

(Translation)

【Cover Page】

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| 【Cover Page】 | Target Company’s Position Statement |
| 【Filed with】 | The Director-General of the Kanto Local Finance Bureau of the Ministry of Finance Japan |
| 【Filing Date】 | August 8, 2023 |
| 【Name of Reporting Party】 | Toshiba Corporation |
| 【Address or Location of Reporting Party】 | 1-1, Shibaura 1-chome, Minato-ku, Tokyo |
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| 【 Name of Administrative Contact】 | Taro Shimada, Representative Executive Officer, President and CEO of the Company |

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| 【Location at Which Statement Is Available to the Public】 | Toshiba Corporation 1-1, Shibaura 1-chome, Minato-ku, Tokyo Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-chome, Naka-ku, Nagoya, Japan) |
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(Note 1) In this Statement, the “Company” means Toshiba Corporation.

(Note 2) In this Statement, the “Tender Offeror” means TBJH Inc.

(Note 3) Where the figures in this Statement have been rounded or truncated, the amount indicated as the total might not always coincide with the sum of the relevant figures.

(Note 4) In this Statement, “Share Certificates, Etc.” means rights pertaining to shares etc.

(Note 5) In this Statement, “Business Day” means any day other than a day set out in any item of Article 1, paragraph (1) of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended).

(Note 6) Unless otherwise provided, any reference in this Statement to a number of days or a date and time means the number of days or the date and time in Japan.

(Note 7) The tender offer for which this Statement is being submitted (the “Tender Offer”) will be conducted in compliance with the procedures and information disclosure standards set out in the Act, but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, the Tender Offer is not subject to Section 13(e) or Section 14(d) of the United States Securities Exchange Act of 1934 (as amended, the “United States Securities Exchange Act of 1934”) or the rules set out thereunder, and the Tender Offer will not be conducted in line with those procedures or standards. All of the financial data included in this Statement is in accordance with the

accounting standards of Japan and not those of the United States, and not necessarily equivalent to the financial information of a company in the United States. The Tender Offeror and the Company are corporations that have been established outside of the United States and their directors reside outside of the United States, so it may be difficult to exercise any rights or make any demands under the federal securities laws of the United States. It also may be impossible to commence legal proceedings against a corporation that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. Additionally, the jurisdiction of a United States court over a corporation that is based outside of the United States, or subsidiaries of such a corporation may not be recognized.

- (Note 8) The Tender Offeror, financial advisors of the Company, and the affiliates thereof might, before the commencement of the Tender Offer or during the period of purchase, etc. of the Tender Offer (the “Tender Offer Period”), purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of shares of the Company (the “Company Shares”) on its own account or the account of its client to the extent permitted by Japanese laws related to financial instruments transactions and other applicable laws and regulations in the scope of its ordinary business and in accordance with the requirements of Rule 14e-5(b) of the United States Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the United States by similar disclosure method.
- (Note 9) Unless otherwise provided, all of the procedures concerning the Tender Offer will be conducted in the Japanese language. All or some of the documents related to the Tender Offer are prepared in the English language, and if there is a discrepancy between that English language document and the corresponding Japanese language document, the Japanese language document will prevail.
- (Note 10) Statements that constitute “forward-looking statements” as defined in Section 27A of the Securities Act of 1933 of the United States (as amended) and Section 21E of the United States Securities Exchange Act of 1934 are included in statements in this Statement. There may be a significant difference between actual results and the express or implied predictions, etc. made as “forward-looking statements” due to known or unknown risks, uncertainties, and other factors. None of the Tender Offeror and its affiliates guarantee that any express or implied prediction, etc. made as a “forward-looking statements” will ultimately be correct. The “forward-looking statements” in this Statement have been prepared based on information that is available to the Tender Offeror as of the submission date of this Statement, and unless required by applicable laws and regulations or rules of securities exchanges, none of the Tender Offeror and any of its affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.
- (Note 11). In the event that any shareholder of the Company exercises its right to require the Company to purchase those shares held by the shareholder constituting less than one trade unit in accordance with the Companies Act (Act No. 86 of 2005 (as amended), the same shall apply hereinafter, the “Companies Act”), the Company may purchase the Company shares during the Tender Offer Period in accordance with the procedures set out in the applicable laws and regulations.

I. [Name, Address or Location of the Tender Offeror]

Name: TBJH Inc.

Location: 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo

II. [Class of Share Certificates, Etc. to be Purchased, etc. by the Tender Offeror]

Common Shares

III. [Details of, Grounds and Reasons for, Opinion of the Tender Offer]

1. Details of Opinion

As stated in the “Announcement of Opinion of Scheduled Commencement of the Tender Offer to be Conducted by TBJH Inc. for the Company Shares” dated March 23, 2023 (as amended, the “**March 23 Disclosure Material**”) (the Tender Offeror has changed its corporate form from a *Kabushiki-Kaisha* to a *Godo-Kaisha*.), the Company resolved, as its opinion at such time, at the Board of Directors’ meeting held on March 23, 2023, to express an opinion supporting the Tender Offer were the Tender Offer to commence and to refrain from making a decision on whether or not to recommend that the shareholders tender their shares in the Tender Offer (the “**Original Opinion**”). Thereafter, as stated in the “Announcement of Revised Opinion of Scheduled Commencement of the Tender Offer to be Conducted by TBJH Inc. for the Company Shares” dated June 8, 2023 (the “**June 8 Disclosure Material**”), the Company continued to consider the appropriateness of the Original Opinion as to whether or not to recommend the shareholders to tender their shares in the Tender Offer, on which the Company refrained from making a decision in the Original Opinion, in light of the purposes of the certain series of transactions, including the Tender Offer, conducted by the Tender Offeror for the purpose of making the Tender Offeror the sole shareholder of the Company and having the Company delisted from the Tokyo Stock Exchange and privatized (the “**Transaction**”) and any additional circumstances surrounding the Company which may have subsequently arisen. As a result, the Company resolved, as its opinion at such time, at the Board of Directors’ meeting held on June 8, 2023, to revise the Original Opinion such that, were the Tender Offer to commence, the Company would support the Tender Offer and recommend that shareholders tender their shares in the Tender Offer (the “**Revised Opinion**”). In addition, at the Board of Directors’ meeting held on the date on which the Company resolved the Revised Opinion, it was also resolved that (i) during the period from that time to the commencement of the Tender Offer, the Company would request the Special Committee to consider whether there are any changes in the content of the report submitted by the Special Committee to the Board of Directors as of June 8, 2023 (the “**SC Updated Report**”) and, if there were no changes, to make a statement to that effect and, if there were any changes, to state such changes and issue a further opinion, and (ii) upon considering such opinions of the Special Committee, the

