same day, and 48.00% over JPY1,250, which was the simple average of closing prices for the latest six-month period until the same day). In response, on April 14, 2023, the Tender Offerors received from the Target Company a request for reconsideration on the grounds that the Target Company, after also confirming with the Special Committee, determined that the Tender Offer Price in the Second Proposal was insufficient as a price level reflecting the intrinsic value of the Target Company, and did not appropriately reflect the synergies in the Transactions and was not at a level where the Target Company could resolve to express its support for the Tender Offer and recommend that its minority shareholders tender their shares in the Tender Offer. After carefully considering such request from the Target Company again, on April 20, 2023, the Tender Offerors submitted the Third Proposal to set the Tender Offer Price at JPY1,930 per share (constituting a premium on the market price of the Target Company Shares as of April 19, 2023 of 50.19% over JPY1,285, which was the closing price on the same day, 51.25% over JPY1,276, which was the simple average of closing prices for the latest one-month period until the same day, 51.25% over JPY1,276, which was the simple average of closing prices for the latest three-month period until the same day, 53.91% over JPY1,254, which was the simple average of closing prices for the latest six-month period until the same day). In response, on April 21, 2023, the Tender Offerors received from the Target Company a request for reconsideration on the grounds that the Target Company, after also confirming with the Special Committee, determined that the Tender Offer Price in the Third Proposal was insufficient as a price level reflecting the intrinsic value of the Target Company and not at a level where it could be judged that the synergies in the Transactions would be sufficiently distributed to its minority shareholders. After carefully considering such request from the Target Company again, on April 28, 2023, the Tender Offerors submitted the Fourth Proposal to set the Tender Offer Price at JPY1,980 per share (constituting a premium on the market price of the Target Company Shares as of April 27, 2023 of 53.97% over JPY1,286, which was the closing price on the same day, 55.17% over JPY1,276, which was the simple average of closing prices for the latest one-month period until the same day, 54.69% over JPY1,280, which was the simple average of closing prices for the latest three-month period until the same day, and 57.27% over JPY1,259, which was the simple average of closing prices for the latest six-month period until the same day). In response, on May 1, 2023, the Tender Offerors received from the Target Company a request for reconsideration on the grounds that the Target Company, after also confirming with the Special Committee, determined that the Tender Offer Price in the Fourth Proposal was insufficient as a price level reflecting the intrinsic value of the Target Company and not at a level where it could be judged that the synergies in the Transactions would

be sufficiently distributed to its minority shareholders, although the Target Company recognized that the Tender Offerors fully understood that the Target Company focused on the degree of such synergies to be realized. After considering such request from the Target Company again, on May 8, 2023, the Tender Offerors submitted the Final Proposal to set the Tender Offer Price at JPY1,980 per share (constituting a premium on the market price of the Target Company Shares as of May 2, 2023 of 56.03% over JPY1,269, which was the closing price on the same day, 55.05% over JPY1,277, which was the simple average of closing prices for the latest one-month period until the same day, 54.45% over JPY1,282, which was the simple average of closing prices for the latest three-month period until the same day, and 56.89% over JPY1,262, which was the simple average of closing prices for the latest six-month period until the same day). In response, on May 9, 2023, the Tender Offerors received a response from the Target Company to the effect that it would accept the Tender Offer Price proposed in the Final Proposal, after also confirming with the Special Committee.

As a result of these discussions and negotiations, on May 9, 2023, the Tender Offerors and the Target Company agreed that making the Tender Offerors the only shareholders of the Target Company would be the best way to respond to changes in the business environment surrounding the Tender Offerors and the Target Company and to improve the corporate value of the Tender Offerors and the Target Company, and agreed to set the Tender Offer Price at JPY1,980.

Therefore, the Tender Offerors have determined to execute the Joint Tender Offer Agreement as of today and to implement the Tender Offer as part of the Transactions if the Conditions Precedent are satisfied (or waived by the Tender Offerors), as it is expected that a certain period of time will be required for the procedures and responses required under the Japanese and Chinese competition laws.

(A) Names of the Third Parties from Which Opinions Were Obtained upon Valuation of the Tender Offer Price

In the course of determining the Tender Offer Price, Marubeni took into account the Share Valuation Report (DTFA) from DTFA, which is a third-party valuation organization independent of the Tender Offerors and the Target Company. Marubeni has not obtained from DTFA an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) since Marubeni comprehensively considered the various factors described in “(i) Basis of the Valuation” above, and judged and determined the Tender Offer Price after discussions and negotiations with the Target Company.

In the course of determining the Tender Offer Price, SECOM took into account the Share Valuation Report (Plutus) from Plutus, which is a third-party valuation organization independent of the Tender Offerors and the Target Company. SECOM has not obtained from Plutus an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) since SECOM comprehensively considered the various factors described in “(i) Basis of the Valuation” above, and judged and determined the Tender Offer Price after discussions and negotiations with the Target Company.

(B) Overview of the Opinions

After considering valuation methods for the Tender Offer, DTFA valued the ranges of the per share value of the Target Company Shares as follows, based on each of the market share price method, the comparable company method and the DCF Method:

Market share price method:	:JPY 1,264 to JPY 1,285
Comparable company method:	:JPY 1,094 to JPY 2,225
DCF Method:	:JPY 1,304 to JPY 2,348

After considering valuation methods for the Tender Offer, Plutus valued the ranges of the per share value of the Target Company Shares as follows, based on each of the market share price method, the comparable company method and the DCF Method:

Market share price method:	:JPY 1,264 to JPY 1,285
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Comparable company method: :JPY 837 to JPY 1,497  
DCF Method: :JPY 1,269 to JPY 2,315

(C) Background Leading to the Determination of the Tender Offer Price Based on those Opinions

As described in “(i) Basis of the Valuation” above, as of today, based on the results of discussions and negotiations with the Target Company, the Tender Offerors ultimately determined that the Tender Offer Price would be JPY1,980 per share, comprehensively taking into account: (i) the valuation results in the Share Valuation Report (DTFA) and the Share Valuation Report (Plutus) obtained from DTFA and Plutus on May 10, 2023; (ii) the result of the due diligence on the Target Company that was conducted by the Tender Offerors during the period from early January 2023 to early May 2023; (iii) whether the board of directors of the Target Company would support the Tender Offer; (iv) fluctuations in the market price of the Target Company Shares; and (v) anticipated levels of tendering in the Tender Offer.

(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)

In light of the fact that the Target Company is a consolidated subsidiary of Marubeni as of today, the Transactions including the Tender Offer constitute material transactions, etc. with a controlling shareholder of the Target Company and transactions in which issues related to structural conflicts of interest and asymmetric information exist between Marubeni and the shareholders of the Target Company other than Marubeni, the Tender Offerors and the Target Company have taken each of the following measures (A) through (H) to ensure the fairness of the Transactions including the Tender Offer, from the aspect to ensure the fairness of the Tender Offer Price and to eliminate the arbitrariness in the decision-making process and avoid conflicts of interest regarding the Transactions including the Tender Offer.

Further, Marubeni owns 25,000,100 shares of the Target Company Shares (ownership ratio: 50.06 %) as of today as described in “(1) Overview of the Tender Offer” in “1. Purpose of the Purchase” above, so the Tender Offerors believe that, if a minimum number of shares to be purchased in the Tender Offer is set as the so-called “Majority of Minority,” it would make a successful completion of the Tender Offer uncertain and, as a result, would not contribute to the interests of minority shareholders of the Target Company who wish to tender their shares in the Tender Offer. Therefore, the Tender Offerors have not set a minimum number of Share to be purchased in the Tender Offer as the Majority of Minority. However, the Tender Offerors and the Target Company believe that since the following measures have been taken, the interests of minority shareholders of the Target Company have been fully considered. The following statements on measures that have been taken by the Target Company are based on the Target Company Press Release and explanations by the Target Company.

