(Translation)

August 7, 2023

To whom it may concern:

Company Name:	Toshiba Corporation 1-1-1 Shibaura, Minato-ku, Tokyo, Japan
Representative:	Taro Shimada, Representative Executive Officer, President and Chief Executive Officer (Code: 6502, the Tokyo Stock Exchange & the Nagoya Stock Exchange)
Contact:	Akira Nakanishi, Vice President of Corporate Communications Division
Telephone:	+81 3-3457-2095

Notice Regarding Commencement of Tender Offer for the Shares of Toshiba Corporation (Securities Code: 6502) by TBJH, Inc.

TBJH, Inc. today decided to acquire common shares of Toshiba Corporation through a tender offer as attached hereto. Therefore, we hereby inform you accordingly.

END

This material is publicly released, in accordance with Article 30, Paragraph 1, Item 4 of the Enforcement Order of the Financial Instruments and Exchange Act, pursuant to a request by TBJH, Inc. (the Tender Offeror) for Toshiba Corporation (the Target of the Tender Offer)

(Attachment)
"Notice Regarding Commencement of Tender Offer for the Shares of Toshiba Corporation (Securities Code: 6502)" dated as of August 7, 2023

(Translation)

August 7, 2023

To whom it may concern:

Company Name: TBJH, Inc.
Representative: Shinichi Inagaki, Executive Manager

Notice Regarding Commencement of Tender Offer for the Shares of Toshiba Corporation (Securities Code: 6502)

TBJH, Inc. (the "**Offeror**") resolved on March 23, 2023 to acquire all of the issued and outstanding shares of common stock (the "**Target Shares**") of Toshiba Corporation (the "**Target**"; Securities Code: 6502, Prime Market of the Tokyo Stock Exchange (the "**TSE**") and Premier Market of the Nagoya Stock Exchange (the "**NSE**")) (except for shares of treasury stock owned by the Target) through a tender offer (meaning a tender offer defined under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**Act**") and related laws and ordinances; the "**Tender Offer**") as the first step in a series of transactions (collectively the "**Transaction**") in order for the Offeror to become the sole shareholder of the Target and have the Target delisted from the TSE and privatized, as announced in its "Notice Regarding Planned Commencement of Tender Offer for the Shares of Toshiba Corporation (Code: 6502)" dated March 23, 2023, its "Notice Regarding Appointment of Tender Offer Agent for Tender Offer for the Shares of Toshiba Corporation (Code: 6502) and Progress Toward Commencement of Tender Offer by TBJH, Inc." dated May 12, 2023, its "Notice Regarding Announcement by Toshiba Corporation of Opinion Recommending the Shareholders to Tender their shares in connection with Scheduled Commencement of the Tender Offer for the Shares of Toshiba Corporation (Securities Code: 6502) by TBJH Inc." dated June 14, 2023, and its "Notice Regarding the Progress of the Tender Offer for the Shares of Toshiba Corporation (Securities Code: 6502) by TBJH Inc." dated July 28, 2023 (collectively, the "**Offeror's Press Release dated March 23, 2023**").

As announced in the Offeror's Press Release dated March 23, 2023, on the same date, with respect to the Tender Offer, the Offeror agreed with the Target to commence the Tender Offer for all the Target Shares (except for shares of treasury stock owned by the Target) as the first step in the Transaction, as soon as practicable (but no later than ten (10) Japanese business days) after the date on which all of the conditions precedent for the Tender Offer (see Note 1) (the "**Conditions Precedent for the Tender Offer**") set forth in the Tender Offer Agreement (which has the meaning ascribed to it in paragraph "5. Items Regarding Material Agreements Related to the Tender Offer between the Offeror and the Target's Shareholders" in "I. Purpose of Purchase, Etc." below. Please refer to such paragraph within such section for the details of the Tender Offer Agreement; the same shall apply hereinafter.) have been satisfied or waived by the Offeror at its discretion or by a separate agreement between the Target and the Offeror, including the completion of all procedures and measures that are required under the foreign competition laws and regulations (as of March 23, 2023, with regard to competition laws, we believed it was necessary to take relevant procedures in the United States, Canada, Germany, the Czech Republic, Romania, the United Kingdom, Morocco, Montenegro, Poland, Spain, Vietnam, India, Saudi Arabia, Egypt, Mexico, Turkey, and Austria.), and laws relating to foreign direct investment (as of March 23, 2023, with regard to foreign direct investment laws, we believed it was necessary to take relevant procedures in the United Kingdom, Germany, Italy, the United States, Romania, Spain, Canada, Australia, Austria, the Czech Republic, Belgium, Denmark, and the Netherlands.) (the "**Clearance**"), or on a date to be separately agreed upon by the Offeror and the Target, and the Offeror aimed for the Tender Offer to commence in the last ten days of July 2023, considering discussions with local law firms with respect to the foreign competition laws and regulations and foreign direct investment laws. After that, the Offeror was proceeding with negotiations with the relevant authorities, etc., toward the completion of the above procedures, while obtaining advice from local law firms regarding procedures under foreign competition laws and regulations and laws relating to foreign direct investment. However, as announced on July 28, 2023, in the "Notice Regarding the Progress of the Tender Offer for the Shares of Toshiba Corporation (Securities Code: 6502) by TBJH Inc.", due to the time required for procedures based on competition laws and regulations and laws relating to foreign direct investment in some jurisdictions, such procedures had not been completed in some jurisdictions as of the same date. Having confirmed that all of the Conditions Precedent for the Tender Offer had been fulfilled or were expected with certainty to be fulfilled by August 8, 2023, the Offeror determined that it had become possible to commence the Tender Offer, and today, the Offeror decided to commence the Tender Offer from August 8, 2023.

(Note 1) The major Conditions Precedent for the Tender Offer are summarized as follows:

i. All procedures and measures required under the foreign competition laws and regulations and foreign direct investment regulation laws shall have been completed;
ii. The Board of Directors of the Target, as of the commencement of the Tender Offer, shall have resolved to issue the opinion (the "**Target's Consent Opinion**") which shall state (x) a certain level of reasonableness of the per share price for the Target Shares in the Tender Offer (the "**Tender Offer Price**") and (y) a declaration of support for the Tender Offer, and the Target's Consent Opinion shall not have been withdrawn or modified;
iii. The special committee established by the Board of Directors of the Target (For details, please refer to paragraph "ii. Target's Establishment of Independent Special Committee and Obtainment of Report from the Special Committee" in "6. Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price" in "I. Purpose of the Purchase, Etc." below.) in connection with the Tender Offer shall have made a recommendation to the Board of Directors of the Target to the effect that it is appropriate to express its opinion of support for the Tender Offer; and such recommendation shall not have been withdrawn or modified;
iv. The representations and warranties made by the Target set forth in the Tender Offer Agreement (see Note 2) shall be true and accurate in all material respects;
v. The Target has not materially defaulted on, and the Target shall have complied in all material respects with, its obligations under the Tender Offer Agreement (see Note 3);
vi. There shall not have been a material adverse effect on the assets, management or financial condition of the Target and its consolidated subsidiaries, taken as a whole, and no event (which means each of (i) occurrences of natural disasters, war or terrorism, (ii) disruptions in electricity, telecommunications, or payment systems, (iii) events that make it impossible to conduct yen funds lending transactions in the Tokyo interbank market, and (iv) other events similar to (i) through (iii) above that are not attributable to the financial institution and that the first priority senior loan lending financial institutions objectively and reasonably believe make it impossible or extremely difficult to procure funds from the related financial institutions; the same shall apply hereinafter.) shall have occurred that makes it impossible to draw down the financing from the lenders to the Target;
vii. Each of the Target's directors shall have submitted to the Target his/her notice of resignation which shall be effective upon the completion of the Squeeze-Out Procedure (defined in "1. Overview of the Tender Offer" in "I. Purpose of Purchase, Etc." below);
viii. The Target's shareholders shall have not submitted a shareholder proposal regarding dividends out of retained earnings;
ix. There shall be no decision, etc. by any government agency, etc. that restricts or prohibits the Transaction;
x. There shall be no event that would have allowed the withdrawal of the Tender Offer, if the Tender Offer had been commenced;
xi. There shall be no unpublished material facts regarding the Target, etc.; and
xii. The Target's consolidated net debt as of the end of the fiscal year ending March 31, 2023 shall not exceed the prospective amount announced previously by the Target.

(Note 2) Please refer to paragraph "5. Items Regarding Material Agreements Related to the Tender Offer between the Offeror and the Target's Shareholders" in "I. Purpose of the Purchase, Etc." below for more details regarding the representations and warranties made by the Target under the Tender Offer Agreement.

(Note 3) Please refer to paragraph "5. Items Regarding Material Agreements Related to the Tender Offer between the Offeror and the Target's Shareholders" in "I. Purpose of the Purchase, Etc." below for more details of the Target's obligations under the Tender Offer Agreement.

I. Purpose of Purchase, Etc.

1. Overview of the Tender Offer

The Offeror is a special purpose company incorporated on November 7, 2022, with the main objective of promoting business growth and maximizing investment value of the Target through the expansion of the business value of the Target and its subsidiaries and affiliates (collectively, the "**Target Group**"), which support core industries in Japan, by providing risk capital related to business restructuring. As of today, TBJ Holdings, Inc. (the "**Offeror's Parent Company**"), a wholly owned subsidiary of TBGP, Inc. ("**TBGP**"), which in turn is a wholly owned subsidiary of Japan Industrial Partners, Inc. ("**JIP**"), owns all of the equity interests of the Offeror. As of today, the Offeror owns 100 shares of the Target Shares (Ownership Ratio (Note 4): 0.00%).

(Note 4) "**Ownership Ratio**" means a ratio of a number of shares to the number of such shares (432,880,186 shares) as calculated by deducting the number of the treasury shares (517,115 shares) owned by the Target as of June 30, 2023 from the total number of issued shares of the Target as of June 30, 2023 (433,397,301 shares) as stated in the Target Quarterly Securities Report (rounded to the second decimal place), as stated in the "Summary of Financial Results for the First Quarter of the fiscal year Ending March 31, 2024 [U.S. Standards] (Consolidated)" announced by the Target on August 7, 2023 (the "**Target's Financial Results for the First Quarter**"); the same shall apply hereinafter.

The Offeror more recently confirmed that all of the Conditions Precedent for the Tender Offer had been fulfilled or were expected with certainty to be fulfilled by August 8, 2023, and therefore decided that it had become possible to commence the Tender Offer. The Offeror decided today to commence the Tender Offer from August 8, 2023.

JIP was established in November 2002 to engage in the private equity investment business and has been contributing to the reorganization and restructuring of Japanese companies. The JIP Group has provided capital and management support to Japanese companies to help them leverage their existing business foundation, revitalize their potential, and accelerate their business growth. The investment partnership funds managed by the JIP Group have made twenty (20) or more investments (to date) in carve-outs (spin-offs of businesses and subsidiaries) and privatization transactions in Japan, including a carve-out of NEC Corporation's ISP business (NEC BIGLOBE Ltd.), a carve-out of Sony Corporation's PC business (VAIO Corporation), a carve-out of Hitachi Kokusai Electric Inc. from Hitachi, Ltd. and a subsequent carve-out of the image and communications solutions business from Hitachi Kokusai Electric Co., Ltd., and a privatization of Hitachi Metals, Ltd. from Hitachi, Ltd. JIP's investment principle is to realize potential growth opportunities by making maximum use of existing business foundation and technologies that its investee companies and businesses have accumulated. When executing a business plan, JIP aims at providing value-added products and services to customers which in turn makes investee companies a worthy and attractive working place for executives/employees and helps realize the growth of the business. In addition, JIP strives to understand the origin, history, and corporate culture of the companies in which the JIP Group invests, and supports management by maximizing the strengths of its executives and employees so as to maximize the potential of its people and business. JIP also uses the know-how and expertise it has accumulated to support investment target businesses from both financial and management perspectives, including formulating business strategies and action plans to realize business plans formulated by management, arranging financing, and providing system solutions, aiming for autonomous business growth and value increase of the investee companies.

As announced in the Offeror's Press Release, as of March 23, 2023, the Offeror's Parent Company, a wholly owned subsidiary of TBGP, which in turn was a wholly owned subsidiary of JIP, owned all of the issued and outstanding shares of the Offeror. As of March 23, 2023, the Offeror's entity form was a Kabushiki-Kaisha, but its entity form was planned to be converted to a *Godo-Kaisha* by the time of commencement of the Tender Offer. Further, (a) by the commencement of the Tender Offer, (i) it was planned that TB Investment Limited Partnership ("**TBLPS**"), which was an investment fund managed and operated by JIP and its subsidiaries, including TBGP, and affiliates (collectively, the "**JIP Group**") with TBGP as its general partner, shall have been allotted, by way of a third party allotment, newly issued common shares of the Offeror's Parent Company, and also would have purchased all of the outstanding shares of the Offeror's Parent Company, while the Offeror's Parent Company was as of March 23, 2023 wholly owned by TBGP, so that the Offeror shall have been wholly owned indirectly by TBLPS through the Offeror's Parent Company, and (ii) Brick Lane Partners, Ltd., a Cayman Islands-registered company, would have transferred all of the equity interest of a limited liability company (*Godo-Kaisha*) to be established, with Brick Lane Partners, Ltd. as its sole member, to Brick Lane Exempted Limited Partnership (the "**Related Fund**"), which was a Cayman Islands-registered exempted limited partnership working in cooperation with TBLPS, and such limited liability company was scheduled to implement a third-party allotment of equity interests in respect of which the Related Fund would have been the allottee.

In addition, (b) during the period from the time of the completion of the Tender Offer to the time of settlement of the Tender Offer, the following procedures for fundraising were scheduled: (i) equity investment in the Related Fund by its limited partner investors; (ii) third-party allotment of equity interests by the limited liability company mentioned above to the Related Fund; (iii) acquisition of limited partner interests in TBLPS by limited partner investors; (iv) third-party allotment of common shares by the Offeror's Parent Company to TBLPS; (v) an absorption-type merger in which the Offeror's Parent Company would be the company surviving the absorption-type merger and the limited liability company mentioned above would be the company disappearing in the absorption-type merger (the "**Merger**"); (vi) acquisition of minority shares of the Offeror's Parent Company by the Related Fund as a result of the issuance of such minority shares by the Offeror's Parent Company to the Related Fund as consideration for the Merger (which was planned to own approximately 25% of the voting rights, as of the same date), (vii) a third-party allotment of preferred shares (non-voting shares without conversion rights to common shares) by the Offeror's Parent Company to an operating company, (viii) a mezzanine loan by financial institutions as mezzanine lenders to the Offeror's Parent Company; (ix) a third-party allotment of common shares by the Offeror to the Offeror's Parent Company; (x) the change of entity form of the Offeror from a limited liability company (*Godo-Kaisha*) to a corporation (Kabushiki-Kaisha); and (xi) a term loan by financial institutions as senior lenders to the Offeror (Note 5).

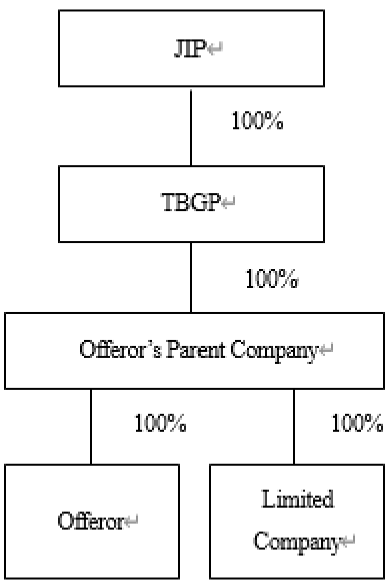
Subsequently, as announced in our "Notice Regarding Appointment of Tender Offer Agent for Tender Offer for the Shares of Toshiba Corporation (Securities Code: 6502) and Progress Toward Commencement of Tender Offer" dated May 12, 2023, the Offeror changed its entity form to a limited liability company (*Godo-Kaisha*) on April 18, 2023, and the Offeror determined that the recipient of such funds to be invested by the Related Fund for the Transaction would be Brick Lane Partners G.K. (the "**Limited Company**") that is a wholly owned subsidiary of the Offeror's Parent Company (which wholly owns the Offeror), and the Related Fund would make an equity investment in the Limited Company. Further, in response to such change, (I) the Offeror determined that (i) the third-party allotment of shares by the Offeror's Parent Company to TBLPS and transfer of all the issued shares in the Offeror's Parent Company owned by TBGP to TBLPS (which had been scheduled to be implemented by the time the Tender Offer was commenced) and (ii) the third-party allotment of equity interests by the Limited Company in respect of which the Related Fund would be the allottee would be implemented during the purchase period of the Tender Offer (the "**Tender Offer Period**"). (II) The Offeror also determined that, instead of implementing the Merger ((b)(v) above) and thereby issuing the consideration for the Merger from the Offeror's Parent Company to the Related Fund ((b)(vi) above), during the period from the completion of the Tender Offer to the time of settlement of the Tender Offer, an absorption-type merger in which the Offeror's Parent Company would be the company surviving absorption-type merger and the Limited Company would be the company disappearing in the absorption-type merger would be implemented, and the acquisition of minority shares in the Offeror's Parent Company by the Related Fund as a result of the Offeror's Parent Company issuing its minority shares to the Related Fund as consideration for such merger (the ownership ratio of voting rights: approximately 25%) would occur.

(Note 5) An overview of the investors and lenders related to the necessary funds for the Transaction is as follows.

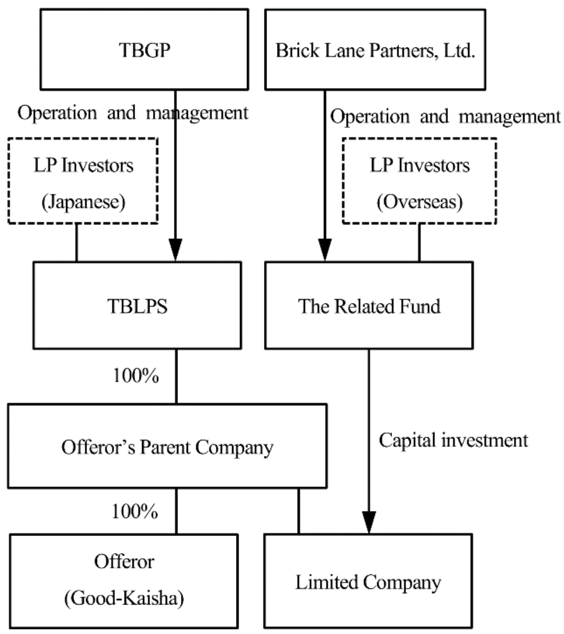
Type of Investment/ Loan	Investor/ Lender	Investor/ Lender
Common Shares	TB Investment Limited Partnership (TBLPS) JIP Japanese funds Japanese business companies Japanese financial institutions Brick Lane Exempted Limited Partnership (the Related Fund) JIP overseas cooperative funds/Investors Overseas business companies Japanese financial institutions	TB Investment Limited Partnership (TBLPS) 390,000,000,000 yen Brick Lane Exempted Limited Partnership (the Related Fund) 130,000,000,000 yen
Preferred Shares	Japanese business companies	200,000,000,000 yen
Mezzanine Loans (including subordinated bonds)	Japanese financial institutions Japanese business companies	235,500,000,000 yen
Senior Loans	Japanese financial institutions	1,200,000,000,000 yen

An overview of the structure of the Transaction is as follows:
<Structure Chart of the Transaction>

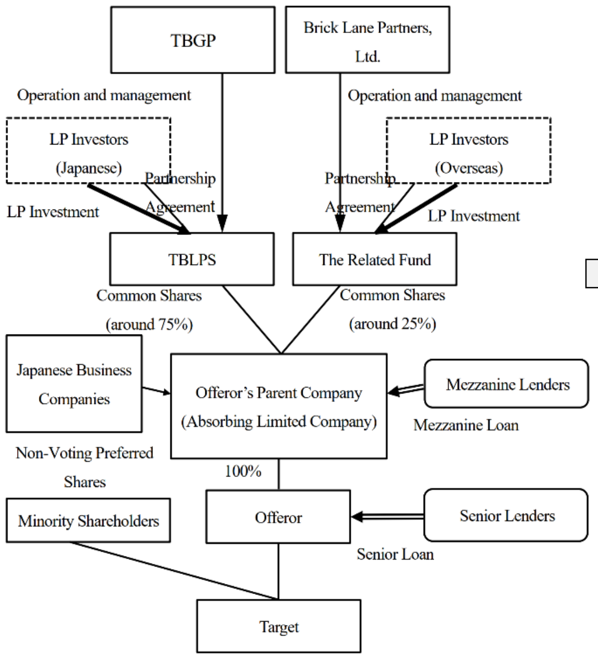
I. At the time of commencement of the Tender Offer



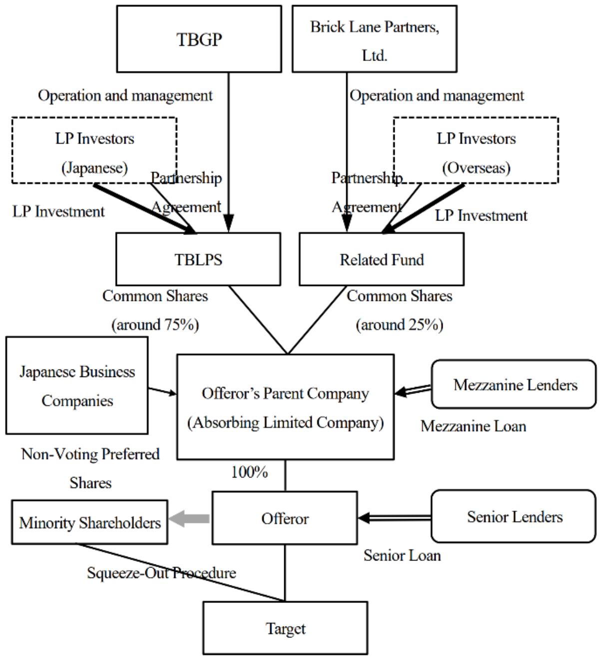
II. From commencement of the Tender Offer to the last day of the Tender Offer Period



III. Immediately after the settlement of the Tender Offer



IV. At the time of the Squeeze-Out



End.

With respect to the Conditions Precedent for the Tender Offer, the Offeror confirmed that all of such conditions had been fulfilled or were expected with certainty to be fulfilled by August 8, 2023, and therefore decided that it had become possible to commence the Tender Offer. The Offeror decided today to commence the Tender Offer from August 8, 2023. Please note that no change has been made to the contents, terms and conditions of the Tender Offer disclosed in the Offeror's Press Release dated March 23, 2023.

i. The Offeror confirmed on August 7, 2023 that it had become possible for the Offeror to acquire the Target Shares through the Tender Offer since all of those procedures and measures which are required under the competition laws and regulations in the United States, Germany, the Czech Republic, Romania, Poland, Spain, Vietnam, India, Saudi Arabia, Mexico, Turkey and Austria, and the foreign direct investment laws in the United Kingdom, Germany, Italy, the United States, Romania, Spain, Canada and Australia (see Note 6) (see Note 7).

ii. The Offeror received from the Target as of August 7, 2023 a report that the Board of Directors of the Target, at the meeting held on August 7, 2023, resolved to express the Target's Consent Opinion continuously with respect to the Tender Offer and also that such resolution had not been withdrawn or modified and, on the same day, the Offeror confirmed that the Board of Directors of the Target resolved to express the Target's Consent Opinion continuously with respect to the Tender Offer and also that such resolution had not been withdrawn or modified.

iii. The Offeror received from the Target a report that the Special Committee provided its recommendation to the Board of Directors of the Target that as of August 7, 2023, it is still appropriate to express the Target's Consent Opinion and such recommendation had not been withdrawn or modified and therefore, on the same day, the Offeror confirmed that the Special Committee provided its recommendation to the Board of Directors of the Target it should be appropriate to express the Target's Consent Opinion and that such recommendation had not been withdrawn or modified.

iv. The Offeror received from the Target a report that, to the knowledge of the Target, all the representations and warranties made by the Target set forth in the Tender Offer Agreement were true and accurate in all material aspects as of August 7, 2023 and therefore, on the same day, the Offeror judged that such representations and warranties were true and accurate in all material aspects.

v. The Offeror received from the Target a report that, to the knowledge of the Target, the Target had not materially defaulted on, and the Target had complied in all material respects with, the obligations that the Target must comply with under the Tender Offer Agreement as of August 7, 2023 and therefore, on the same day, the Offeror judged that the Target had not materially defaulted on, and the Target had complied in all material respects with, such obligations that the Target must comply with.

vi. The Offeror received from the Target a report to the effect that, to the knowledge of the Target, there had not been a material adverse effect on the assets, the management or the financial condition of the Target and its consolidated subsidiaries, taken as a whole, as of August 7, 2023, and considering a report on the financial status, etc. provided by the Target by August 7, 2023, on the same day, the Offeror judged that there had occurred no event that makes it impossible to draw down the financing from the lenders to the Target.

vii. The Offeror received from the Target a report that, to the knowledge of the Target, all of the Directors of the Target had submitted as of August 7, 2023 to the Target notices of resignation to the effect that they would resign as directors of the Target subject to the completion of the Squeeze-Out Procedure and therefore, on the same day, the Offeror confirmed the submission of such notices of resignation.

viii. The Offeror received from the Target a report that, to the knowledge of the Target, no shareholder of the Target had made any shareholder proposal for a dividend of retained earnings as of August 7, 2023 and therefore, on the same day, the Offeror judged that no such event had occurred.

ix. The Offeror received from the Target a report that, to the knowledge of the Target, there had not been no decisions etc. made by any governmental agency, etc. to restrict or prohibit the Transaction as of August 7, 2023 and therefore, on the same day, the Offeror judged that there had been no such decisions, etc. made by any government agency, etc. to restrict or prohibit the Transaction.

x. The Offeror received from the Target a report that, to the knowledge of the Target, as of August 7, 2023 there had not occurred any circumstances which would have allowed the withdrawal of the Tender Offer had the Tender Offer been commenced and therefore, on the same day, the Offeror judged that no such circumstances had occurred.

xi. The Offeror received from the Target a written document that as of August 7, 2023 there was no unpublished material fact concerning the Target and therefore, on the same day, the Offeror judged that there had been no such unpublished material fact concerning the Target.

xii. The Offeror confirmed as of August 7, 2023 the amount of consolidated net interest-bearing debt of the Target as of the end of the fiscal year ending in March 2023 did not exceed the prospective amount announced previously by the Target based on the financial statements of the Target for the fiscal year ending March 2023 publicly announced by the Target.