Company would again express an opinion on the Tender Offer at the time of the commencement of the Tender Offer.

Thereafter, the Special Committee conducted a confirmatory check, etc. of facts relating to whether any material changes in the circumstances 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 occurred requiring the content of the SC Updated Report to be changed and, on August 7, 2023, pursuant to a unanimous resolution of its members, the Special Committee submitted to the Company's Board of Directors a report stating that the Company's Board of Directors should support the Transaction, including the Tender Offer, and recommend the shareholders of the Company to tender their shares in the Tender Offer (the "**SC Second Updated Report**"; for details of the SC Second Updated Report, please refer to "ii. Company's Establishment of Independent Special Committee and Obtainment of Report from the Special Committee" under "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price" below).

In addition, on August 7, 2023, the Company 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 Company determined that as of August 7, 2023 as well, there are no factors that change the Revised Opinion announced in the June 8 Disclosure Material. Thus, based on the grounds and reasons set forth in "2. Grounds and Reasons for Opinion" below, with respect to the Tender Offer, the Company 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.

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 Company" under "6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price" below.

2. Grounds and Reasons for Opinion

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

i. Overview of the Tender Offer

According to the Tender Offeror, the Tender Offeror is a special purpose company that was incorporated on November 7, 2022, with the main objective of promoting business growth and maximizing investment value of the Company through the expansion of the business value of the Company and its subsidiaries and affiliates (collectively, the "**Company Group**"), which

supports the core industries in Japan, by providing risk capital related to business restructuring and business restructuring. As of the filing date of this Statement, TBJ Holdings, Inc. (the “**Tender Offeror’s Parent Company**”), a wholly owned subsidiary of TBGP, Inc. (“**TBGP**”) which is a wholly owned subsidiary of Japan Industrial Partners, Inc. (“**JIP**”), owns all of the issued and outstanding shares of the Tender Offeror. According to the Tender Offeror, as of the filing date of this Statement, the Tender Offeror owns 100 of the Company Shares (Ownership Ratio: 0.00% (Note 1)).

(Note 1) “Ownership Ratio” hereinafter means the percentage owned (rounded to the second decimal place) of the difference (432,880,186 shares) between (i) the total number of issued and outstanding shares of the Company as of June 30, 2023 (433,397,301 shares) as stated in the “Consolidated Financial Results for the First Quarter of the Fiscal Year 2023, Ending March 2024 (Under U.S. GAAP)” (the “**Company’s First Quarterly Financial Results**”) announced by the Company on August 7, 2023 and (ii) the number of treasury shares held by the Company as of the same date (517,115 shares).

According to the Tender Offeror, the Tender Offeror more recently confirmed that all of the Conditions Precedent (as defined below) had been fulfilled or expected with certainty to be fulfilled by the filing date of this Statement, and therefore decided that it had become possible to commence the Tender Offer. The Tender Offeror decided on August 7, 2023 to commence the Tender Offer from the filing date of this Statement.

JIP was established in November 2002 in Japan to engage in Japanese-style private equity investment business and has been contributing to the corporate reorganization and restructuring of Japanese companies. JIP 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 JIP have a track record of more than twenty (20) cases (to date) of investments 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 carve-out of Hitachi Metals, Ltd. from Hitachi, Ltd. JIP’s investment principle is to realize potential growth opportunities by making maximum use of existing business foundations and technologies that those 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 their executives/employees and helps realize the growth of the business. In addition, JIP strives to understand the origin, history, and corporate culture of the investee

companies, and their supports management by maximizing the strengths of their executives and employees so as to facilitate maximum use of their people and business. JIP also uses the know-how and expertise accumulated by JIP to support businesses targeted for investment 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.

According to the press release “Notice Regarding Planned Commencement of Tender Offer for the Shares of Toshiba Corporation (Code: 6502)” issued by the Tender Offeror as of March 23, 2023 (as amended, the “**Tender Offeror’s Press Release dated March 23, 2023**”), as of the same date, the Tender Offeror’s Parent Company, a wholly owned subsidiary of TBGP, which is a wholly owned subsidiary of JIP, owned all of the issued and outstanding shares of the Tender Offeror, and the Tender Offeror was planned to be changed into the corporate form of a *Godō-Kaisha* by the commencement of the Tender Offer, and also (a) by the commencement of the Tender Offer, it was planned that (i) the Tender Offeror’s Parent Company will implement a capital increase through a third-party allotment of common shares to TB Investment Limited Partnership (“**TBLPS**”), of which the general manager is TBGP and which is managed and operated by JIP and its group companies (meaning JIP and its subsidiaries and affiliates), and TBGP will transfer all of the outstanding shares of the Tender Offeror’s Parent Company owned by TBGP as of March 23, 2023 to TBLPS, so that the Tender Offeror shall be wholly owned indirectly by TBLPS through the Tender Offeror’s Parent Company, (ii) Brick Lane Partners, Ltd., a corporation registered in the Cayman Islands, will transfer all of its interests in a *Godō-Kaisha* which will be established and of which Brick Lane Partners, Ltd. will be the sole member to Brick Lane Exempted Limited Partnership (the “**Related Fund**”), which is also an exempted limited partnership registered in the Cayman Islands and which will cooperate with TBLPS in connection with the Transaction, and such *Godō-Kaisha* will implement a capital increase through a third-party allotment to the Related Fund.