(A) Obtainment by the Tender Offerors of the Share Valuation Reports from Independent Third-party Valuation Organizations

In determining the Tender Offer Price, in order to ensure fairness of the Tender Offer Price, Marubeni requested DTFA, which is a third-party valuation organization independent of the Tender Offerors and the Target Company, to analyze the share value of the Target Company Shares and Marubeni has obtained the Share Valuation Report (DTFA) as of May 10, 2023. For details of the Share Valuation Report (DTFA) acquired by Marubeni from DTFA regarding the valuation result of the share value of the Target Company Share, see “(i) Basis of the Valuation” above.

In determining the Tender Offer Price, in order to ensure fairness of the Tender Offer Price, SECOM requested Plutus, which is a third-party valuation organization independent of the Tender Offerors and the Target Company, to analyze the share value of the Target Company Shares and SECOM has obtained the Share Valuation Report (Plutus) as of May 10, 2023. For details of the Share Valuation Report (Plutus) acquired by SECOM from Plutus

regarding the valuation result of the share value of the Target Company Share, see “(i) Basis of the Valuation” above.

(B) Establishment by the Target Company of an Independent Special Committee and Obtainment of the Report from the Special Committee

According to the Target Company Press Release, as described in “(i) Background to the Decision by the Tender Offerors to Implement the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase” above, in late October 2022, the Target Company established the Special Committee (the Target Company selected Mr. Takeshi Motomura, an independent outside audit & supervisory board member of the Target Company, Mr. Ichiro Miyake, an independent outside director of the Target Company and Mr. Masahiko Yasuda, an outside expert (the representative director of Benedi Consulting Co., Ltd.) as members of the Special Committee), consisting of members including outside experts who are highly independent of the Target Company and the Tender Offerors, by taking into consideration the fact that the Target Company is a consolidated subsidiary of Marubeni and the Transactions including the Tender Offer constitute material transactions with a controlling shareholder, from the viewpoint of taking the decision-making process of the Target Company prudently and ensuring its fairness by eliminating any possibility of arbitrariness and conflict of interest in the decision-making process of the Target Company’s board of directors. The Target Company consulted the Special Committee to consider (a) the legitimacy and reasonableness of the purpose of the Transactions including the Tender Offer (including whether the Transactions will contribute to the improvement of the corporate value of the Target Company), (b) the fairness and appropriateness of the terms and conditions of the Transactions, including the Tender Offer, (c) the appropriateness of the procedures for the Transactions including Tender Offer, (d) whether or not the Target Company’s board of directors should approve of the Tender Offer and whether or not the Target Company’s shareholders should be encouraged to tender their shares in the Tender Offer, (e) whether or not executing the Transactions including the Tender Offer (including the expression of an opinion by the board of directors to support the Tender Offer and to recommend shareholders to tender their shares in the Tender Offer) would be detrimental to minority shareholders (collectively, the “**Advisory Matters.**”)

The Special Committee has held a total of 19 meetings from October 21, 2022 to May 9, 2023, to carefully consider and discuss the Advisory Matters. Specifically, on October 21, 2022, the Special Committee first decided to appoint Iwata Godo as its own legal advisor independent of the Tender Offerors and the Target Company, after considering its independence and expertise, etc. Although Mr. Takeshi Motomura, a member of the Special Committee, is an attorney belonging to Iwata Godo, since he is considered to be independent of the Target Company as he is an Independent Outside Audit & Supervisory Board Member of the Target Company, the Target Company considers that Iwata Godo, to which he belongs, is not a related party of the Target Company and has no material interest in the Transactions. In addition, on the same day, the Special Committee approved the appointment of Daiwa Securities and Sangyo Sosei Advisory as financial advisors and third-party valuation organizations of the Target Company, and Wadakura Gate Law Office as a legal advisor of the Target Company, after confirming that there were no issues in terms of their independence and expertise, etc. Thereafter, in considering the Advisory Matters, the Special Committee received from the Target Company explanations of the Target Company’s business environment, the purpose of the Transactions proposed by the Tender Offerors, and the impact of the Transactions on the Target Company’s business, etc., and held a question-and-answer session regarding these matters. Moreover, the Special Committee asked the Tender Offerors about the Tender Offerors’ business environment, the purpose and background of the Transactions, and management policies after the execution of the Transactions, etc. and received written responses from the Tender Offerors. The Special Committee received explanations from the Target Company regarding its most recent business performance and the details of its business plan, and held a question-and-answer session regarding these matters. Further, the Special Committee received explanations from Daiwa Securities and Sangyo Sosei Advisory, the third-party

valuation organizations, regarding the results of the calculation of the share value of the Target Company Shares, and had a question-and-answer session. In addition, the Special Committee received from the Target Company timely explanations of the status of negotiations regarding the Tender Offer Price between the Target Company and the Tender Offerors, and had question-and-answer sessions. The Special Committee received explanations from Wadakura Gate Law Office, the legal advisor to the Target Company, regarding the method and process of decision-making by the Target Company's board of directors, including various procedures related to the Transactions, and held question-and-answer sessions regarding these matters.

Based on the contents of each of the aforementioned investigations, discussions, and considerations, and taking into account the contents of the legal advice from Iwata Godo, the legal advisor to the Special Committee, the Special Committee carefully discussed and considered the Advisory Matters, based on the unanimous consent of the members, the Special Committee submitted the Report dated May 11, 2023 to the Target Company's board of directors, as summarized below.

(a) The legitimacy and reasonableness of the purpose of the Transactions (including whether the Transactions will contribute to the improvement of the corporate value of the Target Company)

a. (Purpose of the Transactions)

The Tender Offerors intend to further accelerate the business development of the Target Company and the Tender Offerors and enhance the corporate value of the Target Company and the Tender Offerors by SECOM's strengthening its business partnership with the Target Company and Marubeni through making capital participation in the Target Company, which has strengths in the Internet service and network service businesses, in addition to SECOM's cyber security and data center services businesses. On the other hand, the Target Company believes that it is essential to strengthen and promote the alliance with the Tender Offerors by utilizing the management resources of not only the Target Company but also of the Tender Offerors, in order to maintain and strengthen the competitiveness of existing core services in increasingly competitive markets.

b. (Advantages of the Transactions for the Target Company)

The Transactions are expected to have a reasonable synergy effect since the Target Company Group can expect to utilize SECOM's customer base and sales infrastructure and expand opportunities for the Target Company to provide its network services to SECOM's security-related services, etc., by further strengthening the cooperative relationship between the Target Company and SECOM.

According to the Tender Offerors, they intend to enhance the corporate value of the Target Company by developing and deploying new services in the cloud computing, information security, and B-to-C business fields, utilizing the resources of the Marubeni group and the SECOM group. In this regard, the Target Company believes it is necessary for the Target Company to strengthen and accelerate the efforts in new growth areas, including DX services in order to achieve sustainable growth, and SECOM is developing services in growth areas that the Target Company Group does not have, and deepening the relationship between SECOM and the Target Company is in line with the Target Company Group's management strategy based on the current situation of the Target Company Group. Therefore, the Transactions can be expected to generate appropriate synergies.

The Tender Offerors and the Target Company recognize the importance of investment from a medium- to long-term perspective in order to improve the corporate value of the Target Company and going private through the Transactions will enable strategic investment from a medium- to long-term perspective, utilizing the Tender Offerors' strong financial base. Therefore, it can be evaluated that the Target Company's medium- to long-term corporate value can be improved by executing the Transactions.