(Note 6) As a result of further confirmation of the fact situation concerning the businesses and assets of the Target and discussions etc. with the local counsels after March 23, 2023, it is found that the countries that require procedures and measures under competition laws and regulations as well as foreign direct investment laws and regulations have been referenced above and the Offeror has judged that it is not required to complete the procedures and measures under competition laws and regulations in Canada, the United Kingdom, Morocco, Montenegro and Egypt nor the procedures and measures under foreign direct investment laws and regulations in Austria, the Czech Republic, Belgium, Denmark and the Netherlands among the procedures and measures under competition laws and regulations as well as foreign direct investment laws and regulations which we believed were required to be completed as of March 23.

(Note 7) In Egypt, the Egyptian Competition Law was amended in December 2022, and the notification system for business combinations was revised from ex post reporting to prior notification. As of today, the executive regulations (the "**ER**") that stipulate the details of the said system (including but not limited to information, forms, etc. required for notification) have not yet been enacted, and a prior notification based on the system cannot be made. The Offeror has obtained confirmation from the Egyptian Competition Authority that no prior notification is required for the Tender Offer and that its implementation will not violate Egyptian competition law until the ER is enacted and enforced. According to the Egyptian Competition Authority, the enforcement date of the ER has not yet been determined. However, the Offeror has received a view from a local law firm that it is unlikely that the ER will come into force by September 27, 2023, the scheduled start date of settlement for the Tender Offer. If the ER comes into force during the Tender Offer Period, the Offeror will deal with it appropriately considering the content of the ER.

The Offeror plans to set 288,731,000 Target Shares (Ownership Ratio: 66.7%) as the minimum number of shares to be purchased in the Tender Offer. If the total number of share certificates etc. tendered in the Tender Offer (the "**Tendered Share Certificates, Etc.**") is less than the above-mentioned minimum number of shares to be purchased, the Offeror will not purchase any of the Tendered Share Certificates Etc. Conversely, because the Offeror intends to acquire all of the Target Shares (excluding shares of the Target's treasury stock) through the Tender Offer, there is no maximum number of shares to be purchased, and if the total number of Tendered Share Certificates, Etc. meets or exceeds the minimum number of shares to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc. The minimum number of shares to be purchased (i.e., the 288,731,000 Target Shares referred to above) is the product of (i) 2,887,311 voting rights, which is 66.7% of the total number of the Target's voting rights (4,328,801 voting rights), rounded up to the nearest unit, multiplied by (ii) 100 shares, which is the share unit number of the Target minus the number of Target shares the Offeror owns today (100 shares). 4,328,801 voting rights referred to above is the number of voting rights corresponding to 432,880,186 Target Shares, which, in turn, is equivalent to (i) 433,397,301 shares, which is the number of the issued and outstanding shares of the Target as of June 30, 2023 as stated in the Target's Financial Results for the First Quarter, minus (ii) 517,115 shares, which is the number of shares of the Target's treasury stock. Because the Offeror's purpose is to make the Target a wholly-owned subsidiary of the Offeror, if the Offeror is unable to acquire all of the issued and outstanding shares of the Target (excluding the shares of the Target's treasury stock) through the Tender Offer, the Offeror will conduct the Squeeze-Out Procedure stated in "3. Post-Tender Offer Reorganization Policy (Two-Step Acquisition)" below as a part of the Transaction and because the special resolution of the general meeting of shareholders provided for in Paragraph 2 of Article 309 of Companies Act of Japan (Act No. 86 of 2005, as amended; the "**Companies Act**") is required to ensure the implementation of the Transaction, the Offeror needs independently to own 66.7% or more of the total voting rights of all shareholders of the Target after the Tender Offer.

In the event that the Tender Offer is successfully completed but the Offeror is unable to acquire all of the Target Shares (excluding the shares of the Target which the Offeror owns and the shares of the Target's treasury stock) in the Tender Offer, the Offeror plans to take the Squeeze-Out Procedure stated in "3. Post-Tender Offer Reorganization Policy (Two-Step Acquisition)" after the conclusion of the Tender Offer.

According to the "Announcement of Opinion regarding the Planned Commencement of Tender Offer by TBJH Inc." issued by the Target as of March 23, 2023 (as amended, the "**Target's Press Release dated March 23, 2023**"), the Target adopted a resolution at its board of directors meeting held on March 23, 2023 to express its opinion to the effect that it will support the Tender Offer if it is commenced, but not to recommend that the Target's shareholders tender their shares in the Tender Offer as of March 23, 2023 (the "**Original Opinion**").

As announced in the "Announcement of Revised Opinion of Scheduled Commencement of the Tender Offer to be Conducted by TBJH Inc. for the Company Shares" released by the Target on June 8, 2023 (the "**Target's Press Release dated June 8, 2023**"), the Target continued to consider the appropriateness of the Original Opinion as to whether or not to recommend to the shareholders to tender their shares in the Tender Offer, on which the Target refrained from making a decision in the Original Opinion, in light of the purposes of the Transaction and any additional circumstances surrounding the Target which may subsequently have arisen, and the Target unanimously resolved, as its opinion at such time, at its Board of Directors' meeting held on June 8, 2023, to revise the Original Opinion to: were the Tender Offer to commence, the Target supports the Tender Offer and recommends that the shareholders tender their shares in the Tender Offer (the "**Revised Opinion**").

In addition, the Board of Directors of the Target resolved that at the time of commencement of the Tender Offer, the Board of Directors should consult with the Special Committee, and request the Special Committee to consider whether there has been any change in the recommendations made on June 8, 2023 (the "**Revised Recommendation**") during the period between June 8, 2023 and the commencement of the Tender Offer and if there has been no change, to make a statement to that effect, and if there has been any change, to state such change(s) clarifying the contents of such change(s) and issue a further opinion and that based on such statement or such opinion the Board of Directors would make a further opinion regarding the Tender Offer at the timing of the commencement of the Tender Offer.

The Special Committee had made confirmation etc. of the fact situation regarding whether there had occurred any material change in the situation which might affect the Transaction after June 8, 2023 and had confirmed that there had not been any circumstances which require change in the content of recommendation in the Revised Recommendation as a result of consideration of whether there had been any change in the content of recommendation in the Revised Recommendation and therefore, on August 7, 2023, the Special Committee, upon unanimous approval of the Special Committee, provided its recommendation (the "**Re-revised Recommendation**") to the Board of Directors of the Target to the effect that the Board of Directors of the Target should express its support for the Transaction including the Tender Offer and recommend that the shareholders tender their shares in the Tender Offer as of August 7, 2023.

Furthermore, according to the "Announcement of Opinion of Scheduled Commencement of the Tender Offer to be Conducted by TBJH Inc. for the Company Shares" released by the Target on August 7, 2023 (the "**Target's Opinion Expression Press Release**"), the Target had judged on August 7, 2023 that there had been no reason to change the Revised Opinion which was publicly announced in the Target's Press Release dated June 8, 2023 as of August 7, 2023 as a result of careful reconsideration of the various conditions related to the Tender Offer with the maximum extent of respect to the content of the Re-revised Recommendation and the Board of Directors of the Target, and at its meeting held on August 7, 2023, resolved again to support the Tender Offer and recommend that the shareholders tender their shares in the Tender Offer.

Please see as to the details of the resolution(s) of the Board of Directors of the Target the statements set forth in "vii. Approval of all non-interested directors of the Target" in "6. Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price" below.

2. Background, Purpose and Decision-Making Process Leading to the Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer

i. The Target's business environment, etc.

According to the Target, the business of the Target commenced in July 1875 and the Target was established as a corporation called Shibaura Engineering Works Co., Ltd. in June 1904. Thereafter, in September 1939, Shibaura Engineering Works Co., Ltd. was merged with Tokyo Electric Company to form Tokyo Shibaura Electric Co., Ltd. (its corporate name was changed to Toshiba Corporation in 1984). The Target was listed on the TSE and the first section of NSE in May 1949, and as of today, it is listed in the Prime Market of the TSE and the Premium Market of the NSE.

According to the Target, the Target Group consists of 255 consolidated subsidiaries (as of December 31, 2022), and the Target Group mainly operates businesses related to seven (7) business domains, which are "Energy Systems & Solutions," "Infrastructure Systems & Solutions," "Building Solutions," "Retail & Printing Solutions," "Electronic Devices & Storage Solutions," "Digital Solutions," and "Battery Business". According to the Target, the

Target Group has announced its "Committed to People, Committed to the Future" as its basic commitment to solve social issues through the creation and provision of new products, services and solutions, and to further contribute to the development of society.

According to the Target, in June 2022, the Target established the "Toshiba Company Group Management Policy" (the "**Management Policy**"; please refer to (Note 8)) and announced its long-term vision, which is that the Target Group will contribute to the achievement of carbon neutrality and a "circular" economy through digitization. By integrating the Target's knowledge and experiences in a wide-range of domains from social infrastructure to digital devices, which it has cultivated for many years as a manufacturer, with the Target's strength in information processing and digital/AI technology, the Target sets as its target contributing to the evolution of the digital economy, together with which new social value will be created through facilitating the connection of various companies across industrial boundaries.

(Note 8) https://www.global.toshiba/ww/ir/corporate/pr/pr2022/pr20220602.html

According to the Target, in order to realize the management policy, it is essential for the Target to construct a business environment which enables the implementation of a consistent strategy over the medium to long term. According to the Target, however, the Target recognizes that the conditions surrounding it make it difficult to operate its business in a stable manner due to its complex relationship with stakeholders, particularly with diverse shareholders, in addition to the external environment, such as the unstable and highly changeable macro-economic environment. According to the Target, the current situation, in which there are several major shareholders with different goals and policies and continued confusion regarding the management of the Target, such as repeated replacement of management members and large changes in management policy, is widely known to the public. The Target understands that its customers and employees are concerned about the stability of its management and the possibility that its social creditability might be affected.

According to the Target, the Target is engaged in businesses that support the important infrastructure of society and commerce and holds a share of the top-class in many industries. Therefore, into the future, in an environment where new social value will be created by connecting various companies across industrial boundaries through the evolution of the digital economy, the Target's strengths, such as its high-level technology which leads to new products and its stable customer base, hold the potential for tremendous possibilities. According to the Target, meanwhile, due to their innovative qualities, it will take a certain period of time for many products the Target is currently developing to actually reach the market, such as products in business fields such as the digitalization and transformation into services and platforms of infrastructure, quantum technology, as well as the following which prompt carbon neutrality: distributed power, renewable energy technology, hydrogen technology, reduction of CO2, electrification with power semiconductors, and innovative nuclear power..

According to the Target, as stated above, in order that the Target continues to support the infrastructure of society now and into the future, it is essential to engage in supporting customers and developing the technology to create new products and services and to do so assumes a stable management environment. However, the Target recognizes that the environment currently surrounding the Target is not one that is desirable to achieve such goal.

ii. Discussion between the Offeror and the Target and decision-making process, etc. of the Offeror

According to the Target, in May 2021, in response to the change in its management, the Target decided to review its basic management policy. At the same time, the Target announced the establishment of the Strategic Review Committee to support the Board in its decision-making by considering thoroughly and objectively the Target's future in order to enhance the Target's corporate value. According to the Target, the Strategic Review Committee, in parallel with development of a new mid-term business plan by the management team (the Target's business execution organization headed by the Representative Executive Officer; the same shall apply hereinafter), also compared, examined, and carefully discussed the strategic alternatives of (i) minority investment, (ii) privatization and (iii) the

Separation Plan. According to the Target, consequently, the Strategic Review Committee concluded that the Separation Plan would offer superior value potential than the other strategic alternatives and would be of most benefit to the Target's shareholders and other stakeholders. Therefore, in November 2021, the Strategic Review Committee recommended that the Board of the Target endorse the Separation Plan, and the Board decided to recommend the Separation Plan to the shareholders. From the results of the extraordinary general meeting of shareholders of the Target held on March 24, 2022 (the "**Extraordinary General Meeting of Shareholders in March 2022**") and through discussions with certain shareholders thereafter, the Target recognized that it would benefit the shareholders most to indicate a clearer value comparison of the strategic alternatives that the Target may adopt. In addition, on March 1, 2022, prior to the Extraordinary General Meeting of Shareholders in March 2022, Mr. Taro Shimada ("**Mr. Shimada**" or "**CEO Shimada**") assumed the position of Representative Executive Officer of the Target taking the place of Mr. Satoshi Tsunakawa ("**Mr. Tsunakawa**"), discussions regarding the Target's future course of action were held, and further, the Board of Directors and the management team agreed to cooperate as necessary with, and provide due diligence opportunities to, potential investors and sponsors for the Target for such potential investors and sponsors to provide proposals to the Target regarding feasible privatization plans and other options, and to provide transparent disclosure to the shareholders regarding the review process. On April 7, 2022, the Target's Board of Directors resolved to establish a Special Committee to engage with potential investors and sponsors and explore strategic alternatives, including privatization (the "**Process**") and on April 21, 2022, the Target's Board of Directors resolved to solicit proposals from potential investors and sponsors as potential partners regarding strategic alternatives to enhance the Target's corporate value. In soliciting such proposals, on April 7, 2022, the management team appointed Nomura Securities Co., Ltd. ("**Nomura Securities**") as a financial advisor on the same day also appointed and Nishimura & Asahi as a legal advisor. The Board of Directors and the Special Committee also decided, on April 7, 2022, to continue to retain UBS Securities Japan Co., Ltd. ("**UBS Securities**"), which had previously been providing advice to the Board of Directors, as a financial advisor and Nagashima Ohno & Tsunematsu, which had previously been providing advice to the Board of Directors, as a legal advisor, in order to obtain advice independently from the management team. Subsequently, under the purpose of further strengthening the Target's advisor team, the management team further appointed Mizuho Securities Co., Ltd. and JPMorgan Securities Japan Co., Ltd. as financial advisors in late April, 2022, and the Board of Directors and the Special Committee also appointed Morrison & Foerster LLP as legal advisor relating the Process, in the middle of June, 2022.

Further, according to the Target, the Process, including discussions with potential investors and sponsors, was to be led by the management team in its executive capacity. In response to the resolution for and announcement of solicitation of proposals regarding strategic alternatives to enhance the Target's corporate value on April 7, 2022, several potential partners expressed a willingness to consider submitting proposals in the Process, the Target discussed with the potential investors and sponsors who expressed such willingness, and as a consequence, the Target entered into confidentiality agreements with 12 companies with respect to the Process.

According to the Target, since then, from late April to late May 2022, the potential partners implemented their initial due diligence on the Target's business, finances, and other matters. On May 31, 2022, the Target received legally non-binding primary proposals from 10 parties of investment funds, including JIP (including some consortia). Among these, there were 8 potential partners who proposed privatization through tender offer and squeeze-out procedures (7 of whom made initial proposals for tender offer prices) and 2 potential partners who proposed minority investments on the condition that the Target maintains its listing. From these companies, the Target selected a few potential partners including JIP for the second bid process. In the selection process, a comprehensive and careful determination was made in light of the following criteria: corporate value enhancement (i.e., feasibility of the enhancement through an accurate understanding of the business environments and smooth collaboration with the management / risk of deterioration in the corporate value); securing the interests of shareholders (price) (i.e., offer price / equity value per share, valuation of KIOXIA Group (defined in "iii. Process of and reasons for decision-making by the Target leading to declaration of support for the Tender Offer" below; the same shall apply hereinafter), transaction structure); transaction certainty (i.e., ability to execute transactions (ability to lead deals, track record, structure of Japan office), feasibility of the financing plan, and certainty of acquiring regulatory clearance / capability to deliver closing with speed, motivation for the Process). According to the Target, the potential partner who proposed minority investments on the condition that the Target maintains its listing was also included in the potential partners who participated in the second bid process.

According to the Target, subsequently, over the period of several months from late July 2022, the Target provided several potential partners, including JIP, who proceeded to the second bid process with fair opportunities to conduct due diligence on the business, financial, taxation and legal affairs of the Target's group, including access to the management team. Among these, regarding the potential partners who proposed privatization of the Target, the Target dealt with their due diligence including disclosing materials, responding to inquiries, and interviewing the Target's management team. On the other hand, the potential partners who proposed minority investments on the condition that the Target maintains its listing did not submit any questions and did not wish to conduct interviews, etc., as the proposal was contingent on the failure of privatization.

According to the Target, on September 30, 2022, the Target received a number of more in-depth written indications of interest submitted by multiple potential partners, including JIP, in varying degrees of completeness. However, these proposals (all except the proposal from JIP) were not legally binding and were lacking in specificity. Some of these proposals did not even submit a price. Among other proposals which did include a price, there was a proposal submitting a price higher than the proposal from JIP. However, such proposal did not seek to make an acquisition independently but made a proposal assuming a minority investment by participating in a consortium and, in addition, did not specify who the joint investor candidates were that comprised the consortium. On the other hand, the legally binding proposal from JIP was unsatisfactory to the Target in light of, among other things, the offer price which was from 5,200 yen to 5,500 yen per share. In addition, according to JIP, the attitude of the financial institutions towards the loan for a large-scale LBO had become conservative and it also had not been settled as financial institutions had to take into account the government's policy on this transaction, which has strong social impact, and therefore, only legally non-binding letters of intent for the loan from financial institutions were attached to the statement of intent that JIP submitted on the same day, and there was no support in terms of fundraising sufficient to implement the Tender Offer. Out of those who progressed to the second bid process, the Target distributed a draft of the Tender Offer Agreement to several potential partners who had each made a privatization proposal and requested that they each submit a draft amended version of the draft of the Tender Offer Agreement together with their written indications of interest. JIP submitted a markup of the draft of the Tender Offer Agreement along with its written indication of interest; however, such markup reduced the ability to ensure the probability of consummation of the transaction as contemplated in connection with the execution of the tender offer agreement, since such markup provided for a larger number of extensive and highly uncertain conditions precedent to the commencement of the tender offer, and JIP also deleted the obligation to pay a reverse breakup fee ("**RBF**") that was sought by the Target to secure JIP's commitment to obtain early governmental approvals. Although the Target also received a minority investment proposal on the condition that the Target maintains its listing from another potential partner, it was not further considered because the proposal provided that if the Process were to be cancelled for any reason in the future, then the minority investment was to be re-considered and, as such, the proposal was at that time an uncertain proposal.

According to the Target, as described above, the legally binding proposal from JIP was unsatisfactory to the Target but, on the other hand, since the proposals received from the partner candidates other than JIP were not legally binding and lacked specificity, the Target considered that for the purpose of advancing the Process it would be appropriate to progress discussions and negotiations with JIP on a preferential basis and, on October 7, 2022, the Target granted a non-exclusive, preferential negotiating right, for the period until November 7, 2022, to JIP, under certain conditions, such as raising the offer price and removing certain important conditions precedent to the commencement of the tender offer (the period for the non-exclusive preferential negotiation was not renewed and the non-exclusive preferential negotiating right was not granted thereafter). According to the Target, in order to encourage more attractive and effective proposals to be submitted while maintaining a competitive environment, the management team and Special Committee approved the consolidation of the potential partners who participated in the second bid process and submitted a proposal into essentially two consortia and permitted all the participants who could not individually proceed to the second bid process to participate suitably in either of the consortia. The Target then requested each of the potential partners, including JIP, to resubmit a legally binding re-proposal with a higher offer price on November 7, 2022.

According to the Target, since October 7, 2022 (i.e., the date on which the non-exclusive, preferential negotiating right was granted to JIP), the Target repeatedly asked JIP to raise the tender offer price and held discussions and negotiations on the tender offer agreement with JIP. On November 7, 2022, the Target received a legally binding re-proposal from JIP, but the offer price was 5,200 yen per share, which was still not satisfactory to the Target. In addition, although commitment letters from most investors were attached to their investments, no commitment letters were provided by financial institutions for the senior loans and subordinated loans, and there was no secured committed funding. On the other hand, the markup of the tender offer agreement attached to the re-proposal indicated certain concessions to the Target, with conditions precedent to the commencement of the tender offer being more limited than the initial markup.

According to the Target, subsequently, the Target continued to hold discussions and negotiations with JIP to raise the tender offer price, but the financial institutions did not make a credit decision again. The Target had several interviews with the financial institutions in order to promptly obtain a legally binding proposal that was supported by a financial arrangement. In such process, the Target informed JIP of its views on the covenant proposals presented to JIP by the financial institutions.

According to the Target, thus, the discussion between JIP and the financial institutions took time. On February 8, 2023, the Target received from JIP a legally binding final proposal letter with commitment letters from the fund providers (except for a particular financial investor who was considering funding of 100 billion yen as equity and subordinated loans) and a markup of the Tender Offer Agreement. The offer price was 4,710 yen per share. In relation to future negotiations on terms and conditions of the Transaction, including price negotiations, following the decision of the Special Committee, Mr. Akihiro Watanabe ("**Mr. Watanabe**") and Mr. Eijiro Imai ("**Mr. Imai**"), the Special Committee members, were delegated authority to conduct all the negotiations so that negotiations with JIP could be conducted in a flexible and responsive manner. Furthermore, on March 3, 2023, the Target received from JIP a legally binding final proposal letter including commitment letters from the fund providers (including commitment letters from the particular financial investor, which were not attached to the proposal letter dated February 8, 2023). The offer price was 4,610 yen per share. From October 7, 2022, the Target held discussions and negotiations with several potential partners other than JIP who had made a proposal based on privatization, and again sought from them legally binding proposals (according to the Target, although as mentioned above, the Target also received a proposal assuming a minority investment on the condition that the Target maintains its listing status; however, it provided that if the Process were to be cancelled for any reason in the future, then the minority investment was to be re-considered and, as such, the proposal was at that time an uncertain proposal. Therefore, the Target decided not to pursue that proposal and did not seek the legally binding proposal from the potential partner who made the said proposal.) but no specific and feasible proposals, including presentation of the tender offer price, were submitted by any of these potential partners. In this way, although the Target did not reject the alternative of conducting discussions and negotiations with partner candidates other than JIP for the purpose of advancing the Process, because discussions with such partner candidates did not develop at all, it was considered as unlikely to be realistic to continue discussions and negotiations regarding strategic alternatives, including the Target's privatization, with potential partners other than JIP for the realization of such strategic alternatives, so the Target decided to hold discussions and negotiations with the only partner candidate which had provided a legally binding proposal, JIP, for the realization of the Transaction.

According to the Target, even after March 3, 2023, when the Target received the final proposal from JIP, the Target continued to hold discussions and negotiations regarding the pricing conditions and other details of the Tender Offer

Agreement. During negotiations with JIP held on March 17, 2023, the tender offer price was decided to be raised by 10 yen compared to the proposed price in the final proposal and the tender offer price was agreed to be 4,620 yen.

According to the Target, although the Special Committee was established for the purpose of examining wide strategic options including privatization and minority investment, no legally binding, feasible and specific proposals were received in the Process from any investors or sponsors other than JIP. Therefore, for the purpose of assessing the reasonableness and appropriateness of the Transaction, it was necessary to prepare an operating plan which aimed to maximize shareholder value while maintaining the publicly listed status of the Target ("**Plan B**") (stay publicly listed plan), and the management team prepared and the Special Committee assessed Plan B (for details of the background of the preparation and assessment of Plan B, please refer to "ii. The Target's Establishment of Independent Special Committee and Obtainment of Report from the Special Committee" in "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price" below). However, the management team has been unable to present a concrete Plan B that the Target can reasonably expect to be implemented to create greater corporate value for the Target.

In late April 2022, JIP was approached by the Target through Nomura Securities, a financial advisor for the Target, to participate in the first bidding process (the "**First Bidding Process**") concerning the selection of external partner candidates for strategic opportunities aimed at improving the corporate value of the Target. Therefore, JIP retained Crosspoint Advisors Co., Ltd. ("**Crosspoint**") as its financial advisor and TMI Associates as its legal advisor, and commenced its deliberations on the appropriateness of the acquisition of the Target's shares. As a result, JIP decided to participate in the First Bidding Process, believing that by privatizing the Target shares from the public market, JIP would be able to support the establishment and management of a stable management structure to create a stable shareholder base that supports the new growth of the Target and to execute a business strategy that realizes the growth potential of the Target, thereby greatly improving the enterprise value of the Target. On May 30, 2022, JIP submitted a proposal to the effect that the Target Shares would be delisted from the public market through a tender offer for the Target Shares.

Subsequently, in mid-July 2022, JIP was notified that it would be permitted to participate in the second bidding process (the "**Second Bidding Process**"), and it was decided that JIP would participate in the Second Bidding Process. During the Second Bidding Process, JIP conducted further analysis and consideration of the acquisition of the Target Shares through due diligence of the Target Group and interviews with the Target's management, etc. from mid-July 2022 to mid-September 2022. For the purpose of this analysis, JIP evaluated the enterprise value and stock value based on the mid-to-longer term target plan of the Target Group set out in Toshiba Group Management Policy which the Target released on June 2, 2022.

As a result of this evaluation, JIP reached its belief that it is important for the Target's management strategy to aim to improve the enterprise value of the Target through (i) maintaining and developing a customer base centered on the Target Group's important business partners by better responding to their needs, (ii) realizing the growth strategy for new businesses that apply new technologies developed by the Target Group and (iii) making the Target Group a more rewarding workplace for the Target Group's executives and employees. To achieve these objectives, it is necessary to plan and implement freely the measures from a medium- to long-term perspective without being overly preoccupied with short-term performance. However, JIP reached its belief that it would not necessarily be easy to gain the understanding of the Target's shareholders, since it is undeniable that these measures from a medium- to long-term perspective may cause deterioration in the Target's performance and financial situation from a short-term perspective. JIP believes that this issue can be resolved by making the shareholders of the Target comprise only TBLPS and the Related Fund, which have shared value with the Target's management, and JIP reached its belief that (a) it would be able, by way of the privatization of the Target Shares on the initiative of TBLPS, which is composed of Japanese investors and can continuously support the development of the Target's business from a medium- to long-term perspective with the Related Fund, to create a stable shareholder base that supports the new growth of the Target as well as supports the establishment and operation of a stable management structure carrying out a business strategy to make it possible to achieve the growth potential of the Target Group, also that (b) as a result thereof, management will be focused on a medium- to long-term perspective for the Target Group, and also that (c) it will be possible to maximize the corporate value of the Target through (i) through (iii) above.

Based on the results of this analysis and evaluation, JIP submitted a proposal for the Second Bidding Process to the Target on September 30, 2022, stating that (i) it has an intention to conduct a going private transaction of the Target by way of a tender offer for the Target's shares and (ii) the range of the proposed tender offer price at the time of submission of such proposal was from 5,200 yen to 5,500 yen per share based on the results of the share value evaluation on the basis of the business plan provided by the Target.