In addition, according to the Tender Offeror’s Press Release dated March 23, 2023, (b) during the period from the completion of the Tender Offer until the time of settlement of the Tender Offer, capital funding (Note 2) is planned to be provided through the following series of transactions: (i) LP Investors will make limited partnership investments in the Related Fund; (ii) the above-mentioned *Godō-Kaisha* will implement a capital increase through a third-party allotment to the Related Fund; (iii) LP Investors will make limited partnership investments in TBLPS; (iv) the Tender Offeror’s Parent Company will implement a capital increase through a third-party allotment of common shares to TBLPS; (v) an absorption-type merger in which the Tender Offeror’s Parent Company will be the surviving company and the above-mentioned *Godō-Kaisha* will be the absorbed company (the “**Absorption-Type Merger**”) will occur;

(vi) the acquisition of minority shares in the Tender Offeror's Parent Company by the Related Fund as a result of the Tender Offeror's Parent Company issuing its minority shares to the Related Fund as consideration for the Absorption-Type Merger (the ownership ratio of voting rights was expected to be approximately 25% as of the same date) will occur; (vii) the Tender Offeror's Parent Company will implement a capital increase through a third-party allotment of preferred shares (shares without voting rights and without conversion rights to common shares) to one operating company, (viii) a mezzanine loan from the financial institutions acting as mezzanine lenders will be made to the Tender Offeror's Parent Company; (ix) the Tender Offeror will implement a capital increase through a third-party allotment of common shares to the Tender Offeror's Parent Company; (x) the Tender Offeror will reorganize from a *Godo-Kaisha* into a *Kabushiki-Kaisha*; and (xi) a term loan from the financial institutions acting as senior lenders will be made to the Tender Offeror.

Thereafter, according to the press release "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" issued by the Tender Offeror on May 21, 2023, the Tender Offeror changed its corporate form to a *Godo-Kaisha* as of April 18, 2023, and determined that the recipient of any funding necessary for the Transaction provided by the Related Fund will be Brick Lane Partners G.K. (the "**Godo-Kaisha**"), a *Godo-Kaisha* that is a wholly owned subsidiary of the Tender Offeror's Parent Company, which is the wholly owning parent company of the Tender Offeror, and that the Related Fund will make an equity investment in the *Godo-Kaisha*.

In response to such change, (I) while it was originally planned that, by the commencement of the Tender Offer, (i) the Tender Offeror's Parent Company would implement a capital increase through a third-party allotment to TBLPS, and TBGP would transfer all of the outstanding shares of the Tender Offeror's Parent Company owned by TBGP to TBLPS and (ii) the *Godo-Kaisha* would implement a capital increase through a third-party allotment to the Related Fund, it was subsequently determined that all of the above would be implemented during the Tender Offer Period. Further, (II) during the period from the completion of the Tender Offer until the time of settlement of the Tender Offer, instead of implementing the Absorption-Type Merger (described in (b) (v) above) and thereby issuing the consideration for the Absorption-Type Merger from the Tender Offeror's Parent Company to the Related Fund (described in (b)(vi) above), an absorption-type merger in which the Tender Offeror's Parent Company will be the surviving company and the *Godo-Kaisha* will be the absorbed company will occur, and the acquisition of minority shares in the Tender Offeror's Parent Company by the Related Fund as a result of the Tender 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%) will occur.

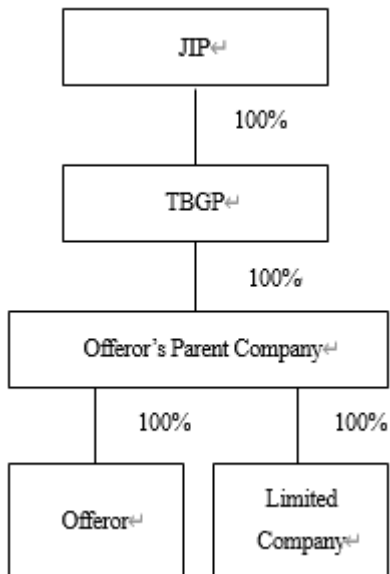
(Note 2) The outline of investors and lenders for the necessary funds for the Transaction is as follows.

| Form of Investments and Loans | Investors/Lenders | Amounts of Investments and Loans |
|---|---|---|
| Common Shares | TB Investment Limited Partnership (TBLPS) JIP Japanese funds Japanese operating companies Japanese financial institutions Brick Lane Exempted Limited Partnership (Related Fund) JIP overseas cooperative funds/investors Overseas operating company Japanese financial institutions | TB Investment Limited Partnership (TBLPS) 390,000,000,000 yen Brick Lane Exempted Limited Partnership (Related Fund) 130,000,000,000 yen |
| Preferred Shares | Japanese operating companies | 200,000,000,000 yen |
| Mezzanine Loan (Including subordinated debentures) | Japanese financial institutions Japanese operating companies | 235,500,000,000 yen |
| Senior Loan | Japanese financial institutions | 1200,000,000,000 yen |