Based on the above and other factors, it is believed that the Transactions will enable the Target Company to further expand its business by making the Target Company the group company of the Tender Offerors and establishing a stable and strong relationship between the Target Company and the Tender Offerors, thereby strengthening the Target Company's business foundation and enhancing the Target Company's corporate value over the medium to long term.

c. (Disadvantages of the Transactions for the Target Company)

On the other hand, as the disadvantage of the Transactions, going private is expected to have an impact on the Target Company's social credibility, employee motivation, and financing or capital procurement. However, in light of the social credibility and recognition the Tender Offerors have and the Target Company's current capital structure, it is considered that there will be no particular obstacle to the execution of the Transactions.

d. (Other)

In addition, the Tender Offerors are considering the most appropriate policy about how to treat the employees based on the recognition that the employees of the Target Company Group are the driving force for the Target Company to achieve sustainable growth and are the human resources necessary for the Target Company to achieve its goals and business plan. As long as such policy is implemented after the Transactions are executed, it can be evaluated as contributing to the maintenance and improvement of the Target Company's corporate value. Furthermore, it cannot be expected that any conceivable alternative means other than the Transactions will produce the same effect as the Transactions.

e. (Conclusion)

Based on the above, the Transactions, including the Tender Offer, will contribute to the enhancement of the Target Company's corporate value, and the purpose of the Transactions is deemed to be justifiable and reasonable.

(b) The fairness and appropriateness of the terms and conditions of the Transactions, including the Tender Offer

a. (Obtainment of Share Valuation Reports from Third-party Valuation Organizations)

In order to ensure the fairness in the decision-making process for the Tender Offer Price proposed by the Tender Offerors, the Target Company requested each of Daiwa Securities and Sangyo Sosei Advisory as the financial advisors and third-party valuation organizations independent of the Target Company and the Tender Offerors to evaluate share value of the Target Company Shares and obtained the Share Valuation Reports as of May 10, 2023 from each of Daiwa Securities and Sangyo Sosei Advisory (the share valuation report obtained from Daiwa Securities is hereinafter referred to as the "**Share Valuation Report (Daiwa Securities)**") and the share valuation report obtained from Sangyo Sosei Advisory as the "**Share Valuation Report (Sangyo Sosei)**").

b. (Reliability of Share Valuation Report (Daiwa Securities) and Share Valuation Report (Sangyo Sosei))

Each of the calculation methods used by Daiwa Securities and Sangyo Sosei Advisory to calculate the per share value of the Target Company Shares is considered to be commonly used calculation method. The Special Committee found nothing unreasonable in why Daiwa Securities and Sangyo Sosei Advisory adopted their respective calculation methods. Daiwa Securities and Sangyo Sosei Advisory, both experienced third-party calculation organizations, calculated the valuation results based on each of these calculation methods, and there is nothing unreasonable in the valuation results of the per-share value of the Target Company Shares. In addition, there is nothing unreasonable in either the financial forecasts or assumptions on which the above calculation methods or the results were based.

Regarding the business plan used as the basis for the calculations above, the consolidated financial forecasts used by Daiwa Securities and Sangyo Sosei Advisory to calculate the value of the Target Company Shares using the DCF Method differ from the Target Company's consolidated net sales, consolidated operating income, and consolidated EBITDA margin figures included in the Mid-Term Plan released by the Target Company on May 14, 2021. However, the Special Committee has found no circumstances to question the objectivity or reasonableness of preparing such consolidated financial projections and has confirmed that they have been properly prepared.

Based on the above, the Special Committee evaluates that the Share Valuation Report (Daiwa Securities) and the Share Valuation Report (Sangyo Sosei) are reliable.

c. (Fairness and appropriateness of the Tender Offer Price)

The Tender Offer Price of JPY1,980 is above the upper limit of the range of the results of the calculations based on the market price method in the Share Valuation Report (Daiwa Securities) and the Share Valuation Report (Sangyo Sosei), as well as within the range of the results of the calculations based on the DCF Method in the Share Valuation Report (Daiwa Securities) and the Share Valuation Report (Sangyo Sosei). Therefore, the Tender Offer Price can be evaluated as being within a reasonable range in relation to the results of the share valuations in the Share Valuation Report (Daiwa Securities) and the Share Valuation Report (Sangyo Sosei).

d. (Securing Premiums)

The Tender Offer Price of JPY1,980 represents a premium of 54.33 % on the closing price of the Target Company Shares of JPY 1,283 on the Prime Market of the Tokyo Stock Exchange on May 10, 2023, which is the business day immediately preceding the day on which the scheduled commencement of the Tender Offer is publicly announced by the Tender Offerors, a premium of 54.45 % on the simple average of closing prices of JPY 1,282 for the one-month period ending on that day, a premium of 54.09% on the simple average of closing prices of JPY 1,285 for the three-month period ending on that day, and a premium of 56.65% on the simple average of closing prices of JPY 1,264 for the six-month period ending on that day. Given that this price secures the standard of premium in the Similar Past Cases (for details of the standard of premium in the Similar Past Cases, see “(C) Details of Determination by the Target Company” of “(ii) Process of, and Reasons for, the Decision Making by the Target Company in Support of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase” above), it can be evaluated that the Tender Offer Price reflects considerable share value to be realized by the Target Company as a result of the synergies of the Transactions.

e. (Negotiations with the Tender Offerors)

No circumstances were found in the course of negotiations concerning the Transactions that would raise questions about transparency or fairness, and the Tender Offer Price was proposed as a result of repeated discussions and negotiations between the Target Company and the Tender Offerors, which were conducted with the substantial involvement of the Special Committee. The price was significantly increased by JPY330 from the Tender Offerors’ initial proposal (JPY1,650 per share of the Target Company Shares) to JPY1,980 per share of the Target Company Shares, and can be evaluated as a price determined through diligent negotiations.

f. (Terms and Conditions of the Transactions other than the Tender Offer Price)

The scheme of the Transactions can be evaluated as reasonable in light of the fact that no alternative means other than the Transactions can be expected to produce the same effect as the Transactions, and also in terms of providing an appropriate opportunity for the Target Company’s minority shareholders to earn a return on their investments.

The Tender Offerors plan to set the Tender Offer Period at 20 business days, the shortest period required by law. However, according to the Tender Offerors, since the period until the commencement of the Tender Offer is long, the Tender Offerors believe that the opportunity for minority shareholders of the Target Company to make appropriate decisions regarding the application for the Tender Offer and for parties other than the Tender Offerors to purchase the Target Company Shares is secured. There is nothing unreasonable in such decision by the Tender Offerors. According to the Offerors and the Target Company, they have not entered into any agreement that would restrict the Target Company’s contact with any person other than the Tender Offerors (the “Competing Tender Offerors”), such as an agreement containing a transaction protection clause that would prohibit the Target Company from contacting the Competing Tender Offerors. Considering the above, together with the period leading up to the commencement of the Tender Offer, opportunities for competing purchases have been secured, and the indirect market check in the Transactions can be evaluated to function reasonably well.

According to the Tender Offerors, the Tender Offerors have not set a minimum number of shares to be



purchased that is considered as so-called “Majority of Minority” in the Tender Offer. However, given that the Tender Offerors and the Target Company have taken various measures to ensure fairness as described in “(c) The appropriateness of the procedures for the Transactions including the Tender Offer” below, it is considered that the fairness and appropriateness of the terms and conditions of the Transactions are not impaired.

Given that the Transactions will not adopt any method that does not ensure appraisal rights or rights to claim price determination for the dissenting shareholders for the Share Consolidation after the Tender Offer on the premise that the Tender Offerors will acquire all of the Target Company Shares and that the Tender Offeror plans to disclose the schedule of the Share Consolidation based on the Tender Offer Price immediately after the Tender Offer is implemented, the Transactions are considered to be free from coercion.

g. (Conclusion)

Based on the above, the fairness and appropriateness of the terms and conditions of the Transactions, including the Tender Offer, are considered to have been ensured.