Subsequently, on October 7, 2022, JIP received from the Target an offer to non-exclusively and preferentially negotiate in good faith for the Transaction for one month until November 7, 2022, subject to the acknowledgment and acceptance of certain conditions. In response, JIP established the Offeror and submitted a revised proposal on November 7, 2022, stating that it has an intention to conduct a going private transaction of the Target by way of a tender offer for the Target's shares with the proposed tender offer price of 5,200 yen per share at the time of submission of such proposal, based on the results of the additional due diligence of the Target (undertaken from early October 2022 to early November 2022).

At this time, JIP (i) had received commitment letters from most investors as to the investment in common stock and non-voting preferred stock among the methods of raising the necessary funds for this transaction, but (ii) had not yet received any commitment from the financial institutions as to their provision of senior loans and subordinated loans. Therefore, since it was necessary for JIP to obtain the necessary additional information for loan evaluation by the financial institutions likely to provide senior and subordinated loans, JIP arranged and engaged in due diligence of the Target Group and interviews of the Target's management from early November 2022 to early February 2023, and JIP provided the information requested by the financial institutions. Meanwhile, taking into account the actual achievement of the business plan provided by the Target, the result of valuation of the corporate value and share value of the Target have fallen significantly based on the significant downward revision of the Target Groups' operating income forecast for FY2022 from 170.0 billion yen to 125.0 billion yen (-26.5%) and EBITDA from 270.0 billion to 235.0 billion yen (-13.0%), in the financial results of the Target's second quarter of FY2022 which was announced by the Target on November 11, 2022, as well as changes in the business environment related to semiconductors and HDDs, which account for an important part of the corporate value of the Target. These business environment changes put downward risk on the value of the semiconductor and HDD-related business of the Target as well as on the value of the shares of Kioxia Holdings Corporation ("**Kioxia Holdings**") (39.59%. Note 9) which the Target owns, in addition to having general negative effects on financial markets and the lending market environment. Also, as a result of a downward revision of the financial institutions' outlook for income and expenditure and the valuation result of the Target for the same reason, the total amount of funding available was reduced by 200 billion yen in senior loans and approximately 100 billion yen in subordinated loans. JIP made up as much as possible for the reduction in the amount of funds raised by these financial institutions by increasing the amount of equity financing. However, JIP was forced to reflect a portion of the decline in corporate value and share value in the proposed purchase price of the Target. Therefore, JIP submitted to the Target a revised proposal on February 8, 2023, stating that it has an intention to conduct a going private transaction of the Target by way of a tender offer for the Target's shares with the proposed tender offer price of 4,710 yen per share at the time of submission of such proposal, together with the commitment letters from funders, including financial institutions (except for some fund providers who were considering contributing funds).

Subsequently, in the results of the Target's third quarter financial results of FY 2022, which was announced on February 14, 2023, the Target Group's forecast for operating income for FY 2022 was revised significantly downward from 125.0 billion yen to 95.0 billion yen (-24.0%) and for EBITDA from 235.0 billion yen to 215.0 billion yen (-8.5%). In addition, the Target Group's forecast for net interest-bearing debt as of the end of March 2023 was revised significantly to 180.0 billion yen from 100.0 billion yen, therefore it became necessary to reduce the share value, which is the corporate value after deducting net debt, etc., by that amount. JIP analyzed and evaluated factors such as delays in advance receipts, and limited its reduction of share value to a certain extent. After this additional analysis and evaluation, JIP submitted the final and legally binding proposal to the Target on March 3, 2023, stating that the suggested Tender Offer Price would be 4,610 yen per share, together with the commitment letters from fund providers, including those pertaining to the fund providers that had not been submitted previously.

(Note 9) Target's ownership ratio of Kioxia Holdings shares has been quoted from Kioxia Holdings' securities registration statement regarding its initial listing dated August 27, 2020; the same shall apply hereinafter.

Subsequently, regarding the Tender Offer Price, taking into consideration the request from the Target for increasing the Tender Offer Price in the negotiation with the Target on March 17, 2023, and deeming it necessary to reach a definitive agreement on the Transaction, JIP agreed with the Target to raise the Tender Offer Price by 10 yen from the proposed price presented in the final proposal to 4,620 yen. JIP continued discussions and negotiations regarding conditions precedent for the Tender Offer, etc. with the Target and agreed that conditions precedent for the Tender Offer shall be as set forth in the Conditions Precedent for the Tender Offer in late March 2023. As a result, the Offeror executed the Tender Offer Agreement as of March 23, 2023 with the Target and decided to implement the Tender Offer when the Conditions Precedent for the Tender Offer shall have been fulfilled, and at the same time, decided that the Tender Offer Price shall be 4,620 yen.

As announced in the "Notice Regarding the Progress of the Tender Offer for the Shares of Toshiba Corporation (Securities Code: 6502) by TBJH Inc." released on July 28, 2023, the procedures and measures under competition laws and regulations as well as foreign direct investment laws and regulations had not been completed in some countries as of the same date, however, the Offeror confirmed that all of the Conditions Precedent for the Tender Offer had been fulfilled or were expected with certainty to be fulfilled by August 8, 2023, as set forth in "1. Outline of the Tender Offer" and, as a result, the Offeror determined that it had become possible to commence the Tender Offer, and has decided today to commence the Tender Offer from August 8, 2023.

iii. Process of and reasons for decision-making by the Target leading to declaration of support for the Tender Offer

According to the Target, as stated in "(ii) Discussion between the Offeror and the Target and decision-making process, etc. of the Offeror" above, on April 7, 2022, the Board of Directors of the Target resolved to establish a Special Committee to implement the Process and announced the commencement of the Process on April 21, 2022, and, after the first bid process and the second bid process (including due diligence on the Target conducted by potential partners), negotiations with JIP after granting a non-exclusive preferential negotiating right to JIP, and (also after the granting of a non-exclusive preferential negotiating right to JIP) discussions with several potential partners other than JIP, the Target received from JIP on March 3, 2023, a legally binding final proposal letter including commitment letters regarding the Transaction from the fund providers. On the other hand, no specific and feasible proposals were submitted by any of these potential partners other than JIP. Accordingly, the Target and JIP decided to hold discussions and examinations for realization of the Transaction based on the conditions presented by JIP.

According to the Target, as stated in the Target's Press Release dated March 23, 2023, the Board of Directors of the Target consulted with the Special Committee on the reasonableness of the Transaction in the interest of ensuring the appropriateness of the terms and conditions of the Transaction, including the fairness of the Tender Offer Price, and the fairness of the procedures and other aspects of the fairness of the Tender Offer. Based on such consultation, while respecting the content of the report submitted by the Special Committee on March 23, 2023 (the "**SC Original Report**") to the fullest extent possible, the Target resolved, at the Board of Directors' meeting held on March 23, 2023, as its opinion regarding the Tender Offer at such time, to express the Original Opinion, i.e., to express an opinion supporting the Tender Offer were the Tender Offer to commence and to refrain from making a decision on whether to recommend that the shareholders tender their shares in the Tender Offer (Please refer to the Target's Press Release dated March 23, 2023 for the details of the circumstances that led to the expression of the Original Opinion and the content of the Original Opinion.). Thereafter, as stated in the Target's Press Release dated June 8, 2023, the Board of Directors of the Target continued to consider the appropriateness of the Original Opinion as to whether or not to recommend to the shareholders to tender their shares in the Tender Offer, on which the Target refrained from making a decision in the Original Opinion, in light of the purposes of the Transaction and any additional circumstances surrounding the Target which may subsequently have arisen, and the Target's Board of Directors resolved, respecting the content of the SC Updated Report submitted by the Special Committee, to the fullest extent possible, to change the Original Opinion to the Revised Opinion, as its opinion at such time, i.e., to support the Tender Offer were the Tender Offer to commence and to recommend that the shareholders tender their shares in the Tender Offer (Please refer to the Target's Press Release dated June 8, 2023 for the details of the circumstances that led to the expression of the Revised Opinion and the content of the Revised Opinion.).

On the other hand, as stated in the Target's Press Release dated March 23, 2023, the Offeror intends to commence the Tender Offer as soon as practicable (but within ten (10) business days at the latest) from the date on which the Conditions Precedent for the Tender Offer, including the Clearances, are all fulfilled or waived by agreement between the Offeror and the Target, or at the discretion of the Offeror, or on a date separately agreed between the Offeror and the Target; however, as it is difficult to accurately predict the time period required for the Clearances, the details of the schedule of the Tender Offer was supposed to be notified as soon as they are determined. The commencement of the Tender Offer is subject to the Conditions Precedent for the Tender Offer, including the Clearances. Therefore, starting from June 8, 2023, the Target from time to time made inquiries to the Offeror concerning the status of the Clearances and confirmed the progress thereof, and based on the subsequent status of the share price, inquiries from shareholders, and other matters, continued to consider the terms and conditions regarding the Tender Offer. More recently, the Offeror notified the Target on August 4, 2023 that (i) the Offeror had completed obtaining the Clearances, and (ii) the Offeror would like to commence the Tender Offer starting from August 8, 2023 on the presumption that the other Conditions Precedent for the Tender Offer have been fulfilled or waived.

According to the Target, upon receiving such notification, the Special Committee conducted a confirmatory check, etc. of the facts relating to whether any material changes in the circumstances had occurred after June 8, 2023 that could impact the Transaction, and considered whether there were any changes to be made to the content of the SC Updated Report. According to the Target, as a result, the Special Committee confirmed that no circumstances had arisen requiring the content of the SC Updated Report to be changed, and, pursuant to a unanimous resolution of its members, the Special Committee on August 7, 2023 submitted to the Target's Board of Directors, the SC Second Updated Report stating that the Target's Board of Directors should support the Transaction, including the Tender Offer, and recommend the shareholders of the Target to tender their shares in the Tender Offer.

In addition, (i) after taking measures described in "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price" below, (ii) in light of (a) the matters stated in the share valuation report obtained by the management team from Nomura Securities, as its own independent financial advisor and third-party valuation institution, and the share valuation report obtained by the Target's Board of Directors and the Special Committee from UBS Securities, as their own independent financial advisor and third-party valuation institution and (b) the legal advice received by the management team from Nishimura & Asahi, as its own legal advisor, and the legal advice received by the Target's Board of Directors and the Special Committee from Nagashima Ohno & Tsunematsu and Morrison & Foerster LLP, as their own independent legal advisors, and (iii) respecting the content of the SC Second Updated Report submitted by the Special Committee, to the fullest extent possible, the Target made its decision regarding the Transaction after having determined that since June 8, 2023 no material changes in the circumstances had occurred that could impact the Transaction and that also as of August 7, 2023, there were no factors that would change the Revised Opinion announced in the Target's Press Release dated June 8, 2023.

In other words, according to the Target, the Target carefully discussed and examined the terms and conditions of the Transaction from various viewpoints, including share value, transaction structure, contractual terms, fundraising capability, conditions precedent of fundraising, covenants regarding fundraising, management strategies and support systems after the implementation of the Transaction, management policies such as treatment of employees and governance systems, the certainty of, and the time required for, filing notification under the competition and investment control laws and regulations and obtaining governmental and other clearances, and strategic alternatives other than the Transaction. As a consequence, the Target came to consider that, regardless of the disadvantages of the Transaction, i.e., it is not denied that there is possibility of a breach of various financial covenants the Target is required to comply with when JIP borrows money from financial institutions for the Transaction, and there is concern about the adverse impact on the Target's business in the event of such a breach, and that the investors who invest in TBLPS who will own approximately 75 % of common shares of the Offeror's Parent Company after the Transaction, the sole voting shareholder of the Offeror (the "**LP Investors**"), would become the substantial major shareholder of the Target as a result of the Transaction, including many of the Target's business partners, may adversely affect the Target's bargaining power and smooth decision-making in its business operations, on the other hand the Transaction contributes to the solution of the Target's business environment and management issues, and in particular, in light of the possibility that, as a result of the Transaction the Target would build a stable management base and implement a consistent business strategy over the medium to long term to reform and grow the Target, and the Target would be able to receive unified support from its shareholders. According to the Target, given the above, the Target concluded that the Transaction contributes to the enhancement of the Target's corporate value.

According to the Target, with respect to the tender offer price, as stated in the Target's Press Release dated March 23, 2023, as the opinion of the Target at that time, although the Tender Offer, at the Tender Offer Price could be considered as a reasonable exit opportunity for the Target's general shareholders to recover their investment, it does not reach a level that clearly can be recommended to general shareholders to tender their shares in the Tender Offer at this time. However, while prominent foreign investors were constrained by potential and unpredictable regulatory concerns, there were no specific and feasible proposals from potential partners other than JIP in the Process, and the price offered by JIP was the only specific and feasible proposed price offered in the Process which was fully competitive and fair. Since the announcement of the Target's Press Release dated March 23, 2023 approximately four and a half months have passed, but the Target has not received any proposals or inquiries from the other investors who participated in the Process or any other investors that would cause the Board of Directors to reconsider the Transaction. In addition, the Target's market share price has remained below the Tender Offer Price. Furthermore, in engaging with several shareholders before and after the announcement of the Target's Press Release dated March 23, 2023, the Target received positive responses regarding the Process. Thus, the Target's confidence that the Tender Offer Price is the best price that can be expected from potential investors and sponsors has increased.

According to the management team, since the announcement of the Target's Press Release dated March 23, 2023 until August 7, 2023, the Target has received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees. The Target recognizes once again these expectations to and, ultimately, the importance of establishing a stable business base for the Target through undertaking the Transaction. In addition, CEO Shimada has stated his concern that the projections for FY 2024 and FY 2025 in the budget of FY2023 would be difficult to achieve if the Target's management base continues to be unstable, which may in turn result in customer attrition and employee resignations. According to the Target, in such circumstances, it is believed that the Tender Offer Price, which has been obtained through the fully competitive and fair Process, is fair and reasonable and capable of recommendation to the shareholders to tender their shares in the Tender Offer. According to the Target, this seems to be reinforced by the fact that, given the premium over the Target's share price prior to the Target's receipt of the unsolicited letter from CVC Asia Pacific Limited outlining its very preliminary and not legally binding indication of interest to acquire and take the Target private (the "**CVC Letter**"), the Tender Offer Price includes a reasonable premium compared to the premium level in examples of other tender offers aiming for privatizations by third parties.

According to the Target, the Tender Offer Price is, although the difference is minimal, below the lower limit of the share value range per share as calculated by UBS Securities using discounted cash flow analysis (the "**DCF analysis**") and is within the low 25% range of the share value range per share as calculated by Nomura Securities using the DCF analysis at the time of the announcement of the Target's Press Release dated March 23, 2023.

However, while the share value calculated using the DCF analysis largely depends on the projected figures for FY2025, the final fiscal year in the financial forecast for FY2022 through FY2025 prepared by the Target (the "**Consolidated Financial Forecast**"), it is necessary to bear in mind that there is some doubt attached to achievability of such projected figures because: (i) looking at the past twenty years, including the most recent FY2022, the number of times that the Target achieved the projected performances is limited, and, as such, it is difficult not to conclude that the credibility of the Target in achieving its financial forecasts is generally low, (ii) the Consolidated Financial Forecast assumes a significant increase in profit for FY2024 and FY2025 due to improvements in profit margins in each business, mainly in the device, energy, and infrastructure businesses, which indicates that it is based on a plan with not low hurdles for realization, and (iii) CEO Shimada has stated his concern regarding the achievability of the projected figures for FY2024 and FY2025 in the budget of FY2023 if the Target's management base continues to be unstable. In light of these circumstances, it is not advisable to rely solely on the share valuation calculated using the DCF analysis which is premised on the Consolidated Financial Forecast, to which a discount, reflecting a lower confidence level, may need to be applied. The fact that the Tender Offer Price remains around the lower limit of the share value range using the DCF analysis in each of the Share Valuation Reports (as defined in "ii. The Target's Establishment of Independent Special Committee and Obtainment of Report from the Special Committee" in "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price" below), which the Target obtained respectively from Nomura Securities and UBS Securities on March 23, 2023, does not prevent the Tender Offer Price, which has been obtained through a fully competitive and fair Process, from being fair and appropriate and capable of recommendation to the shareholders to tender their shares in the Tender Offer.

According to the Target, at the time of the announcement of the Target's Press Release dated March 23, 2023, the Target recognized that (i) the weak LBO loan market, rising interest rates and volatile currency, the uncertain macroeconomic outlook, and the challenging environment which KIOXIA HD and KIOXIA Corporation (with KIOXIA HD, collectively, the "**KIOXIA Group**") were facing, among other factors, had contributed to the Tender Offer Price and (ii) the evaluation of the Tender Offer Price may change if such conditions were to change in the future; and therefore, the Target decided that it was more appropriate to re-consider whether or not the Board of Directors should recommend that the shareholders tender their shares in the Tender Offer and to form its opinion at a time closer to the commencement of the Tender Offer, rather than making a decision at that time. The Target continued to consider the appropriateness of the Original Opinion as to whether or not to recommend to the shareholders to tender their shares in the Tender Offer, on which the Target refrained from making a decision in the Original Opinion, in light of the purposes of the Transaction and any additional circumstances surrounding the Target which may have subsequently arisen. However, as of August 7, 2023, approximately four and a half months having passed since the announcement of the Target's Press Release dated March 23, 2023, there is currently no anticipation that such external circumstances, including the macroeconomic environment, will improve in the near future and the book value of KIOXIA HD's shares in the Target's consolidated accounts has fallen by approximately 94.7 billion yen during the period from the announcement of the Target's Press Release dated March 23, 2023 to today. On the other hand, as mentioned above, according to the management team, the Target has received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees during the period from the announcement of the Target's Press Release dated March 23, 2023 to today. According to the Target, this reaffirms the Target's recognition of the importance of building a stable management base through undertaking the Transaction. Based on such recognition and also given the fact that there is currently no room for further negotiation with JIP to increase the Tender Offer Price, the Target has reconsidered the fairness and appropriateness of the Tender Offer Price and has formed the opinion that the Tender Offer Price is capable of recommendation to the shareholders to tender their shares in the Tender Offer.

According to the Target, given the above, with respect to the Tender Offer, the Target resolved anew, at the Board of Directors' meeting held on August 7, 2023, to support the Tender Offer and to recommend that the shareholders tender their shares in the Tender Offer again. The resolution of the Board of Directors' meeting referred to above has been adopted pursuant to the method described in "vii Unanimous Approval by All Directors of the Target" under "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price" below.

On another note, according to the Target, the Target understands that, as also reported in a series of media reports, KIOXIA HD and BCPE Pangea Cayman, L.P. (the **"Bain SPC"**) have been discussing a certain potential transaction with a third party (the "**KIOXIA Transaction Counterparty**") which possibly involves the business integration of KIOXIA HD and the KIOXIA Transaction Counterparty (the **"KIOXIA Transaction"**). According to the Target, the Target considered entering into a confidentiality agreement and engaging in discussions with KIOXIA HD and Bain SPC. According to the Target, however, as stated below, together with other information available to the Target at this time, the Target concluded that while receiving information regarding the KIOXIA Transaction (the "**KIOXIA Transaction Information"**) at this moment could pose a serious obstacle to implementing the Transaction, the value of referring to the KIOXIA Transaction Information in considering the fairness and appropriateness of the terms of the Transaction would be low, at least as of now. Therefore, the Target has decided not to initiate discussions on the KIOXIA Transaction with KIOXIA HD and Bain SPC at this time.

According to the Target, were the Target to receive the KIOXIA Transaction Information, the Target would be required to disclose the information at the time of the commencement of the Tender Offer, since the KIOXIA Transaction Information could be construed as material non-public information of the Target. According to the Target, however, it is not appropriate nor reasonable for the Target to unilaterally disclose information related to an important transaction among third parties prior to such parties making their own announcement. Accordingly, according to the Target, it would be fair to assume that if the Target were to receive the KIOXIA Information, it is possible that the Tender Offer cannot be commenced until the KIOXIA Transaction has been agreed upon and announced by the parties involved. Therefore, according to the Target, the Target believes that receiving the KIOXIA Transaction Information could pose a serious obstacle to implementing the Transaction.

On the other hand, according to the Target, as stated below, the Target believes that the value of referring to the KIOXIA Transaction Information in considering the fairness and appropriateness of the terms of the Transaction is low as of now:

- According to the Target, the Target cannot deny certain uncertainties may exist in respect of the KIOXIA Transaction such as the probability of obtaining regulatory clearances required under applicable laws and regulations. Furthermore, were such regulatory clearances to be obtained, such clearances would take a certain amount of time.
- According to the Target, given the volatile nature of the semiconductor memory business, it is likely to be challenging to precisely determine share values in assessing the consideration for the KIOXIA Transaction. In addition, uncertainty may arise with regard to convertibility of the consideration as well as the time required for monetization.
- According to the Target, for the purposes of considering the KIOXIA Transaction in the context of assessment of the fairness and appropriateness of the Tender Offer Price, the terms of the KIOXIA Transaction need to have been definitively agreed upon by the parties other than the Target, at a minimum. However, given that the KIOXIA Transaction has not been made public, it may be reasonable to assume that the terms of the KIOXIA Transaction are not, at this stage, sufficiently definitive to allow the Target to make a comprehensive assessment.

According to the Target, if and when a transaction concerning KIOXIA HD is announced by the parties involved, the Target will promptly assess the announcement and, as necessary, review the fairness and appropriateness of the terms of the Transaction again, and provide its opinion to the Target's shareholders so they may decide whether or not to tender their shares in the Tender Offer.

iv. Management Policy after the Tender Offer

Over the past 20 years since its founding, JIP has engaged in the revitalization of more than 20 businesses of large companies. JIP recognizes that in large companies, despite their sufficiently accumulated management resources such as customer base, technology, products and services and human resources, there are many businesses that are unable to demonstrate their latent potential because of their failure to steadily implement specific measures, thus leading to inefficient operation. JIP believes that the Target Group can improve its businesses by eliminating issues that are constraining a business, such as increased hierarchy due to many spin-offs and cross-divisional issues, and by management with strong leadership to lead the reformation of the business in cooperation with shareholders.

In addition, JIP does not need to make major adjustments to the management policy of each Target Group business. Rather, the urgent issue is to establish an organization to steadily implement specific measures in accordance with the management policy, and to promote efficient business in order to improve earnings. In particular, it is important for the Target to reorganize the subsidiaries described in its contemplated Management Policy, as well as to strengthen the functions of the existing cross-functional team (CFT) (see Note 10). Through these measures, JIP will organize a strong business organization, improve management efficiency, and assign management responsibility (profit responsibility) and authority to each business organization and each business unit within the organization. JIP believes that implementation of a fair personnel evaluation and compensation system, in addition to such measures, will lead to enhanced profitability. In the course of such reorganization of the Target, JIP should be able to utilize its knowledge cultivated through its extensive investment experience.

(Note 10) “Cross-functional team” is a team composed of members selected from multiple departments in order to resolve company-wide management issues.

As of today, no specific appointments have been made regarding the officers of the Offeror, the Offeror’s Parent Company, or the Target after this transaction. In addition, there is no agreement between JIP, TBLPS or any other related company and its LP investors on one hand, and the Related Fund and its LP investors on the other, with respect to the officers of the Offeror’s Parent Company or the Offeror, and there is no agreement with respect to the management of the Offeror’s Parent Company, the Offeror, or the Target after the Transaction. In addition, management of the Target after the Transaction is to be determined upon consultation with the Target after the Transaction, and the management of the Offeror and the Offeror’s Parent Company after the Transaction is to be determined upon consultation with the Related Fund. The directors of the Target have submitted to the Offeror a notice of resignation to the effect that they will resign as directors of the Target subject to the completion of the Squeeze-Out Procedure; however, JIP does not intend a thorough replacement of the Target’s directors, but instead intends to establish a new management to be decided upon through future discussion between the Offeror and the Target after resignation of the Target’s directors subject to completion of the Squeeze-Out Procedure (and therefore, it is possible that some of the Target’s directors may be re-appointed after their resignation).

3. Policy on Organizational Restructuring after the Tender Offer (i.e., Matters related to the so-called Two-Step Takeover)

If the Offeror is unable to acquire all of the Target Shares (excluding the Target Shares held by the Offeror and the treasury shares held by the Target) through the Tender Offer as set forth in “1. Overview of the Tender Offer” above, the Offeror plans to conduct the Squeeze-Out Procedure in the following manner after completion of the Tender Offer.

i. Demand for Share Cash-Out

If the total number of voting rights of the Target owned by the Offeror ends up being 90% or more of the total number of voting rights of all shareholders of the Target as a result of the Tender Offer, and the Offeror becomes a Special Controlling Shareholder as set forth in Paragraph 1 of Article 179 of the Companies Act, the Offeror will, as soon as possible after the completion of settlement of the Tender Offer, demand that all shareholders (excluding the Offeror and the Target) of the Target sell their Target Shares pursuant to Part II, Chapter II, Section 4-2 of the Companies Act (the “**Demand for Share Cash-Out**”). In the Demand for Share Cash-Out, JIP plans to set forth, as consideration for each Target Share, payment to the Target shareholders of an amount equivalent to the Tender Offer

Price. In this case, the Offeror will notify and request approval from the Target of the Demand for Share Cash-Out. If the Target approves the Demand for Share Cash-Out by resolution of the board of directors, the Offeror shall acquire all of the Target Shares held by all of the Target shareholders as of the acquisition date specified in the Demand for Share Cash-Out without individual approvals of the Target shareholders in accordance with the procedures prescribed by the applicable laws and regulations. According to the Target's Opinion Expression Press Release, the Target intends to approve the Demand for Share Cash-Out at the board of directors of the Target in the event the Target receives a Demand for Share Cash-Out from the Offeror and is notified of all of the items in Paragraph 1 of Article 179-2 of the Companies Act. When a Demand for Share Cash-Out is made, the Target shareholders are entitled to file a petition with the court to determine the price of the Target Shares in accordance with Article 179-8 of the Companies Act and other relevant laws and regulations.

ii. Share Consolidation

On the other hand, if the total number of voting rights of the Target owned by the Offeror does not reach 90% or more of the total voting rights of all the shareholders of the Target as a result of the Tender Offer, the Offeror will, promptly after the completion of settlement of the Tender Offer, request the Target to hold an extraordinary general meeting of shareholders (the "**Extraordinary General Meeting of Shareholders**") targeted to occur towards the end of November 2023 which includes as agenda items consolidation of the Target Shares pursuant to Article 180 of the Companies Act (the "**Share Consolidation**") and partial amendment of the Articles of Incorporation to abolish the provisions regarding Share Units conditional to the effectuation of the Share Consolidation. The Offeror plans to affirmatively vote to each of such agenda items at the Extraordinary General Meeting of Shareholders.