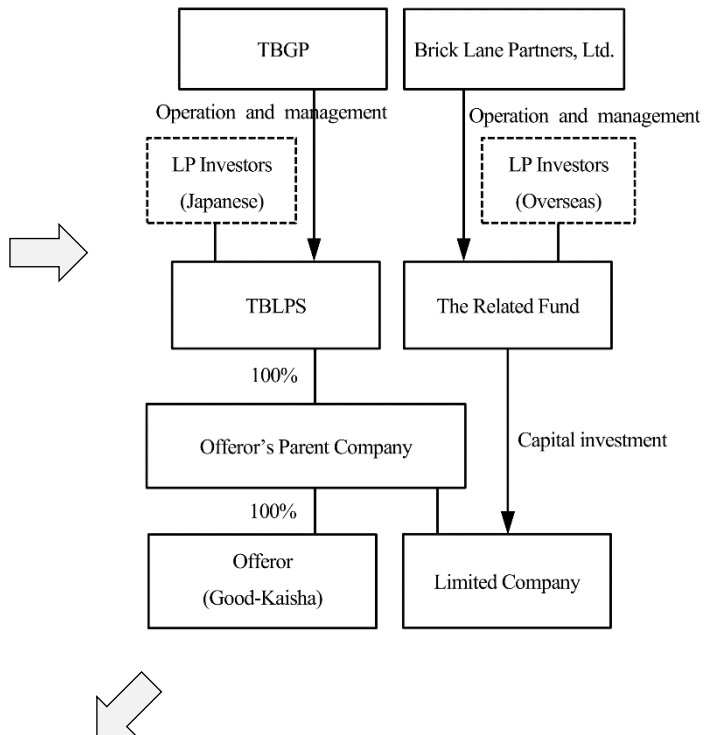
The outline of the structure of the Transaction is as follows:

<Structure Chart of the Transaction>

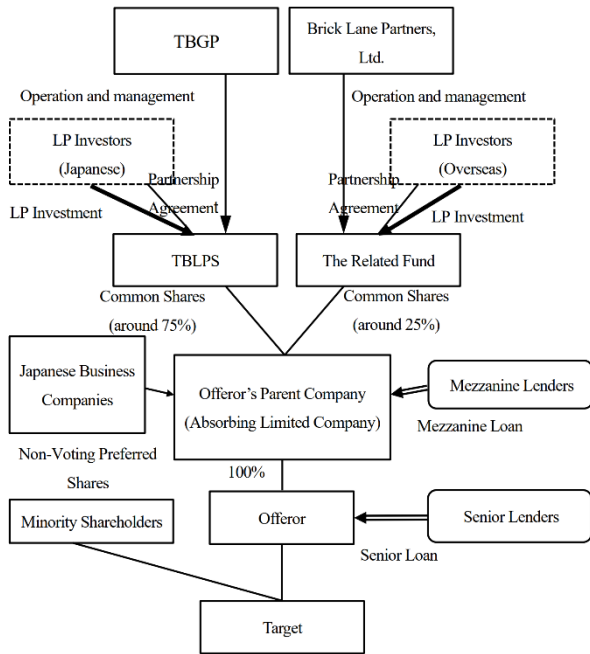
I. At the time of commencement of the Tender Offer



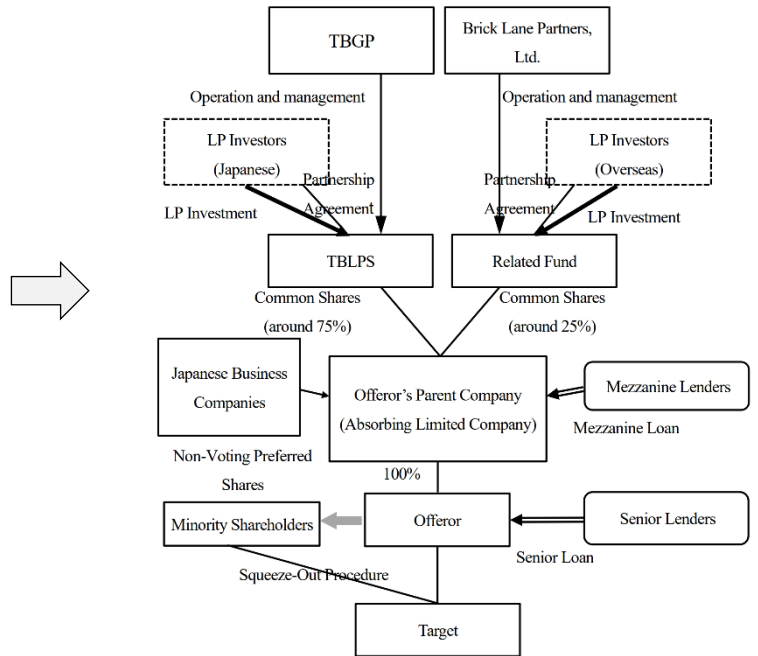
II. From commencement of the Tender Offer to the last day of the Tender Offer Period



III. Immediately after the settlement
of the Tender Offer



IV. At the time of the Squeeze-Out



End.

According to the Tender Offeror's Press Release dated March 23, 2023, as of March 23, 2023, the Tender Offeror agreed to commence, as part of the Transaction, the Tender Offer for all of the Company Shares (excluding the Company's treasury shares) as soon as practicable (but within ten (10) Business Days at the latest) from the date on which all procedures under the applicable overseas competition laws and regulations (as of the same date, the Tender Offeror considered that it would be required to implement the procedures in the United States of America, Canada, Germany, Czech Republic, Romania, the United Kingdom, Morocco, Montenegro, Poland, Spain, Vietnam, India, Saudi Arabia, Egypt, Mexico, Turkey, and Austria) and investment control laws and regulations (as of the same date, the Tender Offeror considered that it would be required to implement the procedures in the United Kingdom, Germany, Italy, the United States of America, Romania, Spain, Canada, Australia, Austria, Czech Republic, Belgium, Denmark, and the Netherlands) have been completed (such completion, the "Clearances") and the other conditions precedent set out in the Tender Offer Agreement (as defined in "7. Important Agreements, etc. on the Tender Offer" below (for details of such