(c) The Appropriateness of the Procedures for the Transactions Including the Tender Offer

a. Establishment, Deliberation, etc. of the Special Committee

All members of the Special Committee are independent of the Target Company and the Tender Offerors. Members of the Special Committee are not scheduled to receive performance fees on the condition that the Transactions are announced or consummated, and none of the members of the Special Committee has any material interest in the success or failure of the Transactions. At the board of directors meeting at which the establishment of the Special Committee was resolved, the Target Company’s board of directors resolved that decisions regarding the Transactions shall be made by the board of directors with maximum respect for the decisions of the Special Committee, including whether to approve or disapprove of the Tender Offer and in particular, if the Special Committee determines that the Tender Offer is not appropriate in terms of its implementation or the terms of the Transactions, the Target Company will not support the Tender Offer.

The Special Committee received explanations from the Target Company regarding the Target Company’s business environment, the purpose of the Transactions proposed by the Tender Offerors, the impact of the Transactions on the Target Company’s business, etc., and conducted question-and-answer sessions regarding these matters. The Special Committee also inquired the Tender Offerors about their business environment, the purpose and background of the Transactions, their management policy after the execution of the Transactions, etc., and the Special Committee received written answers from the Tender Offerors. In addition, the Special Committee was substantially involved in the negotiation process regarding the Tender Offer Price as the Special Committee, including receiving explanations from Daiwa Securities and Sangyo Sosei Advisory, the third-party organizations, regarding the valuation results of the value of the Target Company Shares, and having question-and-answer sessions, as well as receiving timely explanations from the Target Company regarding the status of negotiations regarding the Tender Offer Price between the Target Company and the Tender Offerors, and expressing its opinion as the Special Committee.

As described above, the establishment of the Special Committee and its deliberations, etc., ensure the fairness of the procedures related to the Transactions and can be evaluated as functioning effectively as a measure to ensure fairness.

b. Deliberations at the Target Company

According to the Target Company, with respect to the structure for considering the Transactions (directors and audit & supervisory board members who will be involved in the decision-making process of the Target Company regarding the Transactions), the Target Company’s policy does not allow any of its directors and audit & supervisory board members who are concurrently officers or employees of Marubeni to be involved in the decision-making process, while it allows any of its directors and audit & supervisory board

members who used to be officers or employees of Marubeni in the past to be involved in the decision-making process. First, with respect to the former, according to the Target Company, in order to avoid any suspicion of a conflict of interest, Osamu Okubo, one of five (5) directors of the Target Company, who concurrently serves as an employee of Marubeni and its group company, has not participated in any deliberation or resolution regarding the Transactions at the board of directors meeting of the Target Company. In addition, he has not participated in any discussion or negotiation with the Tender Offerors with respect to the Transactions as a director of the Target Company. In addition, among the four (4) audit & supervisory board members of the Target Company, Mr. Hidenori Shibasaki, who is also an employee of Marubeni and concurrently serves as the President & Representative Director of its group company, has not participated in any deliberations regarding the Transactions at the board of directors Meeting of the Target Company in order to avoid any suspicion of conflict of interest. It is therefore considered that the Target Company has secured a structure in which it is independent of the Tender Offerors, etc., and is able to consider, negotiate, and make a decision regarding the Transactions. With respect to the latter, considering the fact that those who used to be officers or employees of Marubeni in the past do not owe any duty of care, etc., to Marubeni at this point in time and there is no conflict of interest with Marubeni, the “Fair M&A Guidelines - Toward Enhancing Corporate Value and Ensuring Shareholder Returns” announced by the Ministry of Economy, Trade and Industry as of June 28, 2019 also state that it is not necessary to consider that those who used to be officers or employees of the tender offeror in the past should be excluded on that single reason. Although Mr. Koji Kabumoto, representative director, president & CEO of the Target Company, Mr. Daisuke Arita, director, senior managing Executive Officer & CCO of the Target Company, and Mr. Koichi Mokudai, audit & supervisory board member of the Target Company were officers or employees of Marubeni in the past, they are essential for the consideration of the Transactions. The Special Committee also has received explanations from the Target Company that a considerable period of time (four (4) years for Mr. Koji Kabumoto, four (4) years for Mr. Daisuke Arita, and nine (9) years for Mr. Koichi Mokudai) has passed since they were officers and employees of Marubeni, and they have not received any information from the Tender Offerors regarding the status of the consideration of the Transactions at the Tender Offerors or any other information held or utilized by the Tender Offerors in their consideration of the Transactions, nor have they shared with the Tender Offerors any information concerning the status of consideration of the Transactions at the Target Company or any other information held or utilized by the Target Company in its consideration of the Transactions. On the other hand, the exclusion of Mr. Koji Kabumoto, in particular, from the consideration structure for the Transactions may, in fact, damage the interests of the minority shareholders, and the Special Committee found nothing unreasonable in this explanation. Therefore, the Special Committee has confirmed that the Target Company’s consideration structure is considered appropriate.

Based on the above, it can be evaluated that the Target Company has established the structure to consider, negotiate, and determine the Transactions from a standpoint independent of the Tender Offerors, and such structure ensures the fairness of the procedures for the Transactions, which functions effectively as a measure to ensure fairness.

c. Advice from independent external expert advisors

The Target Company has appointed Daiwa Securities and Sangyo Sosei Advisory as financial advisors for the Transactions and has obtained necessary and sufficient advice from the financial perspective to ensure the fairness and appropriateness of the various Transactions procedures and the terms of the Transactions, including the Tender Offer Price. The Target Company appointed Daiwa Securities and Sangyo Sosei Advisory also as third-party valuation organizations and obtained a share valuation report from each of them as of May 10, 2023.

In addition, the Target Company has appointed Wadakura Gate Law Office as its legal advisor regarding the Transactions and has obtained necessary and sufficient advice from the legal perspective concerning measures to ensure fairness of the procedures for the Transactions and other various procedures for the

Transactions, including the Target Company's decision-making method for the Transactions.

Furthermore, the Special Committee has appointed Iwata Godo as its own legal advisor regarding the Transactions, in addition to the Target Company's legal advisor, and has received necessary and sufficient advice from the legal perspective on measures to ensure fairness of the procedures for the Transactions and other various procedures for to the Transactions.

All of the above procedures ensure fairness of the Transactions procedures and can be evaluated as effectively functioning as measures to ensure fairness.

d. Ensuring opportunities for competing purchases (market check)

As described in "f. (Terms and Conditions of the Transactions other than the Tender Offer Price)" of "(b) The fairness and appropriateness of the terms and conditions of the Transactions, including the Tender Offer" above, together with the period until the commencement of the Tender Offer, it can be evaluated that opportunities for competing purchases have been secured, and the indirect market check in the Transactions functions reasonably well. Thus, the fairness of the Transactions will not be hindered.

e. Provision of appropriate information to the Target Company's minority shareholders

It is recognized that the Target Company's disclosure materials in the Transactions will provide appropriate information for the Target Company's minority shareholders to evaluate and determine the Transactions. Such information will ensure the fairness of the procedures regarding the Transactions and can be evaluated as effectively functioning as a measure to ensure fairness.

f. Appropriateness of not setting so-called "Majority of Minority" conditions

Considering the fact that the Tender Offerors and the Target Company have taken each of the measures to ensure fairness described in this "(c) The appropriateness of the procedures for the Transactions including the Tender Offer" as described in "f. (Terms and Conditions of the Transactions other than the Tender Offer Price)" of "(b) The fairness and appropriateness of the terms and conditions of the Transactions, including the Tender Offer" above, even if the minimum number of shares to be purchased that is considered as so-called "Majority of Minority" is not set in the Tender Offer, the fact that so-called "Majority of Minority" condition is not set in the Transactions does not undermine the fairness of the procedures for the Transactions.

g. Elimination of coercion

As described in "f. (Terms and Conditions of the Transactions other than the Tender Offer Price)" of "(b) The fairness and appropriateness of the terms and conditions of the Transactions, including the Tender Offer" above, since the Transactions will not adopt any method that does not ensure appraisal rights or rights to claim price determination for the dissenting shareholders for the Share Consolidation after the Tender Offer on the premise and the Tender Offerors will acquire all of the Target Company Shares and that the Tender Offerors plan to disclose the schedule of the Share Consolidation based on the Tender Offer Price immediately after the Tender Offer is implemented, the Transactions are considered to be free from coercion.

h. Conclusion

In the Transactions, the Target Company has taken each of the aforementioned measures to ensure fairness, and thus, it can be evaluated that the fairness of the procedures for the Transactions, including the Tender Offer, has been ensured.