If the Share Consolidation is approved at the Extraordinary General Meeting of Shareholders, effective as of the date on which the Share Consolidation takes effect, the shareholders of the Target shall own a number of Target Shares in proportion to the ratio of the Share Consolidation approved at the Extraordinary General Meeting of Shareholders. If a fraction less than one share is generated as a result of the Share Consolidation, the cash obtained by selling to the Target or the Offeror the number of Target Shares equivalent to the aggregate of all fractions (any fraction less than one share will be rounded down in course of aggregation) (the "**Aggregated Share of Fractional Shares**") in accordance with the procedures stipulated in Article 235 of the Companies Act and other relevant laws and regulations will be distributed to such Target shareholders. Regarding the purchase price of the Aggregated Share of Fractional Shares, JIP will make a calculation so that the amount of cash to be distributed to the Target shareholders (excluding the Offeror and the Target) who have not tender their shares in the Tender Offer upon the sale of Aggregated Share of Fractional Shares will be equivalent to the amount obtained by multiplying the Tender Offer Price by the number of Target Shares held by the Target shareholders. Subsequently, JIP will request the Target to file a petition for permission of voluntary sale to the court. The ratio of the Share Consolidation in the request is not determined as of today, although it will be determined so that the number of shares held by each Target shareholder (excluding the Offeror and the Target) who had not tendered his/her shares in the Tender Offer will be a fractional amount of less than one share; thus the Offeror will own all of the Target Shares (excluding the treasury shares owned by the Target). Detailed procedures for this case will be announced by the Target promptly after decision.

The Companies Act provides, for the purpose of protecting the rights of minority shareholders in relation with a share consolidation, that when a fractional share of less than one share will be generated upon share consolidation, pursuant to Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, the Target shareholders opposing the share consolidation are entitled to demand that the Target purchase all of such fractional shares owned by such shareholder at a fair price, and that such shareholder may file a petition with the court to determine the price of Target Shares. As mentioned above, in the contemplated Share Consolidation for this transaction, the number of Target Shares held by each Target shareholder (excluding the Offeror and the Target) who did not tender his/her shares in the Tender Offer will be less than one share. Therefore, Target shareholders opposing the Share Consolidation will be entitled to file such a petition. If such petition is filed, the purchase price will be finally determined by the court.

With respect to the procedures described in i. and ii. above, it may take time, or the process may be modified, depending on the circumstance such as amendments, enforcement status or interpretation by the regulator. However, even under such events, at the end, a method so that cash will be distributed to the Target shareholders (excluding the Offeror and the Target) who did not tender their shares in the Tender Offer is planned to be adopted, and the amount of cash to be distributed to each such shareholder is planned to be calculated so that it will be the same amount obtained by multiplying the Tender Offer Price by the number of Target Shares held by each such shareholder.

Specific procedures and the timing of implementation in each of the above cases will be discussed with the Target and announced by the Target as soon as a decision is made.

This Tender Offer is by no means intended to solicit the endorsement of the Target shareholders at the Extraordinary General Meeting of Shareholders. Further, the shareholders are asked to consult with their own tax accountants or other professionals at their own responsibility regarding whether to tender their shares in the Tender Offer or regarding the tax treatment of each of the above procedures.

4. Possibility of Delisting and Reason

The Target Shares are listed on the TSE's Prime Market and the NSE's Premium Market as of today. However, since the Offeror does not set an upper limit on the number of shares subject to the Tender Offer, the Target Shares may be delisted in accordance with the delisting standards of the TSE and the NSE depending on the results of the Tender Offer.

In addition, even if the Tender Offer does not meet the said standards as at the successful completion of the Tender Offer, as explained in "3. Policy on Organizational Restructuring after the Tender Offer (i.e., Matters related to the so-called Two-Step Takeover)" above, the Offeror, after successful completion of the Tender Offer, plans to implement the Squeeze-Out Procedure aiming to acquire all of the Target Shares (except for the Target Shares held by the Offeror and the Target). Therefore, when such procedure is implemented, the Target Shares will be delisted in accordance with the delisting standards of the TSE and the NSE pursuant to prescribed procedures. After the Target Shares are delisted, the Target Shares will not be tradable at the TSE and the NSE.

5. Important Agreements relating to the Tender Offer

The Offeror and the Target entered into an agreement on the execution of the Tender Offer dated March 23, 2023 (the "**Tender Offer Agreement**"). The Tender Offer Agreement sets forth, among other matters, the representations and warranties by the Offeror and the Target (see Note 11) and the obligations of the Target (see Note 12). In addition, the Tender Offer Agreement provides that the Offeror shall commence the Tender Offer conditioned on the fulfillment of conditions precedent (or waiver of the conditions precedent by the Offeror based on agreement with the Target or at the discretion of the Offeror) to the Tender Offer and certain covenants (see Note 13).

(Note 11) The Offeror, in the Tender Offer Agreement, represents and warrants: (1) the validity of its incorporation, existence and authority; (2) its right and capacity to enter into and perform the Tender Offer Agreement; (3) the validity and enforceability of the Tender Offer Agreement; (4) the non-existence of conflict with laws and regulations with respect to the execution and performance of the Tender Offer Agreement; (5) the non-existence of businesses or involvement with antisocial forces; (6) the non-existence of bankruptcy proceedings; (7) that clearances necessary for execution of the Transaction are obtained; and (8) the sufficiency of funds for the execution of the Transaction. The Target, in the Tender Offer Agreement, represents and warrants: (1) the validity of its incorporation, existence and authority; (2) its right and capacity to enter into and perform the Tender Offer Agreement; (3) the validity and enforceability of the

Tender Offer Agreement; (4) the non-existence of conflict of laws and regulations with respect to the execution and performance of the Tender Offer Agreement; (5) the non-existence of businesses or involvement with antisocial forces; (6) the non-existence of bankruptcy proceedings; (7) the accuracy of its annual securities report; and (8) the accuracy of the information disclosed in the course of the confirmatory due diligence.

(Note 12) In the Tender Offer Agreement, the Target is obliged to, in summary: (1) conduct its business within the ordinary course; (2) notify in the event of breach of representations and warranties; (3) refrain from negotiating competitive transactions (see Note 14); (4) obtain resignation forms from its directors subject to completion of the Squeeze-Out Procedure; (5) consult with the Offeror in advance regarding the agenda for the annual general meeting of shareholders for the fiscal year ending March 2023; (6) grant the Offeror access to Target Group information; (7) cooperate with the Offeror in procuring funds; (8) disclose material non-disclosed facts; and (9) cooperate with the Offeror in obtaining clearances.

(Note 13) Under the Tender Offer Agreement, the Target or the Offeror may terminate the Tender Offer Agreement if the Tender Offer is not commenced within six months from March 23, 2023 (the "**Tender Offer Commencement Long Stop Date**") without any reason attributable to such party. In this regard, if the Target terminates the Tender Offer Agreement when all other conditions precedent for the Tender Offer are fulfilled or waived, but the conditions precedent for the Tender Offer regarding completion of foreign procedures pursuant to competition and foreign direct investment laws and regulations etc. are not fulfilled or waived, and the Tender Offer is not commenced by the Tender Offer Commencement Long Stop Date as a result, then the Target is entitled to receive a reverse break-up fee from the Offeror except under certain circumstances.

(Note 14) There is a provision that restricts the Target and the Target subsidiaries from actively engaging in solicitation or negotiation of transactions competing with or conflicting with the Transaction. However, if the Target receives a counterproposal from another potential acquirer without solicitation by the Target, the Target is permitted to negotiate the counterproposal before the completion of the Tender Offer. Further, the Target may receive a detailed, realistic and bona-fide counterproposal in writing which includes acquisition of all of the Target Shares (excluding treasury shares) at a purchase price (limited to cash consideration) higher than the Tender Offer Price (provided that such counterproposal shall include, regarding filings pursuant to competition, foreign direct investment and other laws and regulations and all other procedures in connection with governmental authorities necessary for such acquisition, based on rational grounds, (1) the specific type, territory and required period of the expected procedure, and (2) assurances that there is a reasonable and realistic possibility that all such procedures will be completed within a reasonable period). In such event, under the conditions that (i) the Target obtains a written opinion from an outside counsel stating that maintaining the Target's Consent Opinion reasonably may consist breach of the Target directors' duty of care; (ii) the Target immediately notifies the Offeror of the receipt of such counterproposal and written opinion, and immediately discusses with the Offeror in good faith during the period until five business days from such notice or until five business days prior to the final day of the Tender Offer Period, whichever is earlier; and (iii) as a result of such discussion, the Offeror does not submit a revised proposal to raise the Tender Offer Price to a price higher than such counterproposal, the Target may change or withdraw the Consent Opinion. In addition, if the Target changes or withdraws the Consent Opinion, the Target and the Offeror may each terminate the Tender Offer Agreement, and in such event, the Offeror may receive 2,000,000,000 yen as breakup fee from the Target.

6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price

As of today, the Offeror owns no more than 100 of the Target Shares (Ownership Ratio: 0.00%) and the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, it is not planned that all or some of the Target's management personnel will make a direct or indirect investment in the Offeror, and the Transaction, including the Tender Offer, does not constitute a so-called management buyout transaction.

Nevertheless, given that the Offeror intends to make the Target a wholly-owned subsidiary and that the opinions and positions of the Target's shareholders are diverse and widely divided, and some of the Target's shareholders, in particular, request the Target to proceed with the Process through procedures that ensure a high degree of fairness and transparency, it is highly required to proceed carefully to ensure the fairness of the Process in order to fully explain to the Target's shareholders and other stakeholders the reasonableness of the Target's considerations and decisions regarding strategic alternatives in the Process. Therefore, the Offeror and the Target have implemented the measures below, respectively, to ensure the appropriateness of the terms and conditions of the Transaction, including the fairness of the Tender Offer Price, and the fairness of the procedures and other aspects of the fairness of the Tender Offer.

With respect to the statements blow, those regarding the measures implemented by the Target are based on the explanation given by the Target.

i. Implementation of Bidding Procedures

According to the Target, as stated in "2. Background, Purpose and Decision-Making Process Leading to the Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" above, the Target announced on April 21, 2022 that it would solicit proposals from potential investors and sponsors as potential partners regarding strategic alternatives to enhance the Target's corporate value. According to the Target, on May 31, 2022, the Target received legally non-binding primary proposals from ten investment funds (including some consortiums), including JIP, after conducting an initial due diligence of the Target for potential partners from late April to late May 2022. On September 30, 2022, the Target received a number of more in-depth written indications of interest submitted by multiple potential partners, including JIP, in varying degrees of completeness after comprehensively and carefully selecting several potential partners, including JIP, to enter into the second bid process in light of the evaluation criteria such as securing shareholder interests and providing them with a fair opportunity for due diligence over a period of several months beginning in late July 2022. Subsequently, on October 7, 2022, the Target granted non-exclusive preferential negotiating rights to JIP, the only potential partner that made a legally binding and concrete proposal, until November 7, 2022, subject to certain terms, such as an increase in the price and the elimination of some material preconditions for the commencement of the tender offer. The Target repeatedly asked JIP to raise the tender offer price and had a series of discussions and negotiations regarding the tender offer agreement. According to the Target, on March 3, 2023, the Target received the final proposal for the Transaction, and after further discussions and negotiations with JIP, the Target reached an agreement with JIP on the terms and conditions of the Transaction. According to the Target, on and after October 7, 2022 (i.e., the date on which the non-exclusive preferential negotiating right was granted to JIP), the Target held discussions and negotiations with several potential partners other than JIP who made proposals for privatization, but no specific and feasible proposals were submitted by any of these potential partners. In this way, although the Target did not reject the alternative of conducting discussions and negotiations with partner candidates other than JIP for the purpose of advancing the Process, because discussions with such partner candidates did not develop at all, it was considered as unlikely to be realistic to continue discussions and negotiations regarding strategic alternatives including the Target's privatization with potential partners other than JIP for the realization of such strategic alternatives, so the Target decided to hold discussions and negotiations with the only partner candidate which had provided a legally binding proposal, JIP, for the realization of the Transaction.

As described above, according to the Target, the Target has implemented the Process and has secured the opportunity to receive proposals for a wide range of strategic options.

ii. The Target's Establishment of Independent Special Committee and Obtainment of Report from the Special Committee

As stated in "iii. Process of and reasons for decision-making by the Target leading to declaration of support for the Tender Offer" under "2. Background, Purpose and Decision-Making Process Leading to the Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" above, the Target resolved, on April 7, 2022, to establish the Special Committee for the implementation of the Process. According to the Target, the Special Committee is comprised of Mr. Jerry Black ("**Mr. Black**"), Mr. Paul Brough ("**Mr. Brough**"), Mr. Watanabe, Mr. Imai, Mr. Nabeel Bhanji ("**Mr. Bhanji**"), Mr. Raymond Zage ("**Mr. Zage**"), and Ms. Ayako Hirota Weissman ("**Ms. Weissman**"), each of whom is the Target's outside director and independent officer and is independent from the Offeror and the Target, and Mr. Black was appointed as a chairperson of the Special Committee. Among them, Mr. Black, Mr. Brough, Mr. Zage, and Ms. Weissman were appointed as members of the Special Committee on April 7, 2022, on which date the Special Committee was established. Mr. Watanabe, Mr. Imai, and Mr. Bhanji were appointed as members of the Special Committee on June 28, 2022. At the time of the establishment of the Special Committee, Mr. Katsunori Hashimoto, who is the Target's outside director and independent officer, and Ms. Mariko Watahiki, who was the Target's outside director and independent officer at that time and resigned as a director of the Target on June 28, 2022, were also appointed as the members of the Special Committee and participated in the examination of the Process; however, both of them were relieved from their responsibilities as members of the Special Committee on June 28, 2022. According to the Target, the composition of the Target's Board of Directors has not been changed since the election of the Directors at the Target's Ordinary General Meeting of Shareholders for 184th Fiscal Year, which was held on June 29, 2023. According to the Target, the Target's Board of Directors received advice from outside law firms and confirmed in writing that all of the members of the Special Committee, including two former members of the Special Committee, are independent and none of them has any material interests that differ from those of the general shareholders in relation to the completion of the Transaction. According to the Target, all of the said Special Committee members are outside directors and independent officers of the Target, and while the payment of compensation for their respective services as Special Committee member has been separately determined by the Compensation Committee, none of the compensation for such Special Committee members include contingency fees that are payable on the condition of the consummation of the Transaction.

According to the Target, with respect to discussions and negotiations by the management team with potential investors and sponsors, the Special Committee is entitled to receive notice of such discussions and negotiations and to confirm the approach in advance, receive reports on the status of such discussions and negotiations in a timely manner, express its opinion, and, if necessary and to the extent permitted by law, hold direct discussions and negotiations with potential investors and sponsors. In addition, according to the Target, the Target's Board of Directors is required to respect the suggestions and opinions of the Special Committee to the fullest extent possible.

According to the Target, the Special Committee met once a week, in principle, for a total of 47 times from April 21, 2022 to August 7, 2023. Additionally, the Special Committee vigorously worked through numerous informal meetings held by some members and daily communication by e-mail, telephone, etc. The Special Committee received timely reports from the management team regarding important information concerning the Process, such as the details of the proposals from the participants in the Process, the status of discussions with the participants, the responses to material issues regarding due diligence on the Target by participants. In addition, according to the Target, with respect to the important policies, etc. of the Process, in predetermining the basic rules, the Special Committee generally received reports from the management team and confirms the policies, etc. in advance, expressed its opinions, gave instructions, or made requests at important junctures of the Process, and was extensively involved in the negotiation process with respect to the Process and the transaction terms. In particular, according to the Target, at the final stage of the Process, Mr. Watanabe and Mr. Imai, as members of the Special Committee, led the negotiation with JIP regarding the terms of the Transaction including the pricing. In addition, the Special Committee discussed and reviewed the Consultation Items (as defined below) upon receiving the management team's opinions on the purpose of the Transaction as well as on the pros and cons thereof.

Further, according to the Target, the Special Committee was provided with an explanation from the management team on the consolidated financial forecasts, which formed the basis for the share valuation reports produced by UBS Securities and Nomura Securities (the "**Share Valuation Reports**"), held Q&A sessions regarding their reasonability, and offered opinions as needed. With respect to the consolidated financial forecasts of the Target that reflect such opinions, the Special Committee determined that there is no significant issue in the reasonability of their assumptions and the accuracy of their figures that requires the Special Committee to issue a recommendation to the Board of Directors to amend the matters stated in the consolidated financial forecasts prepared by the management team, and that the consolidated financial forecasts are the most appropriate as the basis to be used for calculating the share value of the Target Shares. The Special Committee also received an explanation from UBS Securities and Nomura Securities on the Share Valuation Reports submitted to the Target, regarding which the Committee asked for the background facts through Q&A sessions.

According to the Target, where a prompt decision was required without waiting for Special Committee meetings to be held, information was shared with all members of the Special Committee in a timely manner to ensure fairness of the procedures and to facilitate the smooth flow of the Process, and Mr. Black, the chairperson of the Special Committee, and Mr. Watanabe, the chairperson of the Board of Directors, took a primary role to confirm the policy of the management team, and make instructions and requests to management team. In conducting its activities, the Special Committee receives extensive advice on the Process in general, primarily from a financial perspective, not only from outside law firms described in "iii. Board of Directors' and Special Committee's Obtainment of Advice from Outside Law Firms" below but also from UBS Securities, the Special Committee's own financial advisor.

According to the Target, on March 16, 2023, the Target's Board of Directors resolved to consult with the Special Committee on (i) whether the Transaction would contribute to the enhancement of the Target's corporate value, (ii) whether the procedures for consideration, discussion, and negotiation of the Transaction, including the operation of the Process, were fair, (iii) whether the structure and terms of the Transaction are fair and appropriate, (iv) whether, the Transaction is disadvantageous for general shareholders (the general shareholders referred herein include "minority shareholders" as defined in the Securities Listing Regulations of TSE) of the Target in light of (i) through (iii) above; and (v) whether or not the Board of Directors should support and/or recommend the Transaction in light of (i) through (iv) above (the "**Consultation Items**") as a prerequisite for examining the details of the opinion that the Target should express.

According to the Target, as a result of discussions on and examinations of the Consultation Items, the Special Committee reported to the Target's Board of Directors on March 23, 2023, as the unanimous opinion of all members of the Special Committee, that "it is considered that (i) the Transaction will reasonably contribute to the enhancement of the Target's corporate value, (ii) the procedures for consideration, discussion, and negotiation of the Transaction, including the operation of the Process, were fair, (iii) the structure and terms of the Transaction are fair and appropriate, (iv) the Transaction is not disadvantageous for the general shareholders of the Target, and (v) while the Board of Directors should support the Tender Offer, it as of March 23, 2023 should refrain from making the decision on recommending shareholders to tender their shares in the Tender Offer and consider, in consultation with the Special Committee, during the period between March 23, 2023 and the commencement of the Tender Offer and make its decision on whether to recommend shareholders to tender their shares in the Tender Offer and the SC Original Report dated the same day was submitted to the Target's Board of Directors.

According to the Target, the Special Committee thereafter continued to discuss and consider the Matters of Inquiry in light of the purposes of the Transaction and any additional changes in the circumstances surrounding the Target which may have subsequently arisen. As a result, on June 8, 2023, the Special Committee, in the unanimous opinion of its all members, revised part of the content of the SC Original Report and reported to the Target's Board of Directors that "it is considered that (i) the Transaction will reasonably contribute to the enhancement of the Target's corporate value, (ii) the procedures for consideration, discussion, and negotiation of the Transaction, including the operation of the Process, were fair, (iii) the structure and terms of the Transaction are fair and appropriate, (iv) the Transaction is not disadvantageous for the general shareholders of the Target, and (v) it is appropriate for the Board of Directors to support the Transaction, including the Tender Offer, and to recommend that the shareholders tender their shares in the Tender Offer" and "upon the commencement of the Tender Offer, the Board of Directors should request the Special Committee to consider whether there are any changes in its opinions mentioned above and if there are no changes, to make a statement to that effect, and if there are any changes, to state such changes and issue a further opinion," and further submitted the SC Updated Report as of the same date to the Target's Board of Directors.

According to the Target, upon receiving the Offeror's notification to the Target on August 4, 2023 that (i) the Offeror had completed obtaining the Clearances and, (ii) the Offeror would like to commence the Tender Offer on August 8, 2023 on the presumption that the other Conditions Precedent for the Tender Offer have been fulfilled or waived, the Special Committee has conducted a confirmatory check, etc. of the facts relating to whether any material changes in the circumstances have occurred after June 8, 2023 that could impact the Transaction, and considered whether there were any changes to be made to the content of the SC Updated Report. As a result, the Special Committee confirmed that no circumstances had arisen requiring the content of the SC Updated Report to be changed, and, pursuant to a unanimous resolution of its members, the Special Committee on August 7, 2023 submitted the SC Second Updated Report to the Target's Board of Directors.

According to the SC Second Updated Report, the Special Committee made the following reports:

(i) Whether the Transaction would contribute to the enhancement of the Target's corporate value

a. The Target's business environment and management issues

In June 2022, the Target announced the Management Policy in order to realize a carbon-neutral and circular economy through digitization. Since the Board of Directors decided to consider strategic alternatives and to establish the Special Committee on April 7, 2022, discussions took place with potential investors. To facilitate the process, the management team has taken the lead in providing information to potential investors and sponsors, while at the same time reviewing and implementing various measures to realize the Management Policy. The management team informed the Special Committee that the management team believes that (i) in order to realize the Management Policy, it is necessary to implement consistent strategies over the medium to long term, such as the transformation of the business structure, however, the opinions of the Target's shareholders remain divided, and given the uncertainty of the macro-economic environment, there are concerns about the medium to long term alignment between management and shareholders, (ii) repeated changes in the management, changes in management policy, and continued uncertain press reports of discussions with potential investors and sponsors have caused concerns about the stability of management and damaged the Target's public credibility, and therefore, it had become more challenging to develop stable medium to long term positions with customers and suppliers as well as to form alliances and/or engage in M&A with operating companies, and (iii) there are concerns about the outflow of human resources and difficulties in recruiting new employees in the future. The management team informed the Special Committee that the management team recognizes, if the uncertainty surrounding the Target's future continued, it may become difficult to realize the Management Policy for 2030.

b. Benefits and transaction synergies of the Transaction envisioned by JIP

On the other hand, JIP has explained that, the purpose of being privatized would help the Target (i) to build a stable shareholder base to support its future growth; (ii) to form a solid management team for implementing business strategies to maximize the Target's potential value from a long-term perspective; and thereby (iii) to maintain and develop the Target's customer base mainly in respect of its key business partners; (iv) to realize its growth strategy through the deployment of new business through technologies and innovations developed by the Target; and at the same time, (v) to provide a rewarding workplace for its executives and employees. JIP has also indicated that it can provide the following as added value to the Target: (i) JIP can assist in resolving the Target's management issues and developing its business by sharing JIP's knowledge accumulated through its extensive experiences in investing in Japanese businesses; (ii) the Target will be able to achieve a stable shareholder base, and since TBGP, an unlimited liability partner of TBLPS, will make decisions as a shareholder, prompt decision-makings together with the management team will be possible in terms of important strategies; (iii) the LP Investors include several operating companies involved in business related to the Target's business and such operating companies are expected to provide business support from an objective position; (iv) JIP's advisory group is comprised of individuals from the electronics industry and former executive officers of Japan's leading companies, and they are capable of providing advice on the expansion of the Target's business and can also call upon any necessary external personnel through their personal contacts; and (v) by collaborating with the LP Investors and JIP's portfolio companies, the Target's high-potential technological capabilities can lead to cash flow generation and corporate value enhancement.

c. Management team assessment of the benefits and disadvantages of the Transaction

The management team explained the benefits and the disadvantages of the Transaction as below.

The management team believes the following items to be the evaluation criteria in reviewing strategic alternatives: (i) for shareholders, in the short term, is the Target able to maximize shareholder returns, and in the long term, can the Target implement reforms that will enhance its corporate value, (ii) for customers, following on from the proposal of the Separation Plan and the sale of Toshiba Carrier Corporation, although their understanding and acceptance of privatization has sufficiently advanced even from the customer perspective of wanting long-term support, does the transaction scheme itself make them feel secure about their business with the Target, (iii) for employees, will their anxiety regarding the future direction of the Target be reduced, and (iv) for society, will the Target increase the possibility of realizing its motto of "Committed to the People, Committed to the Future" through its continued support for stable infrastructure and its digitization, as well as the development of innovative technologies toward carbon neutrality. The Target's intended corporate value lies in its stable revenue from a stable customer base and its diverse technologies for creating something new for society. In particular, the Target is currently in a technological transition period. Its strategy is to digitize infrastructure and transform it into services and platforms, to develop quantum technology, and to promote carbon neutrality through distributed power, renewable energy technology, hydrogen technology, reduction of CO_2, electrification with power semiconductors, and innovative nuclear power, etc. However, the many products being developed by the Target through such activities require a certain period of time, due to their innovativeness, to become marketable as business items. The eight years of confusion since the accounting scandal have been painful for employees and the Target also sees the challenges in terms of the actual numbers of recruiting sufficient new employees. The Target must quickly remedy the situation in which news of management disunity is reported almost every day in the media and create an environment where the Target's employees can focus on their primary work. However, as seen in past shareholder meetings, the Target's share capital is currently held by shareholders with many differing views. It is desirable to have stable shareholders in order to unlock the Target's real corporate value. Considering the balance between returning profits to current shareholders and creating future corporate value, the management team believes the proposal of the Transaction is an effective means for achieving a stable shareholder base.