agreement, please refer to “7. Important Agreements, etc. on the Tender Offer” below); the same applies hereinafter) (Note 3) (the “**Conditions Precedent**”) are all fulfilled or waived by agreement between the Tender Offeror and the Company, or at the discretion of the Tender Offeror, or on a date separately agreed between the Tender Offeror and the Company; and based on discussions with local law firms in relation to the procedures under the applicable competition laws and regulations and investment control laws and regulations in jurisdictions outside Japan, the Tender Offeror aimed to commence the Tender Offer in approximately late July 2023. In addition, according to the Tender Offeror’s Press Release dated March 23, 2023, while receiving advice from local law firms in relation to the procedures under the applicable competition laws and regulations and investment control laws and regulations in jurisdictions outside Japan, the Tender Offeror continued negotiations with the relevant authorities, etc. in order to complete the above-mentioned procedures. However, according to the press release “Notice Regarding the Progress of the Tender Offer for the Share of Toshiba Corporation (Code:6502)” issued by the Tender Offeror as of July 28, 2023(the “**Tender Offeror’s Press Release dated July 28, 2023**”), as it takes considerable time to complete the procedures under the applicable competition laws and regulations and investment control laws and regulations in some countries, such procedures had not been completed in some countries as of the same date.

(Note 3) According to the Tender Offeror’s Press Release dated March 23, 2023, the Conditions Precedent consist, in general, of the following matters: (1) the Clearances have been obtained; (2) when the Tender Offer is implemented, the Board of Directors of the Company will resolve to express an opinion that (i) states that the purchase price per share in the Tender Offer (the “**Tender Offer Price**”) has a certain rationality and (ii) states that the Board of Directors supports the Tender Offer (the opinion of the Company’s Board of Directors that satisfies (i) and (ii) above shall be hereinafter referred to as the “**Affirmative Opinion**”), and such resolution has not been modified or withdrawn; (3) the Special Committee, which was established by the Company’s Board of Directors in relation to the Tender Offer (for details, please refer to “ii. Company’s Establishment of Independent Special Committee and Obtainment of Report from the Special Committee” under “6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price” below), has submitted an opinion to the Company’s Board of Directors to the effect that it is appropriate for the Board of Directors to issue the Affirmative Opinion, and such opinion has not been modified or withdrawn; (4) the Company’s representations and warranties set forth in the Tender Offer Agreement (Note 4) are true and accurate in all material respects; (5) there is no material nonperformance of, or noncompliance with, the obligations of the Company under the Tender Offer Agreement (Note 5); (6) any material adverse effects on the assets, management or

financial conditions of the Company and its consolidated subsidiaries, when considered in aggregate, have not occurred, and any loan unavailability event (i.e., (A) natural disasters, war or terrorism; (B) unavailability of or interruptions in electricity, telecommunications or payment systems; (C) events that prevent yen-denominated loan transactions on the Tokyo interbank market; or (D) any other event similar to any of the items (A) to (C) above not attributable to financial institutions but objectively and reasonably determined by the financial institution that grants a senior loan with the first priority to be an event that makes it impossible or significantly difficult for financial institutions to provide funds) has not occurred; (7) all directors of the Company have submitted to the Company their resignation letters subject to the completion of the Squeeze-Out Procedure (as defined below); (8) none of the shareholders of the Company has made any shareholder proposal for the distribution of dividends from surplus; (9) there is no decision by governmental agencies that restricts or prohibits the Transaction; (10) if the Tender Offer had commenced, no circumstances have arisen under which withdrawal of the Tender Offer should be permitted; (11) there are no undisclosed material facts regarding the Company; and (12) the consolidated NET interest-bearing debt of the Company as of the end of March 2023 does not exceed the amount the Company announced as its forecast.

(Note 4) For details of the Company's representations and warranties under the Tender Offer Agreement, please refer to "7. Important Agreements, etc. on the Tender Offer" below.

(Note 5) For details of the Company's obligations under the Tender Offer Agreement, please refer to "7. Important Agreements, etc. on the Tender Offer" below.

According to the Tender Offeror, as stated below, the Tender Offeror more recently confirmed that all of the Conditions Precedent had been fulfilled or were expected with certainty to be fulfilled by the filing date of this Statement, and therefore decided that it had become possible to commence the Tender Offer. The Tender Offeror decided on August 7, 2023 to commence the Tender Offer from the filing date of this Statement. The substance and terms and conditions of the Tender Offer as announced in the Tender Offeror's Press Release dated March 23, 2023 are not changed.

- i. The Tender Offeror confirmed on August 7, 2023, that all procedures under the overseas applicable competition laws and regulations (namely, those of the United States of America, Germany, Czech Republic, Romania, Poland, Spain, Vietnam, India, Saudi Arabia, Mexico, Turkey, and Austria and the investment control laws and regulations (namely, those of the United Kingdom, Germany, Italy, the United States

of America, Romania, Spain, Canada, and Australia) were completed, and that, therefore, it had become possible for the Tender Offeror to acquire the Company Shares through the Tender Offer (Note 6) (Note 7).