- (d) Whether or not the Target Company's board of directors should approve of the Tender Offer and whether or not the Target Company's shareholders should be encouraged to tender their shares in the Tender Offer
- As described in (a) through (c) above, since (i) the Transactions, including the Tender Offer, will contribute to the enhancement of the Target Company's corporate value and the purpose of the Transactions is considered to be justifiable and reasonable, (ii) the fairness and appropriateness of the terms of the Transactions, including the Tender Offer, are considered to have been ensured, and (iii) the fairness of the procedures for the Transactions, including the Tender Offer, is considered to have been ensured, it is considered reasonable for the Target Company's board of directors to express its opinion to

support the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

- (e) Whether or not executing the Transactions including the Tender Offer (including the expression of an opinion by the board of directors to support the Tender Offer and to recommend shareholders to tender their shares in the Tender Offer) would be detrimental to minority shareholders)

As described in (a) through (c) above, since (i) the Transactions, including the Tender Offer, will contribute to the enhancement of the Target Company's corporate value and the purpose of the Transactions is considered to be justifiable and reasonable, (ii) the fairness and appropriateness of the terms of the Transactions, including the Tender Offer, are considered to have been ensured, and (iii) the fairness of the procedures for the Transactions, including the Tender Offer, is considered to have been ensured, it is considered that executing the Transactions, including the Tender Offer (including the Target Company's board of directors expressing its opinion to support the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer), is not detrimental to the Target Company's minority shareholders.

- (C) Obtainment by the Special Committee of Advice from the Independent Legal Adviser

According to the Target Company Press Release, the Special Committee appointed Iwata Godo as the legal advisor independent of the Target Company and the Tender Offerors, and receives legal advice, including advice on the methods and processes, etc. of the discussion at the Special Committee concerning the Transactions. Iwata Godo is not a related party of the Target Company and the Tender Offerors, and has no material interest in the Transactions, including the Tender Offer. For further details of independence of Iwata Godo, please see "(B) Establishment by the Target Company of an Independent Special Committee and Obtainment of the Report from the Special Committee" above.

- (D) Obtainment by the Target Company of Share Valuation Reports from the Independent Third-party Valuation Organizations

According to the Target Company Press Release, in order to ensure the fairness in the decision-making process for the Tender Offer Price proposed by the Tender Offerors, the Target Company requested each of Daiwa Securities and Sangyo Sosei Advisory as the financial advisors and third-party valuation organizations independent of the Target Company and the Tender Offerors to evaluate share value of the Target Company Shares and obtained the Share Valuation Reports as of May 10, 2023 from each of Daiwa Securities and Sangyo Sosei Advisory. Also, Daiwa Securities and Sangyo Sosei Advisory are not related parties of the Tender Offerors, and have no material interest to be noted in the Transactions. In addition, the fees to be paid to Daiwa Securities and Sangyo Sosei Advisory in relation to the Transactions include contingent fees subject to the completion of the Tender Offer, etc. The Target Company determined, taking into consideration the normal business practice in similar transactions and the appropriateness of matters such as a fee system which would impose considerable financial burden on the Target Company in the case of the non-completion of the Transactions, that the independence of Daiwa Securities and Sangyo Sosei Advisory would not be negated due to the inclusion of the contingent fees subject to the completion of the Tender Offer, etc., and appointed Daiwa Securities and Sangyo Sosei Advisory as its financial advisors and third-party valuation organization under the above fee system. In addition, it is confirmed by the Special Committee that there is no problem in its independence of Daiwa Securities and Sangyo Sosei Advisory.

- (a) Names of the Valuation Organizations and Relationships with the Target Company and the Tender Offerors

Upon expressing opinion on the Tender Offer, the Target Company requested each of Daiwa Securities and Sangyo Sosei Advisory, which are the financial advisors and third-party valuation organizations independent of the Target Company and the Tender Offerors, to evaluate share value of the Target

Company Shares and obtained the share valuation report as of May 10, 2023 from each of Daiwa Securities and Sangyo Sosei Advisory. As stated in (A) through (H), based on the fact that the Target Company and the Tender Offerors have taken measures to ensure the fairness of the Tender Offer Price and the Transactions, including the Tender Offer, The Target Company believes that the fairness of the Transactions, including the Tender Offer is ensured, and as a result, has not obtained an opinion on the fairness of the Tender Offer Price (fairness opinion) from Daiwa Securities or Sangyo Sosei Advisory. In addition, the fees to be paid to Daiwa Securities and Sangyo Sosei Advisory in relation to the Transactions include contingent fees subject to the completion of the Tender Offer, etc. The Target Company determined, taking into consideration the normal business practice in similar transactions and the appropriateness of matters such as a fee system which would impose considerable financial burden on the Target Company in the case of the non-completion of the Transactions, that the independence of Daiwa Securities and Sangyo Sosei Advisory would not be negated due to the inclusion of the contingent fees subject to the completion of the Tender Offer, etc., and appointed Daiwa Securities and Sangyo Sosei Advisory as its financial advisors and third-party valuation organization under the above fee system. Since there is no problem with the independence and expertise of the financial advisors and the third-party valuation organizations appointed by the Target Company, the Special Committee approved them as the financial advisors and third-party valuation organizations of the Target Company, and the Special Committee also confirmed at the first meeting of the Special Committee that the Special Committee may also receive professional advice as necessary.

(b) Summary of Valuation

Daiwa Securities valued the Target Company Shares using the average market price method, because the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and the market share price of the Target Company Shares exists, and the DCF Method to reflect the Target Company's anticipated future business situation in the calculation based on the idea that it is appropriate to determine the value of the Target Company Shares from multiple perspectives after considering valuation methods to be adopted in valuing the Target Company Shares from among various valuation methods, under the assumption that the Target Company is a going concern. The per share value range of the Target Company Shares under each of the methods described above is as set forth below:

Average Market Price Method	JPY1,264 ~ JPY1,285
DCF Method	JPY1,601 ~ JPY2,748

In adopting the average market price method, Daiwa Securities set May 10, 2023, as the calculation base date and calculated the per share value range of the Target Company Shares to be JPY 1,264 – JPY 1,285, based on the closing price of JPY 1,283 for regular transactions of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the base date and the simple average of closing prices for the most recent one-month, three-month and six-month periods, each ending on the base date (JPY 1,282, JPY 1,285, and JPY 1,264, respectively).

In employing the DCF Method, taking into account various factors, including the business plan prepared by the Target Company for the period from the fiscal year ending March 2024 to the fiscal year ending March 2026, as well as such information as those publicly available, Daiwa Securities analyzed the Target Company's corporate value and share value by discounting the free cash flow expected to be generated by the Target Company in and after the first quarter of the fiscal year ending March 2024 to the present value at certain discount rates. In calculating the per share value of the Target Company Shares, Daiwa Securities applied the discount rate of 5.41% – 6.40%. For the calculation of the going-concern value, the perpetual growth rate method is used, with perpetual growth rates ranging from 0.00% to 1.00%. As a result, the range of the value per share of the Target Company Shares was calculated to be JPY 1,601 – JPY 2,748.