On the other hand, as potential disadvantages of the Transaction, general concerns include: (i) whether or not there will be any adverse effect on the Target's financial condition due to the interest burden arising from the financing for the Transaction by the Offeror; (ii) whether or not the constraints imposed on the management of the Target under the agreement between the Offeror and the lenders are too significant; (iii) whether or not the change in the Target's capital structure resulting from the Transaction will breach any restrictions under agreements with third parties and causes risk of adversely affecting the Target Group's business; (iv) whether or not losing the brand as a listed company will have a negative impact on hiring people and retention; and (v) whether or not becoming an unlisted company will have adverse effects on business, such as loss of business opportunities due to a decline in credibility. In addition, since many of the Target's key business partners are included in investors in TBLPS who will own approximately 75 % of common shares of the Offeror's Parent Company after the Transaction, the sole voting shareholder of the Offeror, concerns include: (vi) whether or not the fact that business partners are indirect major shareholders of the Target would work against the Target in business, such as reducing the Target's bargaining power, and (vii) whether or not there would be any adverse effect on business partners competing with such indirect major shareholders, such as being treated at a relative disadvantage or terminating business with the Target due to concerns about possible information leakage. In regard to each point above, according to the explanation by the management team: (i) the interest burden can be adequately managed in the medium to long term by utilizing the Target's mature business base that generates stable cash flow and advancing qualitative changes in the business: however, in the short term, there are certain concerns, such as deterioration of cash flow in response to market changes and advanced investments to maintain a competitive edge, and the management team is currently working on specific measures (ii) compliance with financial covenants will be required in connection with borrowing from banks (the "**LBO Loan**"), among other matters; however, as with (i), there are certain concerns in the short term, and the management will consider measures to be taken, and there were specific concerns, which have been somewhat relaxed from the initial bank proposal through negotiations by the Offeror with the banks, and the impact may be mitigated by fully consulting with the banks regarding necessary investments and organizational restructuring; (iii) regarding the impact of the Transaction on agreements with third parties, the management team has confirmed in its preparations for due diligence procedures conducted since May 2022 that there is no risk of a material adverse effect on the Target Group; (iv) the Target is so well known both in Japan and overseas that even if it loses its brand as a listed company, the management team believes the impact on hiring and retention will be limited, that the continuing instability of the Target's current operating base will have a greater negative impact on recruitment, and the issue is not about being listed or not listed but rather it is a matter of whether the business is solid and promising since some unlisted companies are popular in recruitment; (v) although not being a listed company may have a certain impact on the business, the management team currently does not expect any specific or significant adverse effect, such as loss of business opportunities, as long as the Target is taken private by the Offeror having Japanese operating companies with a stable management and business base as indirect investors and the management team rather believes the risks posed by the continuation of the Target's current unstable business base outweigh the impact of going private; (vi) the management team understands that LP investment in TBLPS by the business partners will not involve any direct participation in the management of the Target since the business partners remain as limited partners of TBLPS and merely provide funds to TBLPS, and it is unlikely that this will diminish the Target's bargaining power and the management team rather believes that the investment by the Target's business partners, who are stable operating companies in Japan, as limited partners of TBLPS will enhance the trust of the Target's business partners and customers and have a positive impact on business; and(vii) the impact on transactions with business partners that compete with LP Investors is not entirely unforeseen, but because LP Investors merely provide funds to TBLPS, they do not have the power to make decisions or influence to treat the competing business partners unfairly and the management team has no intention to treat the LP Investors' competitors unfavorably. Furthermore, and the management team believes the transaction will rather have a positive effect on businesses with the LP Investors' competitors. In addition to the above, in order to grasp potential disadvantages caused by the implementation of the Transaction as much as possible in a quantitative manner, the Special Committee requested the management team for provision of (A) the chances of winning bids, (B) the number of customers expected to be lost, (C) the number of employees expected to leave the Target, and (D) the rejection rate of employment offers when hiring employees, with respect to (A) and (B), the management team believes that there will be no significant impact in the future, although the management team does not have exhaustive historical data. With regard to (C), If the Target were to be taken private by a foreign-based private equity fund, it was assumed that a reasonable number of employees would leave the Target or decline employment offers; however, as the Transaction is led by JIP, a Japanese private equity fund, and the investors in TBLPS are also Japanese companies, the management team does not believe that the privatization through the Transaction will lead to employees leaving the Target or a rejection of employment offers. With regard to (D), the management team believes that it is not an issue of whether the Target is listed or not, but rather whether the Target's business is solid and promising since some unlisted companies are popular in the recruitment process.

d. Preparation of Plan B

Although the Special Committee was established for the purpose of examining wide strategic options including privatization and minority investment, no legally binding, feasible and specific proposals were received in the Process from any investors or sponsors other than JIP. Therefore, for the purpose of assessing the reasonableness and appropriateness of the Transaction, it was necessary to prepare the Plan B. However, as noted above, the management team did not respond to the Special Committee's request to revise the business plan upon which Plan B was based so specific review of Plan B was not conducted.

At the January 19, 2023, Special Committee meeting, the need for Plan B to be prepared was again confirmed and it was anticipated that, in conjunction with preparation of the FY2023 Budget, it would be possible to confirm the forecasts for FY2023 as well as the planned figures for FY2024 and FY2025. Around that time, management commenced specific preparation of Plan B with assistance and inputs from Special Committee members, and the outline of Plan B was reported at the March 10, 2023, Special Committee meeting.

The main substance of Plan B is a management plan developed based on the Consolidated Financial Forecast implementing maximum shareholder return within the limits of distributable amounts and securing an appropriate level of capital with a view towards maximizing shareholder value. Under Plan B, the Target is scheduled to implement a major business portfolio restructuring including disposal of certain businesses, and all or most of the sales is scheduled to be appropriated for resources for distribution to the shareholders. It is covenanted to the shareholders that all of the net proceeds from the sale of KIOXIA HD shares will be distributed to the shareholders, and Plan B further assumes dividends from the subsidiaries and consolidation of the subsidiaries for the purpose of securing the distributable amount.

e. Special Committee's Opinion

In preparing the SC Second Updated Report, the management team has confirmed that there are generally no changes to the statements in the above items a through c from those stated in the SC Original Report. The views of the Special Committee as stated in (a) and (b) below also remain unchanged from those stated in the SC Original Report and the SC Updated Report.

(a) The Transaction

The Special Committee understands the views of the management team in relation to the business environment and management issues facing the Target and appreciates the management team's argument that many stakeholders of the Target, in particular employees and customers, would be well served by the Transaction. In relation to the impact of the Transaction on the business and corporate value of the Target, there are concerns as to the possible negative impact on the business in the case of possible or actual breach of the financial limitation provisions under the LBO Loan. Further, many of the LP Investors will, in substance, become large shareholders and that amongst those, many are the Target's business counterparties and there is a possibility of such circumstance having a negative impact on the bargaining power of the Target and decision-making for the smooth operation of the Target's business. However, as explained by the management team, it is possible to bring the Target a large benefit in its being able to build a stable management base and to obtain unified support from shareholders for the purpose of transforming the Target's results and financial status over the mid to long term.

The Special Committee concurs with the management team that the primary strengths in the Target are prominent engineers, scientists and researchers and believes that there could be greater intrinsic value than what several generations of the Target's management have been able to financially realize.

However, if the growth of the Target's business over the mid to long term requires a consistent business strategy, it would be easier to realize such growth obtaining support from unified shareholders. In the context of reviving the business of the Target, there is a large benefit in obtaining unified shareholders via the Transaction: it promotes the implementation of the mid to long term plans of the Target. The Special Committee questions whether the Target has the requisite resources of the senior management and skills for the significant level of transformation required and believes that the Transaction will be an external catalyst that is required for the transformation of the Target.

The Transaction may also be considered as reasonably contributing to an improvement of the corporate value (or resolving the situation of it being difficult to improve the corporate value of the Target).

(b) Other alternatives

In comparison with proposals received during the Process from potential investors and sponsors other than from JIP ("**Other Participants**"), no legally binding and specific proposal was received from Other Participants. Moreover, there was no proposal, whether complete or incomplete, that was expected to contribute more to resolving the Target's management issues or enhancing corporate value, other than the Transaction.

Despite the management team being instructed by the Special Committee to re-assess the Business Plan, it was not able to adequately do so before the normal process of preparing the budget commenced and, in addition, the contents of Plan B, which were reported to the Special Committee on March 10, 2023 approximately two months after the management team had received clear instructions to prepare Plan B at the Special Committee meeting held on January 19, 2023, incomplete and lacked specificity leading the Special Committee to query whether the necessary ability to plan and implement a large scale reform exists within the Target. Such a large scale reform is the sort of short term sell-off of sufficient assets, reduction of costs, and execution of strengthening of appropriate asset distribution policies and shareholder dividend policies that Plan B envisions. Even if Plan B were a feasible plan with a potential of increasing the corporate value of the Target, compared to privatization, its planning and execution are thought to require significant strengthening of the management team and a long period of time for execution. Considering that (i) significant changes in the management without inviting substantial confusion to the business in the approximately one year since the previous changes to the Board of Directors occurred was unrealistic and (ii) the macro-economic environment is uncertain, the Special Committee has come to believe that Plan B carries with it significant execution risk. Further, the management team has been consistent in their belief that the current R&D function and diverse businesses are critical in capturing the mid to long term value of the Target and has historically been negative towards implementing divestures that are required to implement Plan B as requested by the Special Committee.

The Special Committee concludes that the management team remains unable to present a concrete Plan B that the Special Committee can reasonably expect to be implemented to create greater corporate value for the Target.

(ii) Whether the procedures for consideration, discussion, and negotiation of the Transaction, including the operation of the Process, were fair

a. Implementation of fairness ensuring measures recommended in the Fair M&A Guidelines

The Transaction does not constitute a transaction directly covered by the "Fair M&A Guidelines: Enhancing Corporate Value and Securing Shareholders' Interests" (the "**Guidelines**"). However, the Special Committee determined that in order to fully explain to the Target's stakeholders the reasonableness of the review and decisions of the Target regarding the strategic alternatives under the Process, it was appropriate to proceed with the Process while referring to the Guidelines and taking fairness ensuring measures listed in the Guidelines to the extent appropriate and practicable and supervised the Process to be implemented based on the Guidelines because the Target's shareholders have diverse positions and opinions. In particular, some shareholders requested the Target to develop strategic alternatives through procedures that ensure a high degree of fairness and transparency. In light of the scale of the potential transactions (which would all be one of the largest of their types in Japan), the Target's wide-ranging business portfolio, the involvement of sensitive businesses in the interests of national security, the frequent occurrence of information leaks, and the deepening uncertainty in the macro-economic environment and financial markets, it was clear from the outset that the process to consider and determine strategic alternatives would be very difficult, particularly without participation of the management team. Under the commitment letters issued from the financial institutions (the providers of the senior loans and subordinated loans) and the JIP proposal at the final stage of the Process, it is stipulated as conditions precedent to the execution of the loans and as covenants after the execution of the loans that CEO Shimada and Mr. Goro Yanase ("**Mr. Yanase**", the reference to whom was removed from the updated commitment letter that was submitted on March 6, 2023) would remain as part of the management team (the effective period of the covenants is three (3) years from the settlement commencement date of the Tender Offer) and since there is a risk of potential conflict with the management team, the Special Committee pays particular attention to ensuring the fairness of the Process.

b. Members and activities and ensuring effectiveness and fairness, etc. of the Special Committee

The Special Committee consists entirely of outside directors and independent officers of the Target, and was highly active. Meetings were typically held once a week before the announcement of the Target's Press Release dated March 23, 2023 and, as necessary, after the announcement of the Target's Press Release dated March 23, 2023, since the Special Committee was established. Some committee members held informal meetings, etc. Also, it received timely reports from the management team regarding important information concerning the Process, such as the details of the proposals from the potential partners. In addition, a Valuation Subcommittee was formed to work with the financial advisers on valuation considerations In determining the basic rules, the Special Committee confirmed various matters including the important communications between the management team and the potential partners and negotiation policies, generally upon receipt of advance reports from the management team, and at important junctures of the Process, the Special Committee rendered opinions, gave instructions, or made requests, and was extensively involved in overseeing the negotiation process with respect to the Process and the transaction terms.

In addition, considering the circumstances where the necessity for the Special Committee's involvement increased in order to ensure that thorough negotiations were conducted as the negotiations with JIP on the terms and conditions were entering the final phase, and to ensure the fairness of the Process since the commitment letter submitted by the financial institutions along with JIP's proposal on February 8, 2023 stipulated that CEO Shimada and Mr. Yanase (as mentioned above, the reference to Mr. Yanase was removed from the updated commitment letter that was submitted on March 6, 2023) would remain in the management of the Target as conditions precedent to the execution of the loans and as covenants after the execution of the loans (the effective period of the covenants is three (3) years from the settlement commencement date of the Tender Offer), it was determined that the negotiations with JIP after February 10, 2023, would be led primarily by Mr. Watanabe and Mr. Imai and they would work closely with Mr. Black, the other Special Committee members and the management team, and thereafter Mr. Watanabe and Mr. Imai negotiated directly with JIP.

The independence of each Special Committee member from the potential partners and the Transaction was confirmed including by way of questionnaires, and a system was established to enable the Special Committee members to consider and negotiate, etc., fairly and independently. In addition, in light of the fact that Mr. Bhanji and Mr. Imai were also senior executives of a major shareholder of the Target, in order to address potential conflicts of interest, independence, confidentiality, and other matters associated with their becoming directors of the Target and their participation on the Special Committee, the Target entered into Nomination Agreements with Elliott Advisors (UK) Limited for the nomination of Mr. Bhanji as a director candidate and with Farallon Capital Management for the nomination of Mr. Imai as a director candidate, both dated May 2022, and the risk of potential conflicts of interest with the major shareholders of which they were senior executives was adequately managed under the recusal clauses contained in the said agreements.

c. Developing the Process effectively

In the Extraordinary General Meeting of Shareholders in March 2022, a shareholder's proposal seeking to continue the comparison and review of strategic alternatives through transparent procedures received considerable support from the shareholders. In light of this, the Target made public the implementation of the Process from the beginning thereof and has continued to make transparent disclosure in the process to the extent that it did not harm the effectiveness of the Process.

On the other hand, with regard to information management, prior to the commencement of the Process, there had been a series of media leaks of information that were specific enough to indicate that it was probable that such leaks came from the Target's management. Accordingly, from the beginning of the Process, the Target emphasized the importance of information management and explained it to the relevant personnel internally and externally, including the potential partners, and paid particular attention to information management, including the extent to which confidential information should be shared.

It is also considered that the Process was developed with the utmost care to maintain a competitive environment throughout the entire Process, that the Target cooperated in and place restrictions with respect to funding initiatives for JIP, that the selection of the potential partners proceeding to the second bid process from the participants who submitted the statement of intent in the first bid process was carefully considered to ensure reasonable decision-making based on sufficient information, that each sponsor candidate proceeding to the second bid process was fairly provided with an opportunity to conduct due diligence, and that there was extremely minor, if any, impact on maintaining a competitive environment by granting a non-exclusive preferential negotiating right to JIP to accelerate the funding and the reasonableness of the decision in light of the proposals made by other potential partners.

d. Securing opportunities for other potential acquirers to offer takeover proposals

As mentioned above, the Target announced the implementation of the Process from its very beginning, and solicited proposals from all potential investors and sponsors who had expressed a willingness to consider submitting proposals in the Process and who could be potential partners by not limiting those who could make a proposal to those who had been encouraged to participate in the Process by the management team. This ensured that the Target would have the opportunity to receive proposals for a wide range of strategic alternatives from a wide range of proposers. Through such open and public bidding process, the Target, in effect, proactively implemented a market check.

Also, although the Tender Offer Period was agreed to be 30 business days, a relatively long period of approximately four and a half months have passed since announcing the Transaction in the Target's Press Release dated March 23, 2023 to the commencement of the Tender Offer. Therefore, the Special Committee finds that, even after the announcement of the Transaction, appropriate opportunities for the Target's shareholders to make decisions on whether to tender their shares in the Tender Offer are secured, and that opportunities for persons other than the Offeror to offer counterproposals regarding the Target Shares based on the details of the Transaction are sufficiently secured. Moreover, various transaction protection clauses in the Tender Offer Agreement are considered not to unduly restrict the Target's contact with any parties making counterproposals, etc.

e. Collection of necessary information

(a) Information regarding the Transaction

The management team and the Special Committee actively sought and received disclosure of the details of the LBO Loan including the financial covenants, because those were considered to have a significant impact on the Target's business in light of the amount of the loans. In addition, as a number of LP Investors are counterparties in the Target's business transactions, as to whether there is any agreement or other arrangement between JIP and any LP Investors or other parties that may affect the Target's business in connection with the Transaction, Mr. Watanabe and Mr. Imai directly met with the President and the Vice-President of JIP at the final stage of the negotiations and confirmed that there were no such agreements. The Special Committee has made its best efforts to ensure that the Special Committee and the Target's shareholders make an informed judgement. Furthermore, even after the announcement of the Target's Press Release dated March 23, 2023, the Special Committee received from JIP the information regarding the status of discussions between JIP and the financial institutions including negotiations on the terms and conditions of the LBO Loan.

(b) Information regarding KIOXIA

The Target sold all shares in Toshiba Memory Corporation through 2017 to 2018 to the consortium mainly consisting of Bain Capital Private Equity, LP (including its group, "**Bain Capital**"). During the sales process, the Target was requested by Bain Capital to make re-investment into an acquisition vehicle (currently KIOXIA HD), in a passive manner. As the sale of the memory business is carried out for the purpose of securing the necessary management resources to fuel further growth of the memory business and restoring the financial conditions of the Target while it was insolvent at that time, the Target decided to accept the above request for the re-investment with a view to implementing the sale of KIOXIA HD within a limited time period and definitively recognizing the value to be realized from the sale as its revenue. As a result, it was agreed that the Target would not be involved in the management of the memory business after the re-investment (i.e., the sale of the memory business). Although the value of KIOXIA HD shares is a significant portion of the value of the Target, at this time, for the reasons stated above, the Target is not involved in the management of the KIOXIA Group but for its own financial reporting purposes receives certain limited information. However, the Target has no legal or contractual rights to receive information regarding the KIOXIA Group and its interest remains passive.

The management team and the Special Committee, in their efforts to advance the Process, believed it desirable for more detailed information be obtained on the KIOXIA Group and that such information be used as the basis for consideration by the Special Committee. In October 2022, the Special Committee sent a letter to KIOXIA HD requesting the provision of certain information and providing the Target with an opportunity for ask and receive questions and answers to the KIOXIA Group and held discussions with KIOXIA HD. Although the Target was not able to secure full cooperation from KIOXIA Group, on November 28, 2022, the Target and UBS Securities conducted a learning session with KIOXIA HD and heard its view regarding industry trends and the outlook for the semiconductor memory business, but KIOXIA HD gave no information or outlook relevant to their business.

In addition, in order to provide the potential partners with the opportunity to conduct due diligence on the KIOXIA Group, the Target disclosed information on the KIOXIA Group in its possession to the potential partners to the extent the Target believed it permissible to do so under the shareholders agreement among KIOXIA HD's shareholders based on advice from the Target's legal advisors.

The Target made practical efforts to address the issue of limited information on the KIOXIA Group.

After the announcement of the Target's Press Release dated March 23, 2023, Toshiba sent a letter to KIOXIA Group to remind KIOXIA Group that if Toshiba receives any information falling within the category of material facts under the insider trading rules of Toshiba, Toshiba will need to disclose such information to the public prior to the commencement of the Tender Offer. The purpose of the letter was to eliminate the possibility of delaying the commencement of the Tender Offer due to Toshiba receiving, without intent, information falling within the definition of insider information from KIOXIA Group while continuing to receive KIOXIA Group's financial information and to dispatch an observer to KIOXIA Group, in particular for the preparation of Toshiba's own consolidated financial statements and for maintaining monitoring of a major investment. Such letter was considered to have been a practical solution to balance the need of Toshiba to receive relevant financial information as well as to maintain monitoring of a major investment, while at the same time complying with its obligations under the Shareholder Agreement concerning KIOXIA Group and avoiding the inadvertent receipt of material non-public information.

On another note, the Target understands that, as also reported in a series of media reports, KIOXIA HD and Bain SPC have been discussing the KIOXIA Transaction with the KIOXIA Transaction Counterparty. The Target considered entering into a confidentiality agreement and engaging in discussions with KIOXIA HD and Bain SPC. However, as stated below, together with other information available to the Target at this time, the Target concluded that while receiving the KIOXIA Transaction Information at this moment could pose a serious obstacle to implementing the Transaction, the value of referring to the KIOXIA Transaction Information in considering the fairness and appropriateness of the terms of the Transaction would be low, at least as of now. Therefore, the Target has decided not to initiate discussions on the KIOXIA Transaction with KIOXIA HD and Bain SPC at this time.

Were the Target to receive the KIOXIA Transaction Information, the Target would be required to disclose the information at the time of the commencement of the Tender Offer, since the KIOXIA Transaction Information could be construed as material non-public information of the Target. However, it is not appropriate nor reasonable for the Target to unilaterally disclose information related to an important transaction among third parties prior to such parties making their own announcement. Accordingly, it would be fair to assume that if the Target were to receive the KIOXIA Information, it is possible that the Tender Offer cannot be commenced until the KIOXIA Transaction has been agreed upon and announced by the parties involved. Therefore, the Special Committee believes that receiving the KIOXIA Transaction Information could pose a serious obstacle to implementing the Transaction.

On the other hand, as stated below, the Target believes that the value of referring to the KIOXIA Transaction Information in considering the fairness and appropriateness of the terms of the Transaction is low as of now:

- The Target cannot deny certain uncertainties may exist in respect of the KIOXIA Transaction such as the probability of obtaining regulatory clearances required under applicable laws and regulations. Furthermore, were such regulatory clearances to be obtained, such clearances would take a certain amount of time.
- Given the volatile nature of the semiconductor memory business, it is likely to be challenging to precisely determine share values in assessing the consideration for the KIOXIA Transaction. In addition, uncertainty may arise with regard to convertibility of the consideration as well as the time required for monetization.
- For the purposes of considering the KIOXIA Transaction in the context of assessment of the fairness and appropriateness of the Tender Offer Price, the terms of the KIOXIA Transaction need to have been definitively agreed upon by the parties other than the Target, at a minimum. However, given that the KIOXIA Transaction has not been made public, it may be reasonable to assume that the terms of the KIOXIA Transaction are not, at this stage, sufficiently definitive to allow the Target to make a comprehensive assessment.

If and when a transaction concerning KIOXIA HD is announced by the parties involved, the Target will promptly assess the announcement and, as necessary, review the fairness and appropriateness of the terms of the Transaction again, and provide its opinion to the Target's shareholders so they may decide whether or not to tender their shares in the Tender Offer.

f. Other measures to ensure fairness

In addition, to promote the Transaction, the Target has implemented a number of measures in order to ensure fairness, including (i) the Target has appointed Nagashima Ohno & Tsunematsu and Morrison & Foerster LLP as the Board of Directors and the Special Committee's legal advisors independent from the Offeror and the Target and has appointed Nishimura & Asahi as the management team's legal advisor independent from the Offeror and the Target, and have obtained legal advice from those legal advisers, (ii) the Target has appointed UBS Securities as the Board of Directors and the Special Committee's financial advisor and third-party valuation institution independent from the Offeror and the Target and has appointed Nomura Securities as the management team's financial advisor and third-party valuation institution independent from the Offeror and the Target, and obtained a Share Valuation Report from each of them on March 23, 2023, (iii) upon the Target's Press Release dated March 23, 2023 and the Target's Press Release dated June 8, 2023, sufficient information including information recommended to be disclosed in the Guidelines has been disclosed, and also, the sufficient information will be disclosed upon the today's announcement, and (iv) precautions have been made to not generally cause coerciveness with respect to the Transaction.

g. The Special Committee's opinion

The Special Committee has been supervising the Process from the beginning of the Process to ensure it is properly operated in accordance with the Guidelines as far as practically possible. The Special Committee was comprised of outside directors and independent officers only. It was substantially involved in the Process by expressing its opinions to the management team on a number of important occasions and issuing instructions and requests. At the same time, extensive discussions were held at the weekly meetings of the Special Committee. Furthermore, from February 10, 2023, Mr. Watanabe and Mr. Imai, who are members of the Special Committee took the lead in conducting direct negotiations with JIP. Therefore, in conducting the Process, the Special Committee has concluded that it functioned effectively.

The Process can also be evaluated as having been operated with a high level of transparency, highly conscious of the construction and maintenance of a competitive environment, and in an open, fair and effective manner. The proposal for the Transaction obtained through the Process is considered to be the best proposal for privatization, but the opportunity remains for other bidders to make proposals. Therefore, it is considered that the procedures for examination, consultation, and negotiation of the Transaction, including the operation of the Process, were fair.

(iii) Whether the structure and terms of the Transaction are fair and appropriate

a. Negotiation process

The only legally binding concrete proposal that was submitted was the proposal from JIP. Also, the proposed prices from JIP were from 5,200 yen to 5,500 yen in the proposal dated September 30, 2022, 5,200 yen in the proposal dated November 7, 2022, 4,710 yen in the proposal dated February 8, 2023, and 4,610 yen in the final proposal dated March 3, 2023. Negotiations with JIP resulted in an additional 10 yen increase from this price, and ultimately, the tender offer price was agreed to be 4,620 yen.

Between the initial proposal and the final proposal, there were earnings releases for the second and third quarters of fiscal year 2022, both of which fell short of the management team's projections. While the management team maintained the view that such deterioration was temporary in nature, it is considered that they had a negative impact on risk management sentiment and on investment decisions by financial institutions and other funding providers in particular.

The Target has strived to ensure that thorough negotiations have taken place after the Target's receipt of the proposal dated February 8, 2023, including having Mr. Watanabe and Mr. Imai engage in direct multiple negotiations with JIP in place of the management team, and the fact that the proposed prices have fallen substantially between the initial proposal and the final proposal is more a function of the Target's deteriorating results and the Target has made reasonable efforts to ensure that the Transaction will be carried out on the best terms possible for the Target's shareholders.

b. Valuation of the Tender Offer Price

As stated in the share valuation report obtained by the Target from USB Securities (the "**Share Valuation Report (UBS Securities)**"), the share value ranges per share of the Target Shares are respectively as follows: Please refer to (Note 15) in "iv. Board of Directors' and Special Committee's Obtainment of Advice and Share Valuation Report from Independent Financial Advisor and Third-party Valuation Institution" below for the assumptions and reservations with respect to the preparation of the share valuation report and its underlying analysis.