- ii. The Company reported to the Tender Offeror that, as of August 7, 2023, the Company's Board of Directors resolved, at the Board of Directors meeting held on August 7, 2023, that with regard to the Tender Offer, it will resolve to express the Affirmative Opinion, and, on the same date, the Tender Offeror confirmed that with regard to the Tender Offer, the Company's Board of Directors had resolved to express the Affirmative Opinion and that such resolution had not been modified or withdrawn.
- iii. The Company reported to the Tender Offeror that the Special Committee submitted an opinion to the Company's Board of Directors to the effect that it was still appropriate for the Board of Directors to issue the Affirmative Opinion, and that such opinion had not been modified or withdrawn as of August 7, 2023, and, on the same date, the Tender Offeror confirmed that the Special Committee had submitted an opinion to the Company's Board of Directors to the effect that it was appropriate for the Board of Directors to issue the Affirmative Opinion and that such opinion had not been modified or withdrawn.
- iv. The Company reported to the Tender Offeror that, as of August 7, 2023, to the Company's knowledge, the Company's representations and warranties set forth in the Tender Offer Agreement were true and accurate in all material respects, and, on the same date, the Tender Offeror determined that such representations and warranties were true and accurate in all material respects.
- v. The Company reported to the Tender Offeror that, as of August 7, 2023, to the Company's knowledge, there was no material nonperformance of, or noncompliance with, the obligations of the Company under the Tender Offer Agreement, and, on the same date, the Tender Offeror determined that there was no material nonperformance of, or noncompliance with, such obligations,
- vi. The Company reported to the Tender Offeror that, as of August 7, 2023, to the Company's knowledge, no material adverse effects on the assets, management or financial conditions of the Company and its consolidated subsidiaries, when considered in aggregate, had occurred, and, on the same date, based on the Company's report on the Company's financial situation and other matters up to that date, the Tender Offeror determined that no loan unavailability event had occurred.
- vii. The Company reported to the Tender Offeror that, as of August 7, 2023, to the Company's knowledge, all directors of the Company had submitted to the Company their resignation letters subject to the completion of the Squeeze-Out Procedure, and, on the same date, the Tender Offeror confirmed that such resignation letters had been

so submitted.

- viii. The Company reported to the Tender Offeror that, as of August 7, 2023, to the Company's knowledge, none of the shareholders of the Company had made any shareholder proposal for the distribution of dividends from surplus, and, on the same date, the Tender Offeror determined that no such event had occurred.
- ix. The Company reported to the Tender Offeror that, as of August 7, 2023, to the Company's knowledge, there was no decision by any governmental agencies that would restrict or prohibit the Transaction, and, on the same date, the Tender Offeror confirmed that there was no decision by any governmental agencies that would restrict or prohibit the Transaction.
- x. The Company reported to the Tender Offeror that, as of August 7, 2023, to the Company's knowledge, if the Tender Offer had already commenced, no circumstances had arisen under which withdrawal of the Tender Offer would have been permitted, and, on the same date, the Tender Offeror determined that no such circumstances had arisen.
- xi. The Company submitted a document to the Tender Offeror stating that, as of August 7, 2023, there were no undisclosed material facts regarding the Company, and, on the same date, the Tender Offeror determined that there were no undisclosed material facts regarding the Company.
- xii. On August 7, 2023, the Tender Offeror confirmed, based on the financial statements for the fiscal year ending March 31, 2023 that were publicly announced by the Company, that the consolidated NET interest-bearing debt of the Company as of the end of March 2023 did not exceed the amount the Company had announced as its forecast.

(Note 6) According to the Tender Offeror, as a result of, among other matters, having conducted a further confirmatory check of the facts relating to the business and assets of the Company and based on consultations with the relevant local law firms since March 23, 2023, the Tender Offeror has determined that, with respect to the Transaction, the above-mentioned countries are the jurisdictions where statutory procedures are required under their competition laws and regulations or their investment control laws and regulations. In the meanwhile, the Tender Offeror has determined that, among the statutory procedures which the Tender Offeror, as of March 23, 2023, considered would be required under the applicable competition laws and regulations or the applicable investment control laws and regulations, it is not required to implement the procedures under the applicable competition laws and regulations of Canada, the United Kingdom, Morocco, Montenegro, and Egypt, and

the procedures under the applicable investment control laws and regulations of Austria, Czech Republic, Belgium, Denmark, and the Netherlands.

(Note 7) The Tender Offeror reported to the Company as follows: 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 the filing date of this Statement, 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 therefore a prior notification based on the system cannot be made. The Tender 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 Tender 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 Tender Offeror schedules to have set 288,731,000 Company Shares (Ownership Ratio: 66.70%) 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 Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. On the other hand, because the Tender Offeror intends to make the Company its wholly owned subsidiary, 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 (i.e., 288,731,000 Company Shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc. The minimum number of shares to be purchased (i.e., 288,731,000 Company Shares) is obtained by:

(i) multiplying 66.70% (2,887,311 voting rights; rounded up to the nearest unit) of the Company’s total voting rights (4,328,801 voting rights) (which is the number of voting rights pertaining to the number of shares (432,880,186) that is the product of (a) the total number (433,397,301) of the issued and outstanding shares of the Company as of June 30, 2023 as stated in the Company’s First Quarterly Financial Results, minus (b) the number (517,115) of the Company’s treasury shares); by

(ii) the share unit number of the Company (100 shares) (the product of above (i) and (ii) is 288,731,100 shares); and then

(iii) subtracting the number of the Company Shares (100 shares) held by the Tender Offeror as of the filing date of this Statement.

The minimum number of shares to be purchased has been determined for the following reason: the Tender Offeror intends to make the Company its wholly owned subsidiary, and, in order to implement the procedures for consolidation of the Company Shares stated in “5. Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-called “Two-step Acquisition”)” below, a special resolution of the general meeting of shareholders provided for in Paragraph 2 of Article 309 of the Companies Act is required. Therefore, in order to ensure the implementation of the Transaction, the Tender Offeror is required to independently own not less than two-thirds of the total voting rights of all shareholders of the Company after the Tender Offer.

In the case that the Tender Offer is successfully completed but if the Tender Offeror is unable to acquire all of the Company Shares (excluding the Company Shares held by the Tender Offeror and the Company’s treasury shares) through the Tender Offer, the Tender Offeror plans to take the series of procedures necessary to make the Tender Offeror the sole shareholder of the Company, as set forth in “5. Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-called “Two-step Acquisition”)” below (the “**Squeeze-Out Procedure**”) after the conclusion of the Tender Offer.

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

(i) The Company’s business environment, etc.