The specific figures of the Target Company's financial forecasts Daiwa Securities used as the premise for calculation under the DCF Method are as follows. The financial forecast includes fiscal year in which free cash flow is expected to increase or decrease significantly compared to the previous fiscal year. Specifically, in the fiscal year ending March 31, 2026, free cash flow is expected to increase significantly compared to the previous fiscal year, the fiscal year ending March 31, 2025, due to a combination of lower capital expenditures compared to the previous fiscal year and higher EBITDA from increased sales of services provided. In addition, the financial forecasts do not take into consideration the expected synergies achieved through the Transactions, given their difficulty in estimating the specific impact on earnings at present.

(millions of yen)

	March 2024	March 2025	March 2026
Net Sales	62,536	67,070	71,448
Operating Income	9,937	10,560	12,255
EBITDA	20,534	22,349	24,805
Free Cash Flow	5,202	6,109	10,283

(Note 1) According to Daiwa Securities, in calculating the value of the Target Company Shares, Daiwa Securities, in principle, used the information provided by the Target Company and publicly available information, assumed the accuracy and completeness of such materials and information, and did not independently verify their accuracy or completeness. Daiwa Securities did not conduct an independent assessment, valuation or appraisal of any assets or liabilities (including off-balance sheet assets and liabilities and other contingent liabilities) of the Target Company, nor did Daiwa Securities make any request to a third-party valuation organization for any such valuation or appraisal. In addition, the financial forecasts (including profit plans and other information) submitted by the Target Company are assumed to have been reasonably prepared by the Target Company's management based on the best projections and judgment made in good faith that were available to the management of the Target Company at the time such information was provided.

Sangyo Sosei Advisory valued the Target Company Shares using the market price method, because the Target Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and the market share price of the Target Company Shares exists, and the DCF Method to reflect the Target Company's anticipated future business situation in the calculation based on the idea that it is appropriate to determine the value of the Target Company Shares from multiple perspectives after considering valuation methods to be adopted in valuing the Target Company Shares from among various valuation methods, under the assumption that the Target Company is a going concern. The per share value range of the Target Company Shares under each of the methods described above is as set forth below:

Market Price Method	JPY 1,264~JPY 1,285
DCF Method	JPY 1,640~JPY 2,494

In adopting the market price method, Sangyo Sosei Advisory set May 10, 2023, as the calculation base date and calculated the per share value range of the Target Company Shares to be JPY 1,264 – JPY 1,285, based on the closing price of JPY 1,283 for regular transactions of the Target Company Shares on the Prime Market of the Tokyo Stock Exchange on the base date and the simple average of closing prices for the most recent one-month, three-month and six-month periods, each ending on the base date (JPY 1,282, JPY 1,285, and JPY 1,264, respectively).

In employing the DCF Method, taking into account various factors, including the business plan prepared by the Target Company for the period from the fiscal year ending March 31, 2024 to the fiscal year ending

March 31, 2026, as well as such information as those publicly available, Sangyo Sosei Advisory analyzed the Target Company's corporate value and share value by discounting the free cash flow expected to be generated by the Target Company in and after the first quarter of the fiscal year ending March 31, 2024 to the present value at certain discount rates. In calculating the per share value of the Target Company Shares, Sangyo Sosei Advisory applied the discount rate of the weighted average cost of capital and ranges from 5.62% – 6.47%. For the calculation of the going-concern value, the perpetual growth method with the perpetual growth rate of -0.25% to 0.25% and the multiple-method with the multiple of EBITDA to the enterprise value of 6.4 times to 7.8 times are used. As a result, the range of the value per share of the Target Company Shares was calculated to be JPY 1,640 – JPY 2,494.

The specific figures of the Target Company's financial forecasts Sangyo Sosei Advisory used as the premise for calculation under the DCF Method are as follows. The financial forecasts includes fiscal years in which free cash flow is expected to increase or decrease significantly compared to the previous fiscal year. Specifically, free cash flow is expected to increase significantly in the fiscal years ending March 31, 2025, and 2026 compared to the previous fiscal year, respectively. Free cash flow is expected to increase significantly in the fiscal year ending March 31, 2025, compared to the previous year, the fiscal year ending March 31, 2024, since EBITDA will grow mainly due to an increase in depreciation expenses arising from the optical communication network and system capital expenditures planned for the fiscal year ending March 31, 2024. In the fiscal year ending March 31, 2026, free cash flow is expected to increase significantly compared to the previous year, the fiscal year ended March 31, 2025, due to a combination of lower expenditures for capital investment compared to the previous year and growth in EBITDA due to increased sales of services provided. In addition, the financial forecasts and the valuation by Sangyo Sosei Advisory based on those forecasts do not take into consideration the expected synergies achieved through the Transactions including the Tender Offer, given their difficulty in estimating the specific impact on earnings at present.

(millions of yen)

	March 2024	March 2025	March 2026
Net Sales	62,536	67,070	71,448
Operating Income	9,937	10,560	12,255
EBITDA	20,534	22,349	24,805
Free Cash Flow	3,737	5,807	10,212

(Note 2) According to Sangyo Sosei Advisory, in calculating the value of the Target Company Shares, Sangyo Sosei Advisory, in principle, used the information provided by the Target Company and publicly available information, assumed the accuracy and completeness of such materials and information, and did not independently verify their accuracy or completeness. In addition, with respect to financial forecasts and other forward-looking information (including forecasts of future revenues and expenses, cost savings projections and business plans) of the Target Company and its affiliates, Sangyo Sosei Advisory assumes that they have been reasonably prepared based on the best projections and judgment made in good faith currently available from the management of the Target Company, and has not independently verified their feasibility. Sangyo Sosei Advisory did not conduct an independent assessment, valuation or appraisal of any assets, liabilities (including derivatives, off-balance sheet assets and liabilities and other contingent liabilities) or reserve of the Target Company or its affiliates, including any analysis or evaluation of individual assets and liabilities, nor did Sangyo Sosei Advisory make any request to a third-party valuation organization for any such valuation or appraisal. The calculation by Sangyo Sosei Advisory reflects the information and economic conditions obtained by Sangyo Sosei Advisory up to May 10, 2023 (however, for financial information, up to the fourth quarter of the fiscal year ended March 31, 2023). The sole purpose of the calculation by Sangyo Sosei Advisory is to serve as a reference for the Target Company's board of directors

to consider the Tender Offer Price.

The consolidated financial forecasts used by Daiwa Securities and Sangyo Sosei Advisory to calculate the value of the Target Company Shares using the DCF Method differ from the figures of the Target Company's consolidated net sales, consolidated operating income, and consolidated EBITDA margin included in the Target Company's Mid-Term Plan. Such differences are due to the following reasons.

As described in “(ii). Process of, and Reasons for, the Decision Making by the Target Company in Support of the Tender Offer” of “(2)Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1.Purpose of the Purchase” above, although the Target Company's current consolidated performance is substantially stable mainly due to the strong performance of its existing mainstay services (Internet services, network services, etc.), the Target Company considers that, regarding the speed of growth in the rental market in the field of internet services for condominiums and the incorporation of a new growth portfolio focusing on DX services, which were expected to be accelerated in the Mid-Term Plan, progress in the period since the announcement of the Mid-Term Plan up to the present has lagged behind the assumptions made at the time the Mid-Term Plan was formulated. In addition, the Target Company believes it is necessary to make more capital investments to meet future strong demand for telecommunications and maintain competitiveness than was assumed in the Mid-Term Plan. For this reason, the Target Company decided it would be more appropriate to consider the appropriateness of the Tender Offer Price by calculating the Target Company's objective and reasonable corporate value based on projections more in line with the current situation rather than the Mid-Term Plan, which was the initial target figure. With respect to the preparation of such consolidated financial forecasts, the Special Committee directly interviewed the Target Company's management, found no circumstances that raised doubts about the objectivity or reasonableness of the preparation process, and confirmed that the forecast was properly prepared.