Average market price analysis (Reference Date 1):	3,195 yen to 3,878 yen
Average market price analysis (Reference Date 2):	4,200 yen to 4,683 yen
Comparable company analysis:	3,231 yen to 7,133 yen
DCF analysis:	4,661 yen to 7,333 yen

As stated in the share valuation report obtained by the Target from Nomura Securities (the "**Valuation Report (Nomura Securities)**"), the share value ranges per share of the Target Shares are respectively as follows:

Average market price analysis:	4,200 yen to 4,683 yen
Comparable company analysis:	1,967 yen to 5,564 yen
DCF analysis:	4,171 yen to 7,000 yen

The Tender Offer Price adds a premium of 9.43%, 9.97%, and 4.55 %, and a discount of 1.35% respectively (the premium and discount rates are rounded to two decimal places) to the market price (simple average of the closing price for each of the business day immediately prior to the date on which the announcement of the Target's Press Release dated March 23, 2023 was made, the most recent one (1) month, the most recent three (3) months, and the most recent six (6) months). Further, commencing with the receipt of the CVC Letter in April 2021, the market began to anticipate that the Target would undergo a privatization transaction and this expectation continued which can be thought to have become reflected in the market share price. The Tender Offer Price adds a premium of 20.63% to the closing price of 3,830 yen for the Target Shares on April 6, 2021, which was the business day immediately prior to April 7, 2021, the date on which some media outlets announced that the Target had received the CVC Letter.

According to UBS Securities and Nomura Securities' respective explanations and Q&A sessions with the Special Committee on the details of their Share Valuation Reports, the Special Committee concluded that methodology for valuation was not regarded as unreasonable and valuation process adopted by both advisers in valuing the Target shares as well as the share value calculation results was appropriate. Therefore, the Special Committee concluded that it could rely on the Share Valuation Reports prepared by UBS Securities and Nomura Securities in assessing the share value of the Target Shares.

UBS Securities and Nomura Securities used the Consolidated Financial Forecast in accordance with the Special Committee's request. In the process of formulating the Consolidated Financial Forecast, the management team gave an explanation to the Special Committee on the outline of the numbers in the plan, the assumed management environment (including recent changes in the macro-economic environment and disruptions in the supply chain), targets, basic strategies, and specific measures for each business field, and then the Special Committee conducted a Q&A process as to the reasonableness of the plan, and gave comments as needed. With regard to the Consolidated Financial Forecast, which reflects the said comments, the Special Committee determined that no material issues were noted that warranted the Special Committee to recommend the Board of Directors not to adopt the forecast prepared by the management team regarding the reasonableness of the assumptions or accuracy of the numbers regarding the Consolidated Financial Forecast. There is nothing more appropriate as a basis for the valuation exercise.

Since, as mentioned above, the Target holds limited information on KIOXIA Group and the Target could not obtain sufficient cooperation from KIOXIA Group, in relation to the value of KIOXIA HD's shares held by the Target, UBS Securities and Nomura Securities took into general consideration the valuation upon which the Target made the re-investment in 2018, historical financial figures (including the book value of KIOXIA HD in the Target's consolidated accounts), and comparable company analysis, etc., and both made their respective valuations (the book value of KIOXIA HD in the Target's consolidated accounts has been devalued by approximately 94.7 billion yen from the time of the announcement of the Target's Press Release dated March 23, 2023 to the time of preparation of the SC Second Updated Report).The Special Committee assesses that neither of the methodologies of UBS Securities or Nomura Securities was unreasonable and, although information of the KIOXIA Group was limited, considers as before that in determining the fairness and appropriateness of the transactional terms, the Share Valuation Reports are important reference materials. However, considering the relatively large portion of the value of the Target that is comprised of the value of the KIOXIA HD shares, the Special Committee is also of the view that the reference values in the Share Valuation Reports should be considered carefully.

The Target's FY2023 Budget was formally approved by the Target's Board of Directors on April 13, 2023, which was finalized by refining it in accordance with the ordinary practice of finalizing the Target's budget, and there were no substantively significant changes to the content of the Consolidated Financial Forecast in reviewing the share value of the Target. In addition, only approximately four and a half months have passed between the announcement of the Target's Press Release dated March 23, 2023 and the date of the SC Second Updated Report and there have been no major changes in the outlook of the macroeconomic environment or the business environment of the Target group during such period. Furthermore, the Special Committee is unaware of any other circumstances or changes after the announcement of the Target's Press Release dated March 23, 2023 that would have a material impact on the share value of the Target Shares. Therefore, the Special Committee considered that at the time of preparation of the SC Second Updated Report, it was still appropriate to conduct the share valuation based on the Consolidated Financial Forecast and the Share Valuation Reports were still valid, and thus it has not re-obtained Share Valuation Reports from Nomura Securities or UBS Securities for the preparation of the SC Second Updated Report. From time to time after the announcement of the Target's Press Release dated March 23, 2023, the Special Committee has requested UBS Securities and Nomura Securities to calculate the share value and has received their reports on the same.

c. Certainty of execution of the Transaction

According to JIP, at the time of preparation of the SC Second Updated Report, it was confirmed that the obtaining of regulatory clearance related to the competition laws and inward direct investment and others necessary for the implementation of the Transaction has been completed.

After the announcement of the Target's Press Release dated March 23, 2023, it came to light that the balance of cash and deposits at the time of the settlement of the Tender Offer was expected to be lower than the amount specified as a condition precedent for the execution of the LBO Loan. In response, the management team implemented measures to maintain and accumulate cash and deposits, while JIP held discussions with the financial institutions to address the issue. Consequently, on August 4, 2023, the financial institutions issued to JIP loan certificates representing 1.2 trillion yen for senior loans and representing 235.5 billion yen for mezzanine loans, and the concern regarding execution of the LBO Loan has been resolved.

d. Contents of the Tender Offer Agreement

The initial JIP markup included, as a condition precedent to commence a tender offer, a financing-out provision, a No-MAE provision, and no breaches of representations and warranties based on broad representations and warranties regarding the Target's business and operations and no counter proposals, and deleted JIP's RBF payment obligation, which the Target requested to secure JIP's commitment to obtain early clearance, thereby reducing the ability to ensure the certainty of execution of the transactions contemplated in the Tender Offer Agreement. As a result of the communication between the Target and JIP, the Target obtained concessions such as the conditions precedent to commence the Tender Offer being limited to the No-MAE provision, etc. as much as possible, and the obligation of JIP to pay the RBF, which should be an amount sufficient to demonstrate JIP's commitment to obtaining the clearance at an early stage and not based on any cause attributable to JIP. The contents of the agreed Tender Offer Agreement can be evaluated as terms and conditions that are considered to contribute to ensuring the certainty of execution of the Transaction.

e. Structure of the Transaction

Regarding the structure of the Transaction, the method to conduct the Tender Offer with setting a lower limit equivalent to 66.7% of the total number of the voting rights as the first step and then a demand for sale of shares or share consolidation as the second step is commonly adopted in privatizations similar to the proposed Transaction. Also, in terms of the type of consideration, which is cash, it is desirable in light of the ease of understanding of the consideration and the stability and objectivity of the value thereof. Further, from the viewpoint that it is possible to both satisfy the requirement to promptly make the Target a wholly owned subsidiary and to ensure the time and opportunity and the general shareholders, etc. to make appropriate decisions based on sufficient information, it is considered more desirable particularly when compared to a reorganization by share exchange in which the consideration is shares, etc. In addition, coercion is eliminated as stated above.

f. The Special Committee's opinion

(a) The Transaction

(x) Special Committee's opinion at the time of preparation of the SC Updated Report

In the protracted negotiations with JIP, the Tender Offer Price was increased to 4,620 yen from 4,610 yen in the final proposal as of March 3, 2023, but the Tender Offer Price is lower than the price in the original legally binding proposal. As stated in the Original Report, the Special Committee believed that although the Tender Offer at the Tender Offer Price could be considered as a reasonable exit opportunity for the Target's general shareholders to recover their investment, it did not reach a level that clearly could be recommended to general shareholders to tender their shares in the Tender Offer at that time. This is, however, considered to be as a result of changes in the macro-economic environment and deterioration in the Target's financial performance during this period. The occurrence of such events does not raise any doubt as to the fairness of the negotiation process and does not undermine the Target's reasonable efforts to ensure that the Transaction would be conducted on the best terms possible for the Target's shareholders. Since the announcement of the Target's Press Release dated March 23, 2023, approximately two and a half months have passed, and the Target has not received any proposals or inquiries from the other investors who participated in the Process or any other investors that would cause the Target's Board of Directors to reconsider the Transaction. In addition, the Target's market share price has remained below the Tender Offer Price, and, in engaging with over 10 shareholders before and after the announcement of the Target's Press Release dated March 23, 2023, the Target received positive responses regarding the Process conducted by the Target. Accordingly, the Special Committee's confidence regarding the appropriateness of Tender Offer Price has increased.

While the Target operates in a difficult business environment, it is considered that the Transaction should be beneficial to the Target through the building of a stable management base and providing unified support from its shareholder for the purpose of transforming the Target's performance and fortunes over the mid to long term and, in turn, the Transaction may reasonably contribute to the improvement of the corporate value of the Target. According to the management team, between the announcement of the Target's Press Release dated March 23, 2023 and the preparation of the SC Updated Report, the Target received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees. The Target recognizes once again these expectations to and, ultimately, the importance of establishing a stable business base for the Target through undertaking the Transaction. CEO Shimada has stated his concern that the projections for FY2024 and FY2025 in the budget of FY2023 would be difficult to achieve if the Target's management base continues to be unstable, which may in turn result in customer attrition and employee resignations. The Special Committee has no reason to disagree with the management's view.

Privatization is a particularly compelling strategic alternative for the Target, a publicly traded company in a situation where the instability of the Target's management base makes it difficult to enhance the Target's corporate value and ultimately promote the common interests of its shareholders. In such circumstances, it is believed that the Tender Offer Price, which resulted from the only complete proposal obtained at the end of an approximately year-long fully competitive and fair process, is fair and reasonable and capable of recommendation to the shareholders to tender their shares in the Tender Offer, taking into account that the Tender Offer Price includes a reasonable premium compared to the market price of the Target Shares prior to the CVC Letter (which is believed to have been the starting point at which the market price began to reflect a market expectation of the Target being privatized) as well as compared to levels of premiums seen in other tender offer cases aiming for privatizations by third parties, and the subsequent changes in the external economic environment and deterioration in business performance since that time.

The Tender Offer Price is, although the difference is minimal, below the lower limit of the share value range per share as calculated by UBS Securities using the DCF analysis and is within the low 25% range of the share value range per share as calculated by Nomura Securities using the DCF analysis, each at the time of the announcement of the Target's Press Release dated March 23, 2023. However, while the share value calculated using the DCF analysis largely depends on the projected figures for FY2025, the final fiscal year in the Consolidated Financial Forecast, it is necessary to bear in mind that there is some doubt attached to achievability of such projected figures because: (i) looking at the past twenty years, including the most recent FY2022, the number of times that the Target achieved the projected performances is limited, and, as such, it is difficult not to conclude that the credibility of the Target in achieving its financial forecasts is generally low, (ii) the Consolidated Financial Forecast assumes a significant increase in profit for FY2024 and FY2025 due to improvements in profit margins in each business, mainly in the device, energy, and infrastructure businesses, which indicates that it is based on a plan with not low hurdles for realization, and (iii) CEO Shimada has stated his concern regarding the achievability of the projected figures for FY2024 and FY2025 in the budget of FY2023 if the Target's management base continues to be unstable. In light of these circumstances, it is not advisable to rely solely on the share valuation calculated using the DCF analysis which is premised on the Consolidated Financial Forecasts, to which a discount, reflecting a lower confidence level, may need to be applied. The fact that the Tender Offer Price remains around the lower limit of the share value range using the DCF analysis does not prevent the Tender Offer Price, which has been obtained through a fully competitive and fair Process, from being fair and appropriate.

As of March 23, 2023, the Special Committee recognized that (i) the weak LBO loan market, rising interest rates and volatile currency, the uncertain macro-economic outlook, and the challenging environment which KIOXIA Group was facing, among other factors, as having contributed to the Tender Offer Price and (ii) the evaluation of the Tender Offer Price may change if such conditions were to change in the future; and therefore, the Special Committee decided that it was more appropriate to re-consider whether or not the Board of Directors should recommend the shareholders to tender their shares in the Tender Offer and to form its opinion at a time closer to the commencement of the Tender Offer, rather than making a decision at that time. However, although as at the time of preparation of the SC Updated Report, two and a half months have passed since the announcement of the Target's Press Release dated March 23, 2023, there is currently no anticipation that such external circumstances, including the macroeconomic environment, will improve in the near future, and the book value of KIOXIA HD's shares in the Target's consolidated accounts has fallen by approximately 49.5 billion yen during the period from the time of the announcement of the Target's Press Release dated March 23, 2023 to the date of the SC Updated Report.

Furthermore, there is no reason to expect the Offeror to raise any further acquisition funds and, even if there is an improvement in the external circumstances described above, the possibility of JIP raising the Tender Offer Price because of such improvement has significantly decreased. On the other hand, as mentioned above, according to the management team, between the announcement of the Target's Press Release dated March 23, 2023 and the preparation of the SC Updated Report, the Target received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees, from which the Target recognizes once again these expectation to, and the importance of, building a stable management base through undertaking the Transaction.

The fact that the Target has limited information concerning KIOXIA Group and is subject to certain restraints in evaluating the value of KIOXIA HD shares, which comprises a significant portion of the Target's value, makes it challenging for the Board of Directors to make a decision. However, at present, there is no prospect of obtaining additional information beyond what is already available regarding KIOXIA Group. Therefore, the Special Committee deems it inappropriate to postpone the Target's Board of Directors' decision on this basis.

In addition, the acquisition structure and the type of consideration in the Transaction are fair and reasonable. Although, given the diversity and scale of the Target's different businesses as well as its involvement in strategic sectors concerning national security, the degree of certainty in obtaining regulatory clearances related to competition laws and inward direct investment among others in Japan and other countries before conducting a privatization transaction has been considered by JIP, JIP's legal advisor and by the management team, and it was concluded, based on legal advice that no specific concerns regarding the obtaining of clearances for the Transaction will be prolonged or difficult. Further, the terms and conditions of the Tender Offer Agreement can be evaluated as reasonably ensuring a degree of certainty of the Transaction.

(y) Special Committee's opinion at the time of preparation of the SC Second Updated Report

There has been no change in the Special Committee's opinion regarding the fairness and appropriateness of the structure and terms of the Transaction from the time of preparation of the SC Updated Report.

As a change in circumstances since the Updated-Report, the Target understands that KIOXIA HD and Bain SPC have been discussing the KIOXIA Transaction with the KIOXIA Transaction Counterparty. That being said, as noted above, the value of referring to the KIOXIA Transaction Information in considering the fairness and appropriateness of the terms of the Transaction would be low as of now.

(b) Other alternatives

There was no legally binding and specific proposal from Other Participants, and there was no proposal against which the Special Committee can compare to assess the fairness and appropriateness of the Tender Offer Price.

The Special Committee recognizes the possibility that a fully-developed Plan B could create more value for shareholders by divesting non-core assets and focusing on business that have competitive advantages if it could be implemented effectively, as well as pursuing a more efficient balance sheet with greater shareholder returns. However, the Special Committee has also taken note of the fact that, over the past twenty years, the number of times that the Target achieved its projected performances is limited and of the challenges in the Target achieving financial forecasts even in the short term. For FY2022, at the end of the period, the operating profits, which were initially forecast to be 170 billion yen, dropped by approximately 60 billion yen and the net profit and loss, which was initially forecast to be 175 billion yen, dropped by approximately 49.5 billion yen.

Plan B assumes the Target achieving the Consolidated Financial Forecast. However, again given that the Target has such history of missing its business plan targets, including for FY2022, lower than normal comfort level being placed on the Consolidated Financial Forecast and that a meaningful discount would need to be applied to the value that shareholders can reasonably expect from Plan B in comparison with the Tender Offer Price, noting further that the Tender Offer Price can be expected to be realized in a much shorter period than Plan B if the Transaction were to gain the support of shareholders.

According to the management team, between the announcement of the Target's Press Release dated March 23, 2023 and the preparation of the SC Second Updated Report, the Target has received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees. CEO Shimada has stated his concern that the achievement of the projected figures for FY2024 and FY2025 in the FY2023 Budget would be difficult if the privatization does not materialize and the Target's management base continues to be unstable, which may in turn result in customer attrition and employee resignations. Thus, there exist no circumstances that should change the opinion of the Special Committee as to the shareholder value that can be reasonably expected from Plan B.

As such, Plan B projections and potential value derived therefrom do not provide grounds for the Special Committee to change its view that the Transaction should not be dismissed.

(iv) Whether the Transaction is disadvantageous for general shareholders of the Target in light of (i) through (iii) above of the Consultation Items

As mentioned in (i) and (ii) above, the Transaction reasonably contributes to the Target's corporate value, and extra care has been used to secure the interests of the general shareholders of the Target through a fair and transparent process. As mentioned in (iii) above, the Tender Offer Price is fair and appropriate. In addition, the minimum number of shares to be purchased in the Tender Offer was set as equivalent to 66.7% of the total number of voting rights in the Target. Since the amount of monetary consideration to be delivered in the process of a demand for sale of shares or share consolidation for privatization after completing the Tender Offer to those shareholders who do not tender their shares would be the same amount as the Tender Offer Price per share, it can be said that the fairness of the transactional terms and procedures has been secured. Further, shareholders will be granted (i) in case of using a demand for sale of shares, the right to file a petition for the share price appraisal to the court, or (ii) in case of using a share consolidation, the right to request the purchase of shares and the right to file a petition for the share price appraisal to the court. In conclusion, the Transaction is not disadvantageous to the general shareholders of the Target.

(v) Whether or not the Board of Directors should support and/or recommend the Transaction in light of (i) through (iv) above of the Consultation Items

Based on (i) through (iv) above, the Special Committee believes that it is appropriate for the Board of Directors to support the Transaction, including the Tender Offer, and to recommend shareholders to tender their shares in the Tender Offer

iii. Board of Directors' and Special Committee's Obtainment of Advice from Outside Law Firms

According to the Target, in order to ensure fairness and appropriateness of the decision-making, the Target's Board of Directors and the Special Committee have appointed Nagashima Ohno & Tsunematsu, and Morrison & Foerster LLP as its legal advisors independent from the Offeror and the Target, and have obtained legal advice from both firms on various procedures for the Transaction, the decision-making methods and process of the Target's Board of Directors and the Special Committee regarding the Transaction, and other points to be noted with respect to the decision-making regarding the Transaction. Neither Nagashima Ohno & Tsunematsu nor Morrison & Forster LLP is a related party of the Offeror or the Target and neither has any material interests that need to be indicated with respect to the Transaction.

iv. Board of Directors' and Special Committee's Obtainment of Advice and Share Valuation Report from Independent Financial Advisor and Third-party Valuation Institution

According to the Target, in preparation for the expression of the opinion about the Tender Offer, the Target requested Nomura Securities and UBS Securities, third-party valuation institutions independent from the Offeror and the Target, to evaluate the value of the Target Shares and to conduct an accompanying financial analysis in order to ensure the fairness in the decision-making process for the Tender Offer Price presented by the Offeror. On March 23, 2023, the Target obtained the share valuation report from each of Nomura Securities and UBS Securities, subject to certain conditions, including the conditions precedent described below. According to the Target, Nomura Securities and UBS Securities do not constitute related parties of the Target or the Offeror, and they do not have any material interests that need to be indicated with respect to the Transaction. Furthermore, According to the Target, as described in this "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price", since the Offeror and the Target have implemented the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Target has not obtained any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities or UBS Securities.

According to the Target, as mentioned in "iii. Process of and reasons for decision-making by the Target leading to declaration of support for the Tender Offer" under "2. Background, Purpose and Decision-Making Process Leading to the Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" above, it is necessary to bear in mind that there is some doubt attached to achievability of the projected figures in the Consolidated Financial Forecast in assessing the share valuation calculated using the DCF analysis which is premised on the Consolidated Financial Forecasts. However, with respect to the Consolidated Financial Forecast itself, which was used as the basis for preparing the Share Valuation Reports, there were no substantively significant changes to the content in reviewing the share value of the Target. In addition, only approximately four and a half months have passed from the announcement of the March 23 Disclosure Material and there have been no major changes in the outlook of the macroeconomic environment or the business environment of the Target group during such period. Furthermore, the Target is unaware of any other circumstances or changes after the announcement of the March 23 Disclosure Material that would have a material impact on the share value of the Target Shares. Therefore, the Target considers that at present, it is still appropriate to conduct the share valuation based on the

Consolidated Financial Forecast and the Share Valuation Reports are still valid, and has decided that it is not necessary to re-obtain share valuation reports from Nomura Securities and UBS Securities at this time.

According to the Target, the Process, which included engaging with investors and sponsors, was led by the management team, which consists of executive officers, and was implemented in a manner in which the Special Committee was substantially involved by confirming the status of the Process in a timely manner, confirming the approach of the management team in advance, and expressing its opinions on important aspects, and at the final stage of the Process, in accordance with the decision by the Special Committee, Mr. Watanabe and Mr. Imai, as members of the Special Committee, led negotiations with JIP regarding the terms and conditions of the Transaction, including the pricing. According to the Target, Nomura Securities was appointed as the financial advisor of the management team and a third-party valuation institution, and UBS Securities was appointed as the financial advisor of the Target's Board of Directors and the Special Committee, and the third-party valuation institution, which gives advice independently from the management team. According to the Target, although Nomura Securities is a financial advisor of the management team, at the request of the Target's Board of Directors and the Special Committee, Nomura Securities explained the status of the Process and the opinion of the management team and had discussions with them throughout the Process. The Board of Directors, which consists of 11 directors, of which ten are outside directors and 11 directors (the Board of Directors consisted of 12 directors, prior to June 29, 2023), asked Nomura Securities, in addition to UBS Securities, to evaluate the value of the Target Shares and to conduct accompanying financial analyses, as mentioned above, before approving the Affirmative Opinion.

According to the Target, the remuneration of Nomura Securities related to the Transaction constitutes contingency fees payable subject to the successful completion of the Transaction and fixed fees payable regardless of whether the Transaction is successfully completed. The remuneration of UBS Securities does not include contingency fees payable subject to the successful completion of the Transaction. According to the Target, the Target appointed Nomura Securities as the financial advisor and the third-party valuation institution of the management team and UBS Securities as its financial advisor and the third-party valuation institution of the Board of Directors and the Special Committee, according to the remuneration structure described above, by taking into account the general customary practices in similar transactions and the conditions including remuneration that the Target will bear in the event of the consummation or failure of the consummation of the Transaction.

According to the Target, after examining which methods of valuation analysis to be adopted for the valuation of the share value of the Target Shares from among several methods of valuation analysis, Nomura Securities conducted the valuation of the share value of the Target Shares using the following methods of analysis: (i) average market price analysis, because the Target Shares are listed on the TSE Prime Market and the NSE Premium Market, (ii) comparable company analysis, because there are several listed companies engaging in business relatively similar to that of the Target, and an analogical inference of the share value is possible by comparison with those comparable companies, and (iii) DCF analysis, so as to reflect the status of future business activities in the evaluation. The Target obtained the Share Valuation Report (Nomura Securities) from Nomura Securities on March 23, 2023. Furthermore, according to the Target, as described in "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price" below, since the Offeror and the Target have implemented the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Target has not obtained any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

According to the Target, the ranges of the share value per share of the Target Shares evaluated based on the above valuation methods in the Share Valuation Report (Nomura Securities) are as follows:

Average market price analysis:	4,200 yen to 4,683 yen
Comparable company analysis:	1,967 yen to 5,564 yen
DCF analysis:	4,171 yen to 7,000 yen

According to the Target, under the average market price analysis, with March 22, 2023, one business day prior to the announcement date of the scheduled commencement of the Tender Offer, set as the record date for valuation, the range of the share value per share of the Target Shares was evaluated to be in the range of 4,200 yen to 4,683 yen based on the closing price on the record date for valuation of the Target Shares on the TSE Prime Market, which was 4,222 yen, the simple average of the closing price for the most recent five (5) business days, which was 4,200 yen (decimals are rounded to the nearest whole number; the same shall apply hereinafter in the calculation of the simple average of the closing price.), the simple average of the closing price for the most recent one (1) month, which was 4,201 yen, the simple average of the closing price of the most recent three (3) months, which was 4,419 yen, and the simple average of the closing price for the most recent six (6) months, which was 4,683 yen.

According to the Target, under the comparable company analysis, the share value of the Target Shares was evaluated by comparing the market share prices and financial statements showing profitability, etc., of the listed companies engaged in a business relatively similar to that of the Target, and the share value per share of the Target Shares on this basis was evaluated to be in the range of 1,967 yen to 5,564 yen.

According to the Target, under the DCF analysis, based on the future earnings forecast and investment plan pursuant to the Consolidated Financial Forecast and various elements, such as publicly available information, the share value per share of the Target Shares was analyzed and evaluated to be in the range of 4,171 yen to 7,000 yen, upon evaluating the corporate value of the Target by discounting the free cash flow that the Target is expected to generate in and after January 2023 to the present value using a certain discount rate according to operational risks and upon making certain financial adjustments such as adding the value of cash equivalents held by the Target.

According to the Target, the Consolidated Financial Forecast prepared by the Target which Nomura Securities used to evaluate the share value by the DCF analysis includes a fiscal year in which a large increase or decrease in income or profit is expected. Specifically, for the fiscal year ending March 2023, a large decrease in income mainly due to temporary factors, such as the recording of a provision for product warranties is anticipated. For the fiscal years ending March 2025 and March 2026, respectively, a large increase in income due to an improvement in the margin rates of each business, led by the devices, energy, and infrastructure business, is anticipated. The forecasted amounts in the Consolidated Financial Forecast were determined after certain adjustments were made to the target figures set forth in the Target Group’s medium to long term targets that are set forth in the Management Policy announced in June 2022, taking into account the most recent changes in the business environment, etc. The forecasted amounts in the Consolidated Financial Forecast differ from the target figures set forth in the Target Group’s medium to long term targets in the Management Policy.

According to the Target, the synergies expected to be realized from the implementation of the Transaction are not included in the Consolidated Financial Forecast because it was difficult to specifically estimate such synergies at the time of evaluation.

(Note 15) According to the Target, Nomura Securities assumes that the public information and all information provided to Nomura Securities are accurate and complete when evaluating the share value of the Target Shares and has not independently verified the accuracy and/or completeness of such information. Nomura Securities has not independently evaluated, appraised or assessed the Target assets or liabilities (including derivatives, unrecorded assets and liabilities, and other contingent liabilities), including the analysis and valuation of individual assets and liabilities, nor has it requested appraisals or assessment from a third party institution. With respect to the Target’s Consolidated Financial Forecast (including income plans and other information) it is assumed that they were reasonably examined and prepared based on the best and most honest forecasts and judgments available to the Target’s management team at the time of evaluation. The evaluation by Nomura Securities reflects the information and economic conditions obtained by Nomura Securities up to March 22, 2023. The sole purpose of evaluation by Nomura Securities is to assist the Target’s Board of Directors in examining the share value of the Target Shares.