The business of the Company commenced in July 1875 and the Company 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 Company was listed on the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”) and the first section of Nagoya Stock Exchange, Inc. (the “**Nagoya Stock Exchange**”) in May 1949, and as of the filing date of this Statement, it is listed in the Prime Market of the Tokyo Stock Exchange and the Premium Market of the Nagoya Stock Exchange.

The Company Group consists of 255 consolidated subsidiaries (as of December 31, 2022), and the Company 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”. The Company 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.

In June 2022, the Company established the “Toshiba Company Group Management Policy” (the “**Management Policy**”; please refer to (Note)) and announced its long-term vision, which is that the Company Group will contribute to the achievement of carbon neutrality and a “circular” economy through digitization. By integrating the Company’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 Company’s strength in information processing and digital/AI technology, the Company 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) <https://www.global.toshiba/ww/ir/corporate/pr/pr2022/pr20220602.html>

In order to realize the management policy, it is essential for the Company to construct a business environment which enables the implementation of a consistent strategy over the medium to long term. However, the Company 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. The current situation, in which there are several major shareholders with different goals and policies and continued confusion regarding the management of the Company, such as repeated replacement of management members and large changes in management policy, is widely known to the public. The Company understands that its customers and employees are concerned about the stability of its management and the possibility that its social creditability might be affected.

The Company 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 Company’s strengths, such as its high-level technology which leads to new products and its stable customer base, hold the potential for tremendous possibilities. Meanwhile, due to their innovative qualities, it will take a certain period of time for many products the Company 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.

As stated above, in order that the Company 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 Company recognizes that the environment currently surrounding the Company is not one that is desirable to achieve such goal.

- (ii) Discussion between the Tender Offeror and the Company and decision-making process, etc. of the Tender Offeror

In May 2021, in response to the change in its management, the Company decided to review its basic management policy. At the same time, the Company announced the establishment of the Strategic Review Committee to support the Board in its decision-making by considering thoroughly and objectively the Company's future in order to enhance the Company's corporate value. The Strategic Review Committee, in parallel with development of a new mid-term business plan by the management team (the Company'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. 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 Company's shareholders and other stakeholders. Therefore, in November 2021, the Strategic Review Committee recommended that the Board of the Company 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 Company held on March 24, 2022 (the "**Extraordinary General Meeting of Shareholders in March 2022**") and through discussions with certain shareholders thereafter, the Company recognized that it would benefit the shareholders most to indicate a clearer value comparison of the strategic alternatives that the Company 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 Company taking the place of Mr. Satoshi Tsunakawa ("**Mr. Tsunakawa**"), discussions regarding the Company'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 Company for such potential investors and sponsors to provide proposals to the Company regarding feasible privatization plans and other options, and to provide transparent disclosure to the shareholders regarding the review process. On April 7, 2022, the Company'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 Company's Board of Directors resolved to solicit proposals from potential investors and sponsors as potential partners regarding strategic alternatives to enhance the Company'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 Company’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, 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 Company’s corporate value on April 7, 2022, several potential partners expressed a willingness to consider submitting proposals in the Process, the Company discussed with the potential investors and sponsors who expressed such willingness, and as a consequence, the Company entered into confidentiality agreements with 12 companies with respect to the Process.

Since then, from late April to late May 2022, the potential partners implemented their initial due diligence on the Company’s business, finances, and other matters. On May 31, 2022, the Company 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 Company maintains its listing. From these companies, the Company 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 Company” 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). The potential partner who proposed minority

investments on the condition that the Company maintains its listing was also included in the potential partners who participated in the second bid process.

Subsequently, over the period of several months from late July 2022, the Company 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 Company's group, including access to the management team. Among these, regarding the potential partners who proposed privatization of the Company, the Company dealt with their due diligence including disclosing materials, responding to inquiries, and interviewing the Company's management team. On the other hand, the potential partners who proposed minority investments on the condition that the Company 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.

On September 30, 2022, the Company 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 Company 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 Company 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 Company to secure JIP’s commitment to obtain early governmental approvals. Although the Company also received a minority investment proposal on the condition that the Company 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.

As described above, the legally binding proposal from JIP was unsatisfactory to the Company but, on the other hand, since the proposals received from the partner candidates other than JIP were not legally binding and lacked specificity, the Company 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 Company 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). 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 Company 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.

Since October 7, 2022 (i.e., the date on which the non-exclusive, preferential negotiating right was granted to JIP), the Company 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 Company 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 Company. 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 Company, with conditions precedent to the commencement of the tender offer being more limited than the initial markup.

Subsequently, the Company 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 Company 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

Company informed JIP of its views on the covenant proposals presented to JIP by the financial institutions.

Thus, the discussion between JIP and the financial institutions took time. On February 8, 2023, the Company 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 Company 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 Company 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 but no specific and feasible proposals, including presentation of the tender offer price, were submitted by any of these potential partners. (As mentioned above, the Company also received a proposal assuming a minority investment on the condition that the Company 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 Company decided not to pursue that proposal and did not seek the legally binding proposal from the potential partner who made the said proposal.) In this way, although the Company did not reject the alternative of conducting discussions and negotiations with partner candidates other than JIS 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 Company’s privatization, with potential partners other than JIP for the realization of such strategic alternatives, so the Company 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.

Even after March 3, 2023, when the Company received the final proposal from JIP, the Company 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.

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 Company (“**Plan B**”), 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. Company’s Establishment of Independent Special Committee and Obtainment of Report from the Special Committee” of under “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 Company can reasonably expect to be implemented to create greater corporate value for the Company.

On the other hand, according to the Tender Offeror, in late April, 2022, JIP was approached by the Company through Nomura Securities, a financial advisor for the Company, to participate in the first bid process concerning the selection of external potential partners for strategic opportunities aimed at improving the corporate value of the Company. Therefore, JIP appointed Crosspoint Advisors Inc. as its financial advisor and TMI Associates as its legal advisor and JIP commenced its deliberations on the appropriateness of the acquisition of the Company Shares. As a result, JIP decided to participate in the first bidding process, believing that by privatizing the Company 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 Company and to execute a business strategy that realizes the growth potential of the Company, thereby greatly improving the corporate value of the Company. On May 30, 2022, JIP submitted a proposal to the effect that the Company Shares will be delisted from the public market through a tender offer of the Company Shares.