(E) Obtainment by the Target Company of Advice from the Independent Legal Advisor

According to the Target Company Press Release, in order to ensure fairness and appropriateness in process of decision-making of the Target Company's board of directors for the Tender Offer, the Target Company appointed Wadakura Gate Law Office as the legal advisor independent of the Target Company and the Tender Offerors and has obtained necessary legal advice about the method and process of decision-making by the board of directors of the Target Company including various procedures regarding the Transactions and other points to be noted. Also, Wadakura Gate Law Office is not a related party of the Target Company and the Tender Offerors, and have no material interest to be stated in the Transactions. It is confirmed by the Special Committee that there is no problem in its independence of Wadakura Gate Law Office.

(F) Approval of All of Directors of the Target Company Without Conflicts of Interest and Opinion of Non-objection of All of Audit & Supervisory Board Members Without Conflicts of Interest

According to the Target Company Press Release, the Target Company, taking into account the legal advice received from Wadakura Gate Law Office and the contents of the share valuation report obtained from each of Daiwa Securities and Sangyo Sosei Advisory dated May 10, 2023, carefully discussed such matters as whether the Transactions would contribute to the improvement of the corporate value of the Target Company and whether the Transactions are conducted through fair procedures so that the interests to be gained by minority shareholders are secured while respecting the contents of the Report submitted by the Special Committee.

As a result, the Target Company has determined that, as described in “(ii) Process of, and Reasons for, the Decision Making by the Target Company in Support of the Tender Offer” of “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase” above, the board of directors of the



Target Company resolved, upon unanimous approval of all of the directors who participated in the deliberations and resolutions (four (4) directors excluding Mr. Osamu Okubo out of total five (5) directors) to express an opinion to support the Transactions at the board of directors' meeting held today, and resolved to recommend that the shareholders of the Target Company accept the Tender Offer. In addition, at the board of directors' meeting described above, three (3) audit & supervisory board members out of four (4) audit & supervisory board members of the Target Company except for Mr. Hidenori Shibasaki participated and all audit & supervisory board members participated stated that they had no objections to the above resolution.

In light of the fact that, among five (5) directors of the Target Company, Mr. Osamu Okubo is an employee of Marubeni and its group company, from the viewpoint of eliminating the possibility of conflicts of interest, he was excluded from the deliberation and resolution at the aforementioned board of directors' meeting, nor did he, as a director of the Target Company, participate in any discussions and negotiations held with the Tender Offerors in connection with the Transactions. Among four (4) audit & supervisory board members of the Target Company, Mr. Hidenori Shibasaki is an employee of Marubeni and is concurrently serving as the representative director of a group company of Marubeni, from the viewpoint of eliminating the possibility of conflicts of interest, he was excluded from the deliberation at the above-mentioned meeting of the board of directors. In addition, although two (2) directors (Mr. Koji Kabumoto and Mr. Daisuke Arita) and one (1) audit & supervisory board member (Mr. Koichi Mokudai) of the Target Company are former employees of Marubeni, the Target Company believes that, since a considerable period of time (four (4) years for Mr. Koji Kabumoto, four (4) years for Mr. Daisuke Arita, and nine (9) years for Mr. Koichi Mokudai) has passed since they were officers and employees of Marubeni and they have not received any information from the Tender Offerors regarding the status of the consideration of the Transactions at the Tender Offerors or any other information held or utilized by the Tender Offerors in their consideration of the Transactions, there is no problem with their participation in the deliberations and resolutions, etc.

(G) Measures to Ensure Opportunities for Tender Offers from Other Tender Offerors

The Tender Offerors aim to commence the Tender Offer around August 2023 and the period until the commencement of the Tender Offer will be long, therefore, the Tender Offerors believe that they can ensure an appropriate opportunity for shareholders of the Target Company to make a decision whether to tender their shares in the Tender Offer while also ensuring an opportunity for tender offerors other than the Tender Offerors to conduct counter offers in respect of the Target Company Shares. There are no agreements, etc. between the Tender Offerors and the Target Company to restrict the Target Company from contacting the Competing Tender Offerors such as deal protection provisions prohibiting the Competing Tender Offerors from contacting the Target Company. As stated above, the Tender Offerors and the Target Company have been mindful of ensuring fairness in the Tender Offer by securing any opportunities for a competing offer as well as the period until the commencement of the Tender Offer above.

(H) Measures to Ensure that the Target Company's Shareholders have the Opportunity to Make Appropriate Judgments as to Whether or not to Tender in the Tender Offer

As described in "(4) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Items)" of "1. Purpose of the Purchase," the Tender Offerors (a) plan to request the Target Company to hold the Extraordinary Shareholders' Meeting promptly after the completion of the settlement of the Tender Offer, which will include proposals for the Share Consolidation and the partial amendment of the Articles of Incorporation to repeal the provision on the number of shares constituting 1 unit of shares subject to the Share Consolidation becoming effective, and will not adopt any method that does not ensure appraisal rights or rights to claim price determination for the shareholders of the Target Company and (b) made it clear that the cash to be delivered to the shareholders of the Target Company as consideration is to be calculated as the amount equivalent to the Tender Offer Price multiplied by the number of the Target Company Shares held by each of the relevant shareholder. Therefore, the Tender Offerors ensure that there are opportunities for the shareholders of the Target

Company to appropriately determine whether to tender their shares in the Tender Offer and that the above will not give rise to coercion.

(iii) Relationships with the Valuation Organizations

DTFA, the third-party valuation organization of Marubeni is not a related party of the Tender Offerors or the Target Company, and has no material interests in the Transactions including the Tender Offer.

Plutus, the third-party valuation organization of SECOM is not a related party of the Tender Offerors or the Target Company, and has no material interests in the Transactions including the Tender Offer.

(5) Number of Share to Be Purchased

Class of Shares	Number of Shares to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
Common Stock	24,940,358 (shares)	8,293,500 (shares)	– (shares)
Total	24,940,358 (shares)	8,293,500 (shares)	– (shares)

(Note 1) If the total number of the Tendered Shares is less than the minimum number of shares to be purchased (8,293,500 shares), the Tender Offerors will not purchase any of the Tendered Shares. If the total number of the Tendered Shares is no less than the minimum number of shares to be purchased (8,293,500 shares), the Tender Offerors will purchase all of the Tendered Shares.

(Note 2) As the maximum number of shares to be purchased has not been set in the Tender Offer, the number of shares to be purchased is stated as 24,940,358 shares, which is the maximum number of the Target Company Shares that the Tender Offerors may acquire through the Tender Offer. In addition, the maximum number is the number of shares (24,940,358 shares) calculated by deducting the number of treasury shares owned by the Target Company as of March 31, 2023 as set out in the Target Company Financial Summary (59,542 shares) and the number of the shares of the Target Company Shares owned by Marubeni as of today (25,000,100 shares) from the total number of the shares of the Target Company (50,000,000 shares) as of the said date as set out in the Target Company Financial Summary.

(Note 3) Shares less than 1 unit are also eligible for the Tender Offer. In addition, if a shareholder exercises its right to request the purchase of shares less than 1 unit in accordance with the Companies Act, the Target Company might purchase its treasury shares during the Tender Offer Period in accordance with procedures required by laws and regulations.

(Note 4) The Tender Offerors do not intend to acquire the treasury shares owned by the Target Company through the Tender Offer.

(Note 5) The method used by the Tender Offerors, respectively, for purchasing the Tendered Shares will be that Marubeni will purchase up to 8,293,500 shares out of the total number of the Tendered Shares and SECOM will purchase the remaining Tendered Shares.