According to the Target, after examining which methods of valuation analysis to be adopted for the valuation of the share value of the Target Shares from among several methods of valuation analysis, UBS Securities conducted the valuation of the share value of the Target Shares using the following methods of analysis: (i) average market price analysis, because the Target Shares are listed on the TSE Prime Market and the NSE Premier Market and have a market price, (ii) comparable company analysis, because there are several listed companies engaging in business relatively similar to that of the Target, and an analogical inference of the share value is possible by comparison with those comparable companies, and (iii) the DCF analysis, so as to reflect the status of future business activities in the evaluation, subject to the condition precedent set forth below (Note 16) and certain other conditions, based on the premise that the Target is a going concern and from the perspective that it would be appropriate to assess the share value of the Target in multiple ways.

According to UBS Securities, the corresponding ranges of the share value per share of the Target Shares assessed by each of the above-mentioned methods are as follows. For assumptions, points of attention, etc. in UBS Securities' preparation of the Share Valuation Report (UBS Securities) and the underlying valuation analysis therefor, please refer to (Note 16) below.

Average market price analysis (Reference Date 1):	3,195 yen to 3,878 yen
Average market price analysis (Reference Date 2):	4,200 yen to 4,683 yen
Comparable company analysis:	3,231 yen to 7,133 yen
DCF analysis:	4,661 yen to 7,333 yen

According to the Target, under the average market price analysis, (i) in order to eliminate the impact on share price caused by the announcement of the Target regarding the receipt of the CVC Letter and speculative press reports by some news media on the privatization of the Target, etc., April 6, 2021 (i.e., the date on which transactions were implemented before such announcement and press reports were made) was set as a first reference date (the **"Reference Date 1"**); based on the closing price on Reference Date 1 of the Target Shares on the TSE, which was 3,830 yen, the simple average of the closing price for the most recent five (5) business days period up to Reference Date 1, which was 3,878 yen, the simple average of the closing price for the past one (1) month period up to Reference Date 1, which was 3,790 yen, the simple average of the closing price for the past three (3) months period up to Reference Date 1, which was 3,526 yen, and the simple average of the closing price for the past six (6) months period up to Reference Date 1, which was 3,195yen, the range of the share value per share of the Target Shares was evaluated to be in the range of 3,195 yen to 3,878 yen, and (ii) March 22, 2023, one business day prior to the announcement date of the scheduled commencement of the Tender Offer, was set as a second reference date (the "**Reference Date 2**"); based on the closing price on Reference Date 2 of the Target Shares on the TSE, which was 4,222 yen, the simple average of the closing price for the most recent five (5) business days up to Reference Date 2, which was 4,200 yen, the simple average of the closing price for the past one (1) month, which was 4,201 yen, the simple average of the closing price for the past three (3) months up to Reference Date 2, which was 4,419 yen, and the simple average of the closing price for the past six (6) months up to Reference Date 2, which was 4,683 yen, the range of the share value per share of the Target Shares was evaluated to be in the range of 4,200 yen to 4,683 yen.

According to the Target, under the comparable company analysis, the share value of the Target Shares was evaluated by comparing the market share prices and financial indicators showing profitability, etc., of the Japanese and foreign listed companies engaged in a business considered to be relatively similar to that of the Target, and the share value per share of the Target Shares was evaluated to be in the range of 3,231 yen to 7,133 yen.

According to the Target, under the DCF analysis, based on the future earnings forecast and investment plan pursuant to the Consolidated Financial Forecast prepared by the Target and various elements, such as publicly available information, the value per share of the Target Shares was analyzed and evaluated to be in the range of 4,661 yen to 7,333 yen, upon evaluating the corporate value of the Target by discounting the free cash flow on the

Consolidated Financial Forecast to the present value using a certain discount rate and upon making certain financial adjustments such as adding the value of cash equivalents held by the Target.

According to the Target, the Consolidated Financial Forecast, which is the basis of the above-mentioned DCF analysis, includes a fiscal year in which a large increase or decrease in income or profit is expected. Specifically, for the fiscal year ending March 2023, a large decrease in income mainly due to temporary factors, such as the recording of a provision for product warranties is anticipated. For the fiscal years ending March 2025 and March 2026, respectively, a large increase in income due to an improvement in the margin rates of each business, led by the devices, energy, and infrastructure business, is anticipated. The forecasted amounts in the Consolidated Financial Forecast were determined after certain adjustments were made to the target figures set forth in the Target Group's medium to long term targets that are set forth in the Management Policy announced in June 2022, taking into account the recent macro-economic environment, and the status surrounding the business of the Target and the business results for the fiscal year ending March 2023, etc. The forecasted amounts in the Consolidated Financial Forecast differ from the target figures set forth in the Target Group's medium to long term targets in the Management Policy.

According to the Target, the synergies expected to be realized from the implementation of the Transaction are not included in the Consolidated Financial Forecast because it was difficult to estimate such synergies at the time of valuation. Furthermore, as described in this "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price" below, since the Offeror and the Target have implemented the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Target has not obtained any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from UBS Securities.

(Note 16) According to the Target, the Share Valuation Report (UBS Securities) has been delivered solely for the Board of Directors of the Target and the Special Committee to examine, in their capacity, the Tender Offer Price from a financial point of view. The Share Valuation Report (UBS Securities) does not express any opinion or view on the consideration to be received by holders of any kind of securities, creditors, or other stakeholders of the Target in connection with the Transaction. The Share Valuation Report (UBS Securities) does not express any opinion or view on the following: (a) the terms of, or other aspects of, the Transaction (including, without limitation, the manner or structure of the Transaction or other elements) or (b) the relative advantage of the Transaction compared with other strategies or transactions that may be adopted or implemented by the Target, or business decision-making related to promoting or implementing the Transaction. Furthermore, the Share Valuation Report (UBS Securities) does not express any opinion or make any recommendations in connection with the Transaction or any matters related thereto, as to whether the Target's shareholders should tender their shares in the Transaction, or how they should exercise their voting rights or conduct themselves. The Share Valuation Report (UBS Securities) also does not express any opinion or view on the fairness (whether financial or otherwise), as compared with the Tender Offer Price in the Transaction, of the amount, nature, or other aspects of any remuneration for officers, directors, or employees of any party to the Transaction. The Share Valuation Report (UBS Securities) does not express any opinion on the price at which the Target Shares should be transacted at any time, including after the Transaction is publicly announced or commences.

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

According to the Target, no representation, warranty, or undertaking, express or implied, is or will be given by UBS Securities or its directors, officers, employees, agents, representatives, or advisors in relation to the accuracy, completeness, reliability, or sufficiency of the information contained in the Share Valuation

Report (UBS Securities) or the reasonableness of any assumption contained in the Share Valuation Report (UBS Securities).

According to the Target, the Share Valuation Report (UBS Securities) is provided solely for the benefit of the Board of Directors of the Target and the Special Committee, and the Target's shareholders and other persons should not rely upon the Share Valuation Report (UBS Securities) and will not be conferred any interests, rights, or remedies by the Share Valuation Report (UBS Securities).

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

According to the Target, the Share Valuation Report (UBS Securities) may also contain forward-looking statements, projections, estimates, forecasts, targets, and/or opinions (collectively, the "Forecasts") provided to UBS Securities by the Board of Directors of the Target and the Special Committee, and UBS Securities has relied upon the opinion of the Target as to the reasonableness and achievability of the Forecasts (and the assumptions and bases thereof). UBS Securities has assumed that the Forecasts represent the best assessments and judgments of the Target which were available at the time of the Share Valuation Report (UBS Securities) and that the Forecasts will be realized in the amounts and time periods contemplated by the Target. All assumptions contained in the Share Valuation Report (UBS Securities) have been discussed and agreed with the Target. The Forecasts involve significant assumptions and subjective judgments which may or may not prove to be correct, and there can be no assurance that any Forecasts are a reliable indicator of future performance, nor that they are attainable or will be realized. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any Forecasts contained in the Share Valuation Report (UBS Securities). The Share Valuation Report (UBS Securities) was prepared based on the economic, regulatory, market, and other conditions as in effect on the date thereof and the information made available to UBS Securities as of the same date. Subsequent changes in these conditions may affect the information contained in the Share Valuation Report (UBS Securities). The Share Valuation Report (UBS Securities) speaks as at the date thereof (unless an earlier date is otherwise indicated therein), and in furnishing the Share Valuation Report (UBS Securities), no obligation is undertaken, nor is any representation or undertaking given, by any person: (i) to provide the Board of Directors of the Target and the Special Committee with any additional information, (ii) to update, revise, or re-affirm any information in the Share Valuation Report (UBS Securities), including any Forecasts, or (iii) to correct any inaccuracies therein which may become apparent.

According to the Target, the analyses conducted by UBS Securities described in the Share Valuation Report (UBS Securities) are summaries of the material financial analyses presented by UBS Securities to the Board of Directors of the Target and the Special Committee in connection with the Share Valuation Report (UBS Securities) and are not comprehensive descriptions of all analyses undertaken or information referred to by UBS Securities in connection with the Share Valuation Report (UBS Securities). The preparation of the Share Valuation Report (UBS Securities) and its underlying analysis are a complex analytical process involving various judgments about the appropriateness and relevance of methods of financial analysis and the application of those methods to the particular circumstances; therefore, a part or summary of the analysis results do not necessarily accurately present all aspects of the analyses. UBS Securities' analysis results must be considered holistically, and reference to a part or summary thereof, without considering all of such analysis results as a whole, may give rise to failure to obtain a correct understanding of the processes underlying UBS Securities' analyses. In expressing its opinion, UBS Securities considered each analysis and factor in a comprehensive and holistic manner, did not attribute any special weight to any particular analyses or factors, and did not state an opinion as to whether or how much any individual analysis or factor, considered in isolation, supported the analysis results by UBS Securities. None of the companies reviewed in UBS Securities' analyses as a comparable company is identical to any business units or subsidiaries of the Target, and these companies were selected because they were publicly traded companies with businesses that, for purposes of UBS Securities' analyses, could be considered similar to those of the Target. The analyses made by UBS Securities necessarily involve complex considerations and judgments concerning differences in financial and business characteristics of the companies reviewed for comparison with the Target and other factors that could affect these companies. According to the Target, in preparing the Share Valuation Report (UBS Securities), UBS Securities has: (i) not made any independent valuation or appraisal of the physical assets and liabilities of the Target or any other company referred to in the Share Valuation Report (UBS Securities), nor been furnished with any such valuation or appraisal; (ii) not carried out any assessment as to the commercial merits of the Transaction; (iii) not conducted any legal, tax, accounting, or other analysis in respect of the Transaction, and where relevant, has relied solely upon the judgments of the relevant professional advisors in these areas; and (iv) assumed that in the course of obtaining any regulatory or third party approvals, consents, and releases for the Transaction, no delay, limitation, restriction, or condition would be imposed that would have an adverse effect on the Target, any other company referred to in the Share Valuation Report (UBS Securities), or the Transaction.

According to the Target, UBS Securities is acting as financial advisor of the Board of Directors of the Target and the Special Committee in connection with the Transaction and receives remuneration for its services as financial advisor, but such remuneration does not include contingency fees payable subject to the successful completion of the Transaction. In addition, the Target has agreed to indemnify UBS Securities for all costs borne by UBS Securities in relation to UBS Securities' involvement and certain liabilities arising out of UBS Securities' engagement.

v. The Target's Management Team's Obtainment of Advice from Outside Law Firm

According to the Target, in order to ensure fairness and appropriateness in leading the Process and examining the Transaction, the Target's management team appointed Nishimura & Asahi as its own legal adviser independent from the Offeror and the Target and has obtained legal advice on the implementation of the Process and points to be noted with respect to the examination of the Transaction. Nishimura & Asahi is not a related party of the Offeror or the Target and does not have any material interests that need to be indicated with respect to the Transaction.

vi. The Target's Management Team's Obtainment of Advice and Share Valuation Report from Independent Financial Advisor and Third-party Valuation Institution

According to the Target, the Target's management team appointed Nomura Securities as its own financial advisor and third-party valuation institution independent from the Offeror and the Target, and requested Nomura Securities to evaluate the value of the Target Shares as stated in "iv. Board of Directors' and Special Committee's Obtainment of Advice and Share Valuation Report from Independent Financial Advisor and Third-party Valuation Institution" above. According to the Target, as a result of examination of calculation method in the Tender Offer, Nomura Securities calculated the value of the Target Shares using each method of average market price analysis, comparable company analysis, and DCF analysis. The Target obtained from Nomura Securities the Share Valuation Report (Nomura Securities) dated March 23, 2023. The Target has not obtained any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities. In addition, Nomura Securities is not a related party of the Offeror or the Target, and does not have any material interests that need to be indicated with respect to the Transaction.

vii. Unanimous Approval by All Directors of the Target

According to the Target, the Target's Board of Directors carefully discussed and examined the terms and conditions of the Transaction, including the Tender Offer, taking into account the advice from a financial perspective received from Nomura Securities and UBS Securities, the details of the Share Valuation Report obtained respectively from Nomura Securities and UBS Securities, and the legal advice received from Nagashima Ohno & Tsunematsu and Morrison & Foerster LLP, and respecting the decision of the Special Committee described in the SC Second Updated Report to the extent possible. As a result, as stated in "iii. Process of and reasons for decision-making by the Target leading to declaration of support for the Tender Offer" under "2. Background, Purpose and Decision-Making Process Leading to the Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" above, at the Target's Board of Directors meeting held on August 7, 2023, with all 11 directors of the Target participating in the deliberations and resolutions, the Target resolved, as the current opinion of the Target, to support the Tender Offer and recommend that the shareholders tender their shares in the Tender Offer.

viii. Measures to Secure Opportunities for Others to Make Competing Offers

According to the Target, as described above in "i. Implementation of Bidding Procedures" above, the Target publicly announced the implementation of the Process at the time of its commencement, solicited proposals for strategic alternatives to potential investors and sponsors, and secured opportunities to receive proposals for a wide range of strategic alternatives, which allowed the Target to actively conduct market checks through public bidding processes. Further, while the Target was maintaining its competitiveness, the Target also established evaluation criteria from the viewpoints of enhancing corporate value and maximizing shareholder value and selected the Offeror by conducting comprehensive assessments rationally based on these evaluation criteria. Accordingly, the Target believes that it has secured sufficient opportunities for the purchase of the Target Shares by persons other than the Offeror.

In addition, the period of the Tender Offer itself is set at 30 business days, which is relatively long compared with the 20 business days that is the shortest period stipulated by law. Further, a substantial period of approximately four (4) months has been secured between the announcement of the Tender Offer Price and other terms of the Transaction on March 23, 2023 and today. Accordingly, the Target believes that there are sufficient opportunities for the Target's shareholders to make an appropriate decision on whether or not to tender their shares in the Tender Offer around the time of commencement of the Tender Offer, and that there are sufficient opportunities for persons other than the Offeror to purchase the Target Shares based on the terms of the Transaction.

As stated in "5. Important Agreements relating to the Tender Offer" above, the Tender Offer Agreement has a clause to the effect that the Target, itself or through a third party, must not, or must not have its subsidiaries, specifically and actively solicit, propose, discuss, negotiate, provide information, respond to a proposal or request of a third party, or conclude or execute an agreement (the "**Negotiations on Competitive Transactions**") in relation to the Transaction or transactions that compete with or conflict with the Transaction (including transactions to acquire the shares of the Target and transactions to dispose of all or a substantial part of the shares or businesses of the Target Group, whether through a tender offer, restructuring or otherwise; the "**Competitive Transactions**"). Accordingly, the Target cannot actively encourage other acquirers to offer takeover proposals. However, as mentioned above, in light of the fact that the Target has already solicited strategic proposals during the Process through the pro-active market check without limiting candidates, it is considered unlikely that any inability of the Target to actively solicit or negotiate counter proposals after the execution of the Tender Offer Agreement will result in a diminishment of the opportunity for other acquirers to make a takeover proposal. Furthermore, even under the Tender Offer Agreement, if, prior to the completion of the Tender Offer, the Target receives a specific and feasible proposal (a "**Counter Proposal**") in a written form proposing the acquisition of all of the Target's shares (excluding treasury shares) in exchange for consideration (limited to cash) exceeding the Tender Offer Price (such written counter proposal is required to provide, on reasonable grounds, the following matters regarding any notifications under any competition or investment regulations as well as any other procedures involving governmental authorities that are necessary for such acquisition: (i) specific assumptions on the type, region and period of time required for such procedures; and (ii) the fact that it is reasonably feasible to complete all such procedures in a reasonable period of time), the Target is permitted to conduct negotiations on such Counter Proposal.

In addition, as stated in "5. Important Agreements relating to the Tender Offer" below, under the Tender Offer Agreement, if the Target receives a Counter Proposal, the Target may alter or withdraw its opinion supporting the Tender Offer on the condition that (A) the Target receives an opinion from external legal counsel to the effect that there is a reasonable probability that maintaining the affirmative opinion may constitute a breach by the directors of the Target of their duty of care, (B) the Target promptly notifies the Offeror of the receipt of the Counter Proposal and the opinion, and forthwith enters into good faith negotiations with the Offeror so as to provide the opportunity for another proposal regarding the Transaction to be made on or before the date that is five (5) business days after the date of giving such notice or the date that is five (5) business days prior to the last day of the Tender Offer Period, whichever is sooner, and (C) as a result of such negotiations, the Offeror does not propose to raise the price beyond the tender offer price proposed in the Counter Proposal. If the Tender Offer Agreement is terminated due to such change or withdrawal of such affirmative opinion by the Target, the Target shall be required to pay a breakup fee of 2 billion yen to the Offeror. Nevertheless, the level of this breakup fee is approximately 0.1 % of the total amount of the consideration for the Transaction, which is a considerably low level when compared to privatization cases of other companies in which a breakup fee was agreed. In addition, in light of the fact that, during the Process, the Target and the Offeror have devoted considerable resources in continuing to review the Transaction and have already solicited strategic proposals for the Target through the pro-active market check without limiting candidates, although the level of the breakup fee may be said to be within both a practical and reasonable scope, the Target believes that it may also be said that a breakup fee of this level is essentially not of a nature that would have the effect of forcing the Target's shareholders to support the Transaction or inhibit the opportunity for the Target to receive a counter proposal that is more desirable to the shareholders.

ix. Measures to Ensure that the Target's Shareholders Have Opportunity to Make Appropriate Decisions as to Whether to Tender Their Shares in the Tender Offer

As stated in "3. Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-called "Two-step Acquisition")" above, in the Squeeze-Out Procedure, monetary consideration will ultimately be delivered to the Target's shareholders who do not tender their shares (excluding the Offeror and the Target), and the amount of monetary consideration to be delivered to such shareholders in such case will be calculated in such a manner so that the amount will the same amount as the amount obtained by multiplying the Tender Offer Price by the number of the Target Shares held by such shareholders; and therefore, it is fair to say that the Offeror ensures an opportunity for the Target's shareholders to make an appropriate decision on whether to tender their shares in the Tender Offer, and gives consideration to ensuring the elimination of coercive pressure by such measure.

In addition, although the minimum period for purchase, etc. with respect to a tender offer stipulated by law is 20 business days, the Offeror set 30 business days as the Tender Offer Period. It is fair to say that by setting a relatively long tender offer period, the Offeror ensures that the Target's shareholders have an opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer.

II. Outline of the Purchase, Etc.

1. Outline of the Target

i.	Name	Toshiba Corporation
ii.	Location	1-1, Shibaura 1-chome, Minato-ku, Tokyo

iii.	Title and Name of Representative	Taro Shimada Representative Executive Office, President and Chief Executive Officer
iv.	Business Outline	Energy Systems & Solutions, Infrastructure Systems & Solutions, Building Solutions, Retail & Printing Solutions, Electronic Devices & Storage Solutions, Digital Solutions, Battery Business, etc.
v.	Amount of Stated Capital	200,869 million yen (as of March 31, 2023)
vi.	Date of Incorporation	June 25, 1904
vii.	Major Shareholders and shareholding ratios (as of March 31, 2023)	Master Trust Bank of Japan Ltd. (Trust Account) 11.10% SUNTERA (CAYMAN) LIMITED AS TRUSTEE OF ECM MASTER FUND (Morgan Stanley MUFG Securities Co., Ltd. as standing proxy) 4.62% CHINOK HOLDINGS LTD. (Mizuho Bank Settlements Business Dept. as standing proxy) 3.56% Japan Custody Bank, Ltd. (Trust Account) 2.97% BCSL CLIENT RE BBPLC NYBR (Barclays Securities Co., Ltd. as standing proxy) 2.89% Nippon Life Insurance Co., Ltd. 2.55% GOLDMAN SACHS INTERNATIONAL (standing proxy, Goldman Sachs Securities Co., Ltd.) 2.48% Toshiba Stock Ownership Association 2.20% GOLDMAN, SACHS & CO. REG (Goldman Sachs Securities Co., Ltd. as standing proxy) 1.87% CGMI PB CUSTOMER ACCOUNT (Citibank N.A., Tokyo Branch as standing proxy) 1.78%
viii.	Relationship between the Offeror and the Target	
	Capital Relationship	The Offeror owns 100 shares of the Target Shares (ownership ratio: 0.00%).
	Personal Relationship	There are no applicable items.
	Business Relationship	There are no applicable items.
	Status as Related Party	There are no applicable items.

(Note) Information in “vii. Major shareholders and shareholding ratios (as of March 31, 2023)” is based on the Target’s annual securities report.

2. Types of Share Certificates for which Purchase, Etc. is Conducted

Common stock

3. Schedule

i. Schedule

Date of decision	August 7, 2023 (Monday)
Date of public announcement of the commencement of the Tender Offer	August 8, 2023 (Tuesday) Electronic public notices will be made and this will be published in the Nihon Keizai Shimbun. (Electronic Public Notice Address -- https://disclosure2.edinet-fsa.go.jp/)
Date of Submission of Tender Offer Notification	August 8, 2023 (Tuesday)

ii. Period of Purchase, Etc. at the Time of Notification

From August 8, 2023 (Tuesday) to September 20, 2023 (Wednesday) (30 business days)

iii. Possibility of Extension Upon Request by the Target

There are no applicable items.

4. Price of Purchase, Etc.

4,620 yen per share of common stock

5. Basis for the Valuation of Price of Purchase, Etc.

i. Basis for the valuation

When determining the Tender Offer Price, the Offeror analyzed the business and financial conditions of the Target Group in a multifaceted and comprehensive manner, based on the financial information disclosed by the Target and the results of due diligence conducted on the Target, etc., considered the corporate value and share value based on the Target's future cash flow calculated by JIP. Additionally, in view of the fact that the Target Shares are traded on the Financial Instruments Exchange, the Offeror referred to the changes in the market price of the Target Shares, in particular, the Offeror believes that the market share price of the Target as of March 23, 2023 was at a level that reflected the expectation of the Target's privatization given the disclosure of information by the Target and various media reports, the closing price of the Target Shares on the TSE on April 6, 2021 (3,830 yen), which was the business day just prior to April 7, 2021, the date on which the Target announced that the Target had received the CVC Letter, and the simple average of closing price of the Target Shares for the preceding one (1) month (3,790 yen), for the preceding three (3) months (3,526 yen), and for the preceding six (6) months (3,195 yen) at that time. In addition, with regard to premiums to the closing price on April 6, 2021, the simple average of closing price for the preceding one (1) month, the simple average of closing price for the preceding three (3) months, and the simple average of closing price for the preceding six (6) months at that time mentioned above, the Offeror took into account the premium levels stated in the press release at the time of announcement of a scheduled tender offer in examples of large-scale tender offers carried out in recent years for the purpose of making a company a wholly owned subsidiary – specifically, the premium levels in (a) the announcement of the scheduled commencement of the tender offer for Hitachi Metals, Ltd. by K.K. BCJ-52 made on April 28, 2021 (i.e., a premium of 15.76% on the closing price of 1,884 yen on the TSE on April 27, 2021, one business day prior to the announcement date, 16.32% on the simple average closing price of 1,875 yen for the preceding one (1) month, 21.23% on the simple average of closing price of 1,799 yen for the preceding three (3) months, and 30.99% on the simple average of the closing price of 1,665 yen for the preceding six (6) months at that time) and in (b) the announcement of the scheduled commencement of the tender offer for Hitachi Chemical Company, Ltd. by Showa Denko K.K. announced on December 18, 2019 (i.e., a premium of 13.48% on the closing price of 4,080 yen on the TSE on December 17, 2019, one business day prior to the announcement date, 19.39% on the simple average closing price of 3,878 yen for the preceding one (1) month, 27.20% on the simple average of closing price of 3,640 yen for the preceding three (3) months, and 37.47% on the simple average of the closing price of 3,368 yen for the preceding six (6) months at that time). After comprehensively considering whether or not the Target will endorse the Tender Offer and the prospects for the successful completion of the Tender Offer, the Offeror decided to set the Tender Offer Price at 4,620 yen on March 23, 2023, based on discussions and negotiations with the Target.

Since the Offeror has determined the Tender Offer Price through consultation and negotiation with the Target in consideration of the above factors, the Offeror has not obtained any share valuation report or any fairness opinion from a third-party valuation organization.

Please note that the Tender Offer Price is (i) the price obtained by adding a premium of 20.63% to 3,830 yen, the closing price of the Target Shares on the TSE on April 6, 2021, which was the business day immediately prior to April 7, 2021, the date on which the Target announced that the Target had received the CVC Letter, the price obtained by adding a premium of 21.90% to 3,790 yen, the simple average of the closing prices for the one (1) month preceding April 6, 2021, the price obtained by adding a premium of 31.03% to 3,526 yen, the simple average of the closing prices for the same preceding three (3) months, and 44.60% to 3,195 yen, the simple average of the closing prices for the same preceding six (6) months, (ii) the price obtained by adding a premium of 10.69% to, 4,174 yen, the closing price of the Target Shares on the TSE on March 2, 2023, which is the business day prior to the day on which JIP submitted the final proposal for the Transaction to the Target, and (iii) the price obtained by adding a premium of 9.43% to, 4,222 yen, the closing price of the Target Shares on the TSE on March 22, 2023, which is the business day prior to the day on which the announcement of the scheduled commencement of the Transaction was made, the price obtained by adding a premium of 9.97% to 4,201 yen, the simple average of the closing prices for the one (1) month preceding March 22, 2023, the price obtained by adding a premium of 4.55% to 4,419 yen, the simple average of the closing prices for the same preceding three (3) months, and the price obtained by adding a discount of 1.35% to 4,683 yen, the simple average of the closing prices for the same preceding six (6) months, at that time, (iv) the price obtained by adding a premium of 0.94% to 4,577 yen, the closing price of the Target Shares on the TSE on August 4, 2023, the business day prior to the date on which the commencement of the Tender Offer was announced, the price obtained by adding a premium of 1.74% to 4,541 yen, the simple average of the closing prices for the one (1) month preceding August 4, 2023, 2.35% to 4,514 yen, the simple average of the closing prices for the same preceding three (3) months, and 4.12% to 4,437 yen, the simple average of the closing prices for the same preceding six (6) months.