(Note 6) “Number of Shares to be Purchased” and “Maximum Number of Shares to be Purchased” are provisional numbers relying on information as of today and actual figures in the Tender Offer established based on the latest information available at the time of commencement of the Tender Offer may differ from the figures above due to changes, etc. thereafter. Prior to the commencement of the Tender Offer, the final “Number of Shares to be Purchased” and “Maximum Number of Shares to be Purchased” will be determined in consideration of the latest information available at the time of commencement of the Tender Offer.

(6) Changes in Ownership Ratio of Shares due to Purchase, etc.

Number of voting rights represented by Shares held by the Tender Offerors before the Tender Offer	250,001 voting rights	(Ownership Ratio of Shares before the Tender Offer: 50.06 %)
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Number of voting rights represented by Shares held by special related parties before the Tender Offer	Undetermined	(Ownership Ratio of Shares before the Tender Offer: Undetermined % )
Number of voting rights represented by Shares held by the Tender Offerors after the Tender Offer	499,404 voting rights	(Ownership Ratio of Shares after the Tender Offer: 100.00 % )
Number of voting rights represented by Shares held by special related parties after the Tender Offer	0 voting rights	(Ownership Ratio of Shares after the Tender Offer: 0.00 % )
Number of voting rights of all of the shareholders of the Target Company	499,072 voting rights	

(Note1) Although “Number of voting rights represented by Shares held by special related parties before the Tender Offer” and “Ownership Ratio of Shares before the Tender Offer” thereof is undetermined as of today, they will be disclosed by commencement of the Tender Offer after research. In addition, shares held by each of the special related parties (excluding the treasury shares owned by the Target Company) are also subject to the Tender Offer, “Number of voting rights represented by Shares held by special related parties after the Tender Offer” is zero.

(Note 2) “Number of voting rights all of the shareholders of the Target Company” is the number of voting rights of all of the shareholders as of December 31, 2022 set out in the third quarterly securities report for 8<sup>th</sup> business period submitted on February 14, 2023. However, given that shares less than 1 unit are also eligible for the Tender Offer, in the calculation of the “Ownership Ratio of Shares before the Tender Offer” and the “Ownership Ratio of Shares after the Tender Offer,” the number of voting rights (499,404 voting rights) pertaining to the number of shares (49,940,458 shares) obtained by deducting the number of treasury shares (59,542 shares) owned by the Target Company as of March 31, 2023 from the total number of issued shares of the Target Company as of March 31, 2023 set out in the Target Company Financial Summary (50,000,000 shares) is calculated as the denominator.

(Note 3) The figures in the “Ownership Ratio of Shares before the Tender Offer” and the “Ownership Ratio of Shares after the Tender Offer” are rounded to two decimal places.

(7) Purchase Price (Scheduled) JPY49,382 million

(Note) The purchase price is the amount obtained by multiplying number of Shares to be purchased (24,940,358 shares) by the Tender Offer Price (JPY1,980). If the actual number of Shares to be purchased through the Tender Offer varies due to changes in the number of the Target Company Shares excluding treasury shares owned by the Target Company after today and other factors, the purchase price may change.

(8) Other Conditions and Methods of the Purchase

(i) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions

If the total number of the Tendered Shares is less than the minimum number of shares to be purchased (8,293,500 shares), the Tender Offerors will not purchase any of the Tendered Shares. If the total number of the Tendered Shares is no less than the minimum number of shares to be purchased (8,293,500 shares), the Tender Offerors will purchase all of the Tendered Shares.

(ii) Other Conditions and Methods of the Purchase

Method of settlement, date of public notice for commencement of tender offer and other conditions and methods of the purchase will be announced as soon as they are determined. In addition, the tender offer agent will be Nomura Securities.

(iii) Other matters

The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone,

telex, facsimile, e-mail, and internet communication; hereinafter the same applies in this Paragraph), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S.

In addition, the tender offer registration statement and other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

Upon tendering shares through the Tender Offer, each of the tendering shareholders (or the standing proxy in the case of foreign shareholders) may be required to represent and warrant the following to the tender offer agent:

(i) The tendering shareholder is not located in the U.S. at the time of tendering shares or sending the tender offer acceptance form; (ii) the tendering shareholder did not receive or send any information regarding the Tender Offer (including copies thereof), directly or indirectly, in, to or from the U.S.; (iii) the tendering shareholder did not use, directly or indirectly, the U.S. postal service or any other means or instruments of interstate or foreign commerce or any facilities of a securities exchange in the U.S. with respect to the purchase or for signing or delivering the tender offer acceptance form; and (iv) the tendering shareholder is not acting as an attorney, a trustee or a mandatary without discretion for any other person who is a resident of the U.S. (except for the case where the latter provides all instructions for the purchase from outside the U.S.).

### 3. Policies after Tender Offer and Future Prospects

For the policies after Tender Offer, please see “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose of the Purchase,” “(4) Post-Tender Offer Reorganization Policy (Two-Step Acquisition Items),” and “(5) Possibility of Delisting and Reasons therefor” therein above.

### 4. Other Matters

#### (1) Agreements Between the Tender Offerors and the Target Company or its Officers, and the Details Thereof

According to the Target Company Press Release, the Target Company has resolved at the meeting of the board of directors as of today to express its opinion, as a current opinion of the Target Company, to support the Tender Offer and to recommend that shareholders of the Target Company tender in the Tender Offer if the Tender Offer commences.

For details of the resolution of the board of directors, please see the Target Company Press Release and “(F) Approval of All of Directors of the Target Company Without Conflicts of Interest and Opinion of Non-objection of All of Audit & Supervisory Board Members Without Conflicts of Interest” of “(Measures to Ensure Fairness of the Tender Offer, Such as Measures to Ensure Fairness of the Tender Offer Price as Well as Measures to Avoid Conflicts of Interest)” of “(ii) Background of the Valuation” of “(4) Basis of Valuation of Tender Offer Price” of “2. Overview of the Purchase” above.

#### (2) Other Information Necessary for Investors’ Decision of Tender

(i) Disclosure of the “Consolidated Financial Summary for the Fiscal Year Ending March 2023 [IFRS] (Consolidated)”  
The Target Company has disclosed “Target Company Financial Summary” as of today. For details, please see the disclosure by the Target Company.

(ii) Release of “Notice of Dividend of Surplus (No Dividend)”

As described in the “Notice of Dividend of Surplus (No Dividend)” released on May 11, 2023, at the meeting of the board of directors held today, the Target Company has resolved not to make dividends of surplus with a record date of September 30, 2023 (end of the second quarter) and dividends of surplus with a record date of March 31, 2024 (end of the fiscal year). For details, please see the release.

[Solicitation Regulations]

This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first carefully read the tender offer explanation statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer or solicitation to sell, or solicitation to offer to purchase any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

[Forward-Looking Statements]

This press release and documents referred herein states that prospect of business development based on the opinions of the management of the Tender Offerors in case of acquiring the Target Company Shares. Forward-looking expressions such as “anticipate,” “expect,” “forecast,” “intend,” “plan,” “believe,” “assume,” and similar expressions, including those related to the future business of the Tender Offerors are based on the current business prospects of the Tender Offerors. Therefore, actual results may differ materially from the expectations of the Tender Offerors due to lots of factors. The Tender Offerors, the Target Company and related parties thereto assume no obligation to update any forward-looking statements to reflect future events or circumstances.

[Restriction related to the U.S.]

The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S. In addition, the press releases on the Tender Offer or other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above may not be accepted.

No solicitation for the purchase of securities or their equivalents may be made to residents of the U.S. or in the U.S., and no securities or their equivalents may be sent to the Tender Offerors from residents of the U.S. or from the U.S.

[Other Countries]

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In such case, shareholders should be aware of and comply with such restriction. The announcement, issuance, or distribution of this press release shall not be interpreted as an offer to purchase or a solicitation of an offer to sell the share certificates in connection with the Tender Offer, but simply as a distribution of information.