For the purpose of making requests to the Target for inspection and copy of the shareholder registry, with a delivery date of May 17, 2023, the Offeror acquired 100 shares of the Target Shares at 4,434 yen per share through market transactions. The difference of 186 yen between the Tender Offer Price (4,620 yen) and the said acquisition price (4,434 yen) is due to the trend of the share price at the time of acquisition.

ii. Background of the valuation

In late April 2022, JIP was approached by the Target through Nomura Securities, a financial advisor for the Target, to participate in the First Bidding Process concerning the selection of external partner candidates for strategic opportunities aimed at improving the corporate value of the Target. Therefore, JIP retained Crosspoint as its financial advisor and TMI Associates as its legal advisor, and commenced its deliberations on the appropriateness of the acquisition of the Target's shares. As a result, JIP decided to participate in the First Bidding Process, believing that by privatizing the Target shares from the public market, JIP would be able to support the establishment and management of a stable management structure to create a stable shareholder base that supports the new growth of the Target and to execute a business strategy that realizes the growth potential of the Target, thereby greatly improving the enterprise value of the Target. On May 30, 2022, JIP submitted a proposal to the effect that the Target Shares would be delisted from the public market through a tender offer for the Target Shares.

Subsequently, in mid-July 2022, JIP was notified that it would be permitted to participate in the Second Bidding Process, and it was decided that JIP would participate in the Second Bidding Process. During the Second Bidding Process, JIP conducted further analysis and consideration of the acquisition of the Target Shares through due diligence of the Target Group and interviews with the Target's management, etc. from mid-July 2022 to mid-September 2022. For the purpose of this analysis, JIP evaluated the enterprise value and stock value based on the mid-to-longer term target plan of the Target Group set out in the Management Policy.

As a result of this evaluation, JIP reached its belief that it is important for the Target's management strategy to aim to improve the enterprise value of the Target through (i) maintaining and developing a customer base centered on the Target Group's important business partners by better responding to their needs, (ii) realizing the growth strategy for new businesses that apply new technologies developed by the Target Group and (iii) making the Target Group a more rewarding workplace for the Target Group's executives and employees. To achieve these objectives, it is necessary to plan and implement freely the measures from a medium- to long-term perspective without being overly preoccupied with short-term performance. However, JIP reached its belief that it would not necessarily be easy to gain the understanding of the Target's shareholders, since it is undeniable that these measures from a medium- to long-term perspective may cause deterioration in the Target's performance and financial situation from a short-term perspective. JIP believes that this issue can be resolved by making the shareholders of the Target comprise only TBLPS and the Related Fund, which have shared values with the Target's management, and JIP reached its belief that (a) it would be able, by way of the privatization of the Target Shares on the initiative of TBLPS, which is composed of Japanese investors and can continuously support the development of the Target's business from a medium- to long-term perspective with the Related Fund, to create a stable shareholder base that supports the new growth of the Target as well as supports the establishment and operation of a stable management structure carrying out a business strategy to make it possible to achieve the growth potential of the Target Group, (b) as a result thereof, management will be focused on a medium- to long-term perspective for the Target Group, and (c) it will be possible to maximize the corporate value of the Target through (i) through (iii) above.

Based on the results of this analysis and evaluation, JIP submitted a proposal for the Second Bidding Process to the Target on September 30, 2022, stating that (i) it has an intention to conduct a going private transaction of the Target by way of a tender offer for the Target's shares and (ii) the range of the proposed tender offer price at the time of submission of such proposal was from 5,200 yen to 5,500 yen per share based on the results of the share value evaluation on the basis of the business plan provided by the Target.

Subsequently, on October 7, 2022, JIP received from the Target an offer to non-exclusively and preferentially negotiate in good faith for the Transaction for one month until November 7, 2022, subject to the acknowledgment and acceptance of certain conditions. In response, JIP established the Offeror and submitted a revised proposal on November 7, 2022, stating that it has an intention to conduct a going private transaction of the Target by way of a tender offer for the Target's shares with the proposed tender offer price of 5,200 yen per share at the time of submission of such proposal, based on the results of the additional due diligence of the Target (undertaken from early October 2022 to early November 2022).

At this time, JIP (i) had received commitment letters from most investors as to the investment in common stock and non-voting preferred stock among the methods of raising the necessary funds for this transaction, but (ii) had not yet received any commitment from the financial institutions as to their provision of senior loans and subordinated loans. Therefore, since it was necessary for JIP to obtain the necessary additional information for loan evaluation by the financial institutions likely to provide senior and subordinated loans, JIP arranged and engaged in due diligence of the Target Group and interviews of the Target's management from early November 2022 to early February 2023, and JIP provided the information requested by the financial institutions. Meanwhile, taking into account the actual achievement of the business plan provided by the Target, the result of valuation of the corporate value and share value of the Target have fallen significantly based on the significant downward revision of the Target Groups' operating income forecast for FY2022 from 170.0 billion yen to 125.0 billion yen (-26.5%) and EBITDA from 270.0 billion to 235.0 billion yen (-13.0%), in the financial results of the Target's second quarter of FY2022 which was announced by the Target on November 11, 2022, as well as changes in the business environment related to semiconductors and HDDs, which account for an important part of the corporate value of the Target. These business environment changes put downward risk on the value of the semiconductor and HDD-related business of the Target as well as on the value of the shares of Kioxia Holdings (39.59%) which the Target owns, in addition to having general negative effects on financial markets and the lending market environment. Also, as a result of a downward revision of the financial institutions' outlook for income and expenditure and the valuation result of the Target for the same reason, the total amount of funding available was reduced by 200 billion yen in senior loans and approximately 100 billion yen in subordinated loans. JIP made up as much as possible for the reduction in the amount of funds raised by these financial institutions by increasing the amount of equity financing. However, JIP was forced to reflect a portion of the decline in corporate value and share value in the proposed purchase price of the Target. Therefore, JIP submitted to the Target a revised proposal on February 8, 2023, stating that it has an intention to conduct a going private transaction of the Target by way of a tender offer for the Target's shares with the proposed tender offer price of 4,710 yen per share at the time of submission of such proposal, together with the commitment letters from funders, including financial institutions (except for some fund providers who were considering contributing funds).

Subsequently, in the results of the Target's third quarter financial results of FY 2022, which was announced on February 14, 2023, the Target Group's forecast for operating income for FY 2022 was revised significantly downward from 125.0 billion yen to 95.0 billion yen (-24.0%) and for EBITDA from 235.0 billion yen to 215.0 billion yen (-8.5%). In addition, the Target Group's forecast for net interest-bearing debt as of the end of March 2023 was revised significantly to 180.0 billion yen from 100.0 billion yen, and therefore it became necessary to reduce the share value, which is the corporate value after deducting net debt, etc., by that amount. JIP analyzed and evaluated factors such as delays in advance receipts, and limited its reduction of share value to a certain extent. After this additional analysis and evaluation, JIP submitted the final and legally binding proposal to the Target on March 3, 2023, stating that the suggested Tender Offer Price would be 4,610 yen per share, together with the commitment letters from fund providers, including those pertaining to the fund providers that had not been submitted previously.

JIP continued discussions and negotiations regarding the tender offer price, conditions precedent for the tender offer, etc. with the Target and agreed that the Tender Offer Price shall be 4,620 yen, and conditions precedent for the Tender Offer shall be as set forth in the Conditions Precedent for the Tender Offer in late March 2023. As a result, the Offeror executed the Tender Offer Agreement on March 23, 2023 with the Target and decided to implement the Tender Offer when the Conditions Precedent for the Tender Offer shall have been fulfilled, and at the same time decided that the Tender Offer Price shall be 4,620 yen.

The Offeror recently confirmed that all of the Conditions Precedent for the Tender Offer had been fulfilled or were expected with certainty to be fulfilled by August 8, 2023, as described in "1. Overview of the Tender Offer" in "I. Purpose of the Purchase, Etc." above, and therefore determined that it had become possible to commence the Tender Offer, and therefore decided on today, to commence the Tender Offer from August 8, 2023.

iii. Relationship with the valuation organization

Since the Offeror has determined the Tender Offer Price by comprehensively considering the factors described in "i. Basis for Valuation" above and through consultation and negotiation with the Target, the Offeror has not obtained any stock valuation report nor any opinion (fairness opinion) from any third-party valuation organization. Therefore, the Offeror does not fall under this category.

6. Number of Share Certificates, Etc. Planned for Purchase

Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
432,880,086 shares	288,731,000 shares	N/A

(Note 1) If the total number of Offered Share Certificates does not satisfy the minimum planned purchase quantity (288,731,000 shares), the Offered Share Certificates will not be purchased. If the total number of Offered Share Certificates equals or exceeds the minimum planned purchase quantity (288,731,000 shares), all Offered Share Certificates will be purchased.

(Note 2) The number of share certificates, etc. to be purchased is the maximum number of the Target Shares to be acquired by the Offeror. Such maximum number (432,880,086 shares) is the difference between (i) the total number of issued shares of the Target as of June 30, 2023 (433,397,301 shares) stated in the Target's Financial Results for the First Quarter and (ii) the total number of shares of treasury stock held by the Target as of the same date (517,115 shares) and of shares of the Target held by the Offeror as of today (100 shares).

(Note 3) Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

(Note 4) The Offeror does not intend to acquire the shares of treasury stock held by the Target through the Tender Offer.

7. Changes in Ownership Ratio of Share Certificates, Etc. through the Tender Offer

Number of voting rights represented by share certificates, etc. held by the Offeror before the Tender Offer	1 voting right	(Ownership ratio of share certificates, etc. before the Tender Offer: 0.00%)
Number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer	0 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 0.00%)
Number of voting rights represented by share certificates, etc. held by the Offeror after the Tender Offer	4,328,801 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 100.00%)
Number of voting rights represented by share certificates, etc. held by the special related parties after the Tender Offer	0 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 0.00%)
Number of voting rights of all shareholders, etc. of the Target	4,310,235 voting rights	

(Note 1) The "Number of voting rights represented by share certificates, etc. held by the Offeror after the Tender Offer" is the number of voting rights (4,328,800 voting rights) represented by the number of shares to be purchased under the Tender Offer (432,880,086 shares), plus one (1) voting right, which is the "Number of voting rights represented by share certificates, etc. held by the Offeror before the Tender Offer".

(Note 2) The "Number of voting rights of all shareholders, etc. of the Target" is the number of voting rights of all shareholders, etc. as of March 31, 2023, as stated in the 184th annual securities report filed by the Target on June 28, 2023; provided, however, that since shares less than one unit are also subject to the Tender Offer, the number of voting rights (4,328,801 voting rights) relating to the number of shares (432,880,186 shares), which is calculated by subtracting the number of treasury shares (517,115 shares) held by the Target as of June 30, 2023 from the total number of outstanding shares (433,397,301 shares) as of the same date stated in the Target's Financial Results for the First Quarter, is used as the denominator in the calculation of the "Ownership ratio of share certificates, etc. before the Tender Offer" and the "Ownership ratio of share certificates, etc. after the Tender Offer".

(Note 3) In calculating the "Ownership ratio of share certificates, etc. before the Tender Offer" and the "Ownership ratio of share certificates, etc. after the Tender Offer," the figures are rounded off to two decimal places.

8. Aggregate Tender Offer Price

1,999,905,997,320 yen

(Note) The Aggregate Tender Offer Price is calculated by multiplying the number of shares to be purchased under the Tender Offer (432,880,086 shares) by the Tender Offer Price per share (4,620 yen).

9. Method of Settlement

i. Name and address of head office of the financial services provider, bank, etc., in charge of settlement of purchase, etc.

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

ii. Commencement date of settlement
September 27, 2023 (Wednesday)

iii. Method of settlement

A written notice regarding the purchase under the Tender Offer will be mailed to the addresses of Shareholders who accept an offer to purchase, or apply to sell Share Certificates, Etc., in the Tender Offer ("**Tendering Shareholders**"). In the case of foreign shareholders, etc., such notices will be mailed to the addresses or locations of their Standing Proxies. If the Tendering Shareholders tendered their shares through online trading （https://trade.smbcnikko.co.jp/） ("**Nikko EZ Trade**"), the notice will be delivered by electromagnetic means.

The purchase will be settled in cash. The Tender Offer Agent will, in accordance with the instructions given by the Tendering Shareholders (or the Standing Proxies in the case of the foreign shareholders) and without delay on or after the commencement date of settlement, remit the purchase price with regard to the purchased Tendered Shares to the addresses designated by the Tendering Shareholders (or the Standing Proxies in the case of the Foreign Shareholders).

iv. Method of return of share certificates, etc.

If the Offeror decides not to purchase all of the Tendered Shares based on the conditions stated in "i. Details regarding the existence and content of the conditions set forth in the items of paragraph (4) of Article 27-13 of the Act" or "ii. Details regarding the existence and content of conditions for withdrawal of the Tender Offer, and disclosure method of withdrawal" under "10. Other Purchase, Etc. Conditions and Methods" below, the Tender Offer Agent will return the share certificates, etc. that are required to be returned, by revising records of the Tendering Shareholders' accounts with the Tender Offer Agent to their original state immediately prior to the tendering (the "original state immediately prior to the tendering" means the state where execution of the tendering orders has been cancelled) on the second Business Day after the last day of the Tender Offer Period (or the day of withdrawal in the case of withdrawal of the Tender Offer).

10. Other Purchase, Etc. Conditions and Methods

i. Details regarding the existence and content of the conditions set forth in the items of paragraph (4) of Article 27-13 of the Act

If the total number of Tendered Shares is less than the minimum number of shares to be purchased (288,731,000 shares), then none of the Tendered Shares will be purchased. If the total number of Tendered Shares is equal to or exceeds the minimum number of shares to be purchased (288,731,000 shares), then all of the Tendered Shares will be purchased.

ii. Details regarding the existence and content of conditions for withdrawal of the Tender Offer, and disclosure method of withdrawal

If any of the circumstances set forth in Article 14, paragraph (1), item (i), sub-items (a) through (i) and (l) through (r); item (iii), sub-items (a) through (h) and (j); and paragraph (2), items (iii) through (vi) of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended) (the "**Order**") arises, the Offeror may withdraw the Tender Offer.

In the Tender Offer, "facts equivalent to those set forth in sub-item (a) to sub-item (i)" set forth in sub-item (j) of item (iii) of paragraph (1) of Article 14 of the Order means the cases (i) where it has become clear that the legal disclosure documents submitted by the Target in the past included a false statement regarding an important matter or omitted a statement regarding an important matter that should have been stated therein, and (ii) where any of the facts set forth in sub-item (a) through (g) of that item arises with respect to any of the Target's important subsidiaries.

If the Offeror intends to withdraw the Tender Offer, it will give public notice electronically and will post notice thereof in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer

Period, the Offeror will announce such withdrawal by the method set forth in Article 20 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other Than Issuers (Ordinance of the Ministry of Finance No. 38 of 1990, as amended) (the "**Cabinet Office Ordinance**").

iii. Details regarding the existence and content of conditions for lowering the purchase price, and disclosure method thereof

Pursuant to Article 27-6, paragraph (1), item (i) of the Act, if the Target conducts an act falling under any of those acts set forth in Article 13, paragraph (1) of the Order during the Tender Offer Period, the Offeror may lower the purchase price in accordance with the standards set forth in Article 19, paragraph (1) of the Cabinet Office Ordinance.

If the Offeror intends to lower the purchase price, it will give public notice electronically and will post notice thereof in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Offeror will announce such lowering by the method set forth in Article 20 of the Cabinet Office Ordinance and will give public notice immediately thereafter.

Where the purchase price is lowered, the Tendered Shares tendered prior to the day on which such public notice is made will be purchased at the lowered purchase price.

iv. Matters regarding the right of the tendering shareholders to cancel contracts

A Tendering Shareholder may cancel any contract in connection with the Tender Offer at any time during the Tender Offer Period.

A Tendering Shareholder who wishes to cancel the contract must send by personal delivery or mail, to a person specified below, cancellation documents stating that such Tendering Shareholder requests to cancel the contract concerning the Tender Offer (the "**Cancellation Documents**") by 15:30 on the last day of the Tender Offer Period (provided, however, that business hours differ between branch offices; therefore, please confirm beforehand the business hours of the branch office that the Tendering Shareholder wishes to use to take and complete the necessary procedures). If the Cancellation Documents are sent by mail, they must be received by the person specified below by 15:30 on the last day of the Tender Offer Period (provided, however, that business hours differ between branch offices; therefore, please confirm beforehand the business hours of the branch office that the Tendering Shareholder wishes to use to take and complete the necessary procedures).

For the cancellation of the contract concerning the tender made through Nikko Easy Trade, please log in to Nikko Easy Trade and complete the cancellation procedures in accordance with the description on the screen by 15:30 on the last day of the Tender Offer Period.

Persons authorized to receive the Cancellation Documents:
SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
(or any other branch office of SMBC Nikko Securities Inc. in Japan)

The Offeror will not request that the Tendering Shareholders pay damages or penalties in connection with their cancellation of contracts. The expenses required for returning the Tendered Shares will be borne by the Offeror. If cancellation is requested, the Tendered Share Certificates, Etc. will be returned promptly after the completion of the procedures for such cancellation request in the manner set forth in "iv. Method of return of Share Certificates, Etc." under "9. Method of Settlement" above.

v. Disclosure method in the case of changes in the purchase conditions

Other than the cases where it is prohibited by Article 27-6, paragraph (1) of the Act and Article 13 of the Order, the Offeror may change the purchase conditions during the Tender Offer Period.

If the Offeror intends to change the purchase conditions, it will give public notice regarding the details of the changes electronically and will post notice thereof in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Offeror will announce such changes by the method set forth in Article 20 of the Cabinet Office Ordinance and will give public notice immediately thereafter.

Where any changes are made to the purchase conditions, the Tendered Shares prior to the day on which such public notice is made will be purchased based on the changed purchased conditions.

vi. Disclosure method where an amendment to registration statement is filed

Where the Offeror files any amendment to this Statement with the Director General of the Kanto Local Finance Bureau (except for the case set forth in the proviso clause of paragraph (11) of Article 27-8 of the Act), it will immediately announce such information as stated in the amendment to this Statement to the extent relevant to the contents of the public notice of commencement of the Tender Offer by the method set forth in Article 20 of the Cabinet Office Ordinance. In addition, the Offeror will immediately amend the Tender Offer Explanatory Statement, and for the Tendering Shareholders to whom the Tender Offer Explanatory Statement has already been delivered, the Offeror will provide such amended Tender Offer Explanatory Statement to such Tendering Shareholders so as to inform them of the amendment. However, if the scope of the amendment is limited, the Offeror will make such amendment by preparing a document stating the reasons for the amendment, the amended matters, and the content after amendment and by delivering such document to the Tendering Shareholders.

vii. Method of Disclosure of Tender Offer Results

The Offeror will announce the results of the Tender Offer by the method set forth in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance on the day following the last day of the Tender Offer Period.

viii. Other information

- 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 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 to sell or purchase, or solicitation to sell or 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.
- The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) or Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the "**Securities Exchange Act**") or the rules promulgated under such Sections do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. It is not necessarily the case that all financial information in this press release is equivalent to financial statements of companies in the United States. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Offeror and the Target are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court.

- The financial advisors of the Offeror or the Target and their respective affiliates may, within their ordinary course of business, purchase, or conduct any act toward the purchase of, the shares of the common stock of the Target for their own account or for their customers' accounts outside the Tender Offer prior to the commencement of, or during, the period of the Tender Offer, etc. in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act to the extent permissible under the financial instruments and exchange laws and other applicable laws and regulations in Japan. If any information concerning such purchase is disclosed in Japan, the disclosure of such information will be made in the United States in a similar manner.
- All the procedures in connection with the Tender Offer shall be taken in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancies between Japanese documents and corresponding English documents.
- This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act. The actual results may be grossly different from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties, or other factors. None of the Offeror or any of its affiliates assures that such express or implied projections set forth herein as "forward-looking statements" will eventually prove to be correct. "Forward-looking statements" contained herein were prepared based on the information available to the Offeror as of the date of this press release and, unless required by laws and regulations, neither the Offeror nor its affiliates shall have the obligation to update or correct the statements made herein in order to reflect future events or circumstances.
- Some countries or regions may impose restrictions on the announcement, issue or distribution of this press release. In such cases, please take note of such restrictions and comply with them. In countries or regions where the implementation of the Tender Offer is illegal, even upon receiving this press release, such receipt shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.

11. Date of Public Notice of Commencement of Tender Offer
August 8, 2023 (Tuesday)

12. Tender Offer Agent
SMBC Nikko Securities Inc., 3-3-1 Marunouchi, Chiyoda-ku, Tokyo

III. Management Policy Following the Tender Offer and Future Prospects

For the management policy following the Tender Offer, please refer to "2. Background, Purpose and Decision-Making Process Leading to the Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer," "3. Post-Tender Offer Reorganization Policy (Two-Step Acquisition)", and "4. The Possibility of Delisting and Reasons Thereof" in "I. Purpose of the Purchase, Etc." above.

IV. Other Information

1. Existence of, and Details of, Agreements Formed Between the Offeror and the Target or Target Officers

i. Statement of Endorsement of the Tender Offer

According to the Target's Opinion Expression Press Release, on August 7, 2023, the Target carefully reconsidered the terms and conditions regarding the Tender Offer, while respecting the content of the SC Second Updated Opinion of the Special Committee to the fullest extent possible. As a result, the Target determined that as of the same date as well, there are no factors that change the Revised Opinion announced in the Target's Press Release dated June 8, 2023. Thus, with respect to the Tender Offer, the Target resolved anew, at the Board of Directors' meeting held on August 7, 2023, to support the Tender Offer and recommend that the shareholders tender their shares in the Tender Offer.

For details of the resolution of the Target's Board of Directors, please refer to "vii. Approval of All Directors at the Target Company" in "6. Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price" in "I. Purpose of the Purchase, Etc." above.

ii. Tender Offer Agreement

The Offeror and the Target entered into the Tender Offer Agreement on March 23, 2023, in which they agreed to implement the Tender Offer for all of the Target Shares (except for shares of treasury stock owned by the Target) as the first step in the Transaction, as soon as practicable (but no later than ten (10) Japanese business days) after the date on which all of the Conditions Precedent for the Tender Offer have been satisfied or waived by the Offeror at its discretion or by a separate agreement between the Target and the Offeror, or on a date to be separately agreed upon by the Offeror and the Target. For details of the Tender Offer Agreement, please refer to the section "5. Matters Concerning Material Agreements Regarding the Tender Offer" in "I. Purpose of the Purchase, Etc." above.

2. Other information deemed necessary for investors to decide whether or not to tender their shares in the purchase, etc.

i. Announcement of "Consolidated Financial Results for the First Quarter of the Fiscal Year 2023, Ending March 2024 (Under U.S. GAAP)"

The Target, as of August 7, 2023, announced the Consolidated Financial Results for the First Quarter. For details, please refer to the press release.

ii. Announcement of "Notice Regarding Dividend (Interim) for FY2023 (No Dividend)"

According to the Target, the Target announced that its Board of Directors has resolved on August 7, 2023 that the Target will not pay an interim dividend for which the record date is September 30, 2023, considering that the Tender Offer Price was comprehensively considered and determined on the assumption that the interim dividend for which the record date is September 30, 2023 would not be paid. For details, please refer to the press release "Notice Regarding Dividend (Interim) for FY2023 (No Dividend)" announced by the Target as of August 7, 2023.

iii. Notice Regarding the Acquisition of its Own Shares and the Tender Offer for its Own Shares by a Subsidiary

Toshiba Tec Corporation (Code:6588), a consolidated subsidiary of the Target, has resolved on August 7, 2023 that Toshiba Tec Corporation will acquire its own shares, specifically, by implementing the tender offer for its own shares. For details, please refer to the press release "Notice Regarding the Acquisition of its Own Shares and the Tender Offer for its Own Shares by a Subsidiary" announced by the Target as of August 7, 2023.

End.

[Regulations on Solicitation]

・This press release is intended to provide information relating to 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 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 to sell or purchase, or solicitation to sell or 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.

[US Regulations]

・The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Section 13(e) or Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended; "Securities Exchange Act") or the rules promulgated under such Sections do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. It is not necessarily the case that all financial information in this press release are equivalent to financial statements of companies in the United States. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Offeror and the Target are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliates to subject themselves to the jurisdiction of a U.S. court.

・The financial advisors of the Offeror or Target and their respective affiliates may, within their ordinary course of business, purchase, or conduct any act toward the purchase of, the shares of the common stock of the Target for their own account or for their customers' accounts outside the Tender Offer prior to the commencement of, or during, the period of the Tender Offer in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act to the extent permissible under the financial instruments and exchange laws and other applicable laws and regulations in Japan. If any information concerning such purchase is disclosed in Japan, the disclosure of such information will be made in the United States in a similar manner.

・The Offeror and its affiliates may purchase, or conduct any act toward the purchase of, the shares of the common stock of the Target prior to the commencement of the Tender Offer in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act to the extent permissible under the financial instruments and exchange laws and other applicable laws and regulations in Japan, and to the extent described in this press release. If any information concerning such purchase is disclosed in Japan, the disclosure of such information will be made in the United States in a similar manner.

・All the procedures in connection with the Tender Offer shall be taken in the Japanese language. While a part or all of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancies between Japanese documents and corresponding English documents.

・This press release contains "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the Securities Exchange Act. The actual results may be grossly different from the projections implied or expressly stated as "forwardlooking statements" due to known or unknown risks, uncertainties or other factors. None of the Offeror, the Target or any of their respective affiliates assures that such express or implied projections set forth herein as "forward-looking statements" will eventually prove to be correct. "Forward-looking statements" contained herein were prepared based on the information available to the Offeror as of the date of this press release and, unless required by laws and regulations, neither Offeror nor its related parties including related companies shall have the obligation to update or correct the statements made herein in order to reflect the future events or circumstances.

[Other National Regulations]

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