Subsequently, in mid-July, 2022, JIP was notified that it would be permitted to participate in the second bid process, and JIP participated in the second bid process. During the second bid process, JIP conducted further analysis and consideration of the acquisition of the Company Shares through due diligence of the Company Group and interviews with Company’s management team, etc. from mid-July, 2022 to mid-September, 2022. Further, the mid-term plans of the Company Group were announced in the Management Policy, and JIP evaluated the corporate value and share value of the Company based on the business plans that were disclosed in the Management Policy.

As a result of this review, JIP reached its belief that the following objectives are important for the Company’s business strategies: (i) maintaining and developing a customer base centered

on the Company Group's important business partners by better responding to their needs; (ii) realizing a growth strategy for new businesses that apply new technologies developed by the Company Group; and (iii) making the Company Group a more rewarding workplace for the Company Group's executives and employees in aiming to increase the corporate value of the Company. On the other hand, although it is necessary to freely formulate and implement measures from a medium to long term perspective without being overly preoccupied with short-term performance in order to achieve these objectives, it cannot be denied that such measures may cause deterioration in the Company's performance and financial situation from a short-term perspective, and it was thought that it would not necessarily be easy to gain the understanding of the Company's general shareholders. JIP believes that these issues can be resolved by making the composition of the Company's shareholders solely TBLPS and the Related Fund, which hold the same values as the Company's management team. JIP believes that the privatization of the Company Shares, led by TBLPS, which consists of Japanese investors who can continuously support the development of the business from a medium to long term perspective, together with the Related Fund, will create a stable shareholder base to support the new growth of the Company and help build and operate a stable management structure to implement a business strategy to realize the Company Group's growth potential. This in turn will enable the Company Group's management team to realize the Company Group's management team from a medium to long term perspective. As the result of it being possible to realize the operations of the Company Group from a medium to long term perspective from such activities, JIP has come to believe that it is possible to aim to maximize the corporate value of the Company through (i) to (iii) above.

Based on the results of the above analysis and review, JIP submitted a proposal in the second bid process to the Company on September 30, 2022 under which the Company Shares were to be privatized through a tender offer for the Company Shares and a tender offer price desired price range at the time of submission of the proposal of from 5,200 yen to 5,500 yen per share which was based on the results of a calculation of the share value assuming the business plan provided by the Company.

Subsequently, on October 7, 2022, subject to the acceptance and agreement of certain terms, the Company proposed to JIP that the Company was prepared to negotiate in good faith on the Transaction on a non-exclusive and preferential basis for a one-month period ending November 7, 2022. Based on the results of the additional due diligence on the Company which JIP performed from early October 2022 to early November 2022, JIP submitted a revised proposal on November 7, 2022 under which the Tender Offeror was to be established and the Company Shares were to be taken private through a tender offer at a desired price of the tender offer price at the time of submission of the proposal of 5,200 yen per share.

At this time, as to the methods of raising the necessary funds for the Transaction, the Tender

Offeror had (i) received commitment letters from most of its investors regarding the investment in common shares and non-voting preferred shares, but (ii) had not yet received commitment letters from the financial institutions as to the senior loans and subordinated loans. Therefore, for the purpose of obtaining the necessary additional information for loan screening by the financial institutions in order to receive the senior and subordinated loans, due diligence of the Company Group by the financial institutions and interviews of the Company's management were conducted from early November 2022 to early February 2023, and JIP provided the information requested by the financial institutions. During this time, in considering the actual level of achievability of the business plan that JIP had received from the Company, in the financial results of the Company's second quarter of FY2022 which were announced by the Company on November 11, 2022, there was reported (i) in addition to a significant downward revision of the Company Groups' operating income forecast for FY 2022 from 170.0 billion yen to 125.0 billion yen (-26.5%) and EBITDA from 270.0 billion yen to 235.0 billion yen (-13.0%), (ii) a downward swing in value of the semiconductor and HDD-related business of the Company and in the calculated value of the shares of Kioxia Holdings Corporation ("**KIOXIA HD**") of which the Company owns 39.59 % of the issued shares (Note) that occurred in conjunction with changes in the business environment regarding the semi-conductor and HDD business which comprises a significant portion of the value of the Company, resulting in (iii) a large drop in the Company's calculated enterprise value and share value. In these same financial results, it was further reported that financial institutions had downwardly revised the Company's income and expenditure forecasts and corporate value assessment for the same reasons, resulting in a reduction in total of 200 billion yen for senior loans and approximately 100 billion yen for subordinated loans. JIP addressed the reduction in funding from these financial institutions as much as possible by increasing the amount of equity funding. However, JIP had to reflect a portion of the decline in the corporate value and share value in the desired acquisition price. On February 8, 2023, JIP submitted, together with commitment letters from the fund providers including financial institutions (except for some fund providers who were considering contributing funds), a revised proposal under which the Company Shares would be privatized through a tender offer for the Company Shares with a desired price of the tender offer price at the time of submission of the proposal of 4,710 yen per share.

Subsequently, in the results of the Company's third quarter financial results of FY 2022, which were announced on February 14, 2023, it was reported that, (i) in addition to the Company Group's forecast for operating income for FY 2022 being 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%), (ii) the Company Group's forecast for NET interest-bearing debt as of the end of March 2023 was revised significantly upward to 180.0 billion yen from 100.0 billion yen, and (iii) it was therefore necessary to reduce the share value after

deducting NET interest-bearing debt, etc. from the corporate value. However, as a result of analyzing and evaluating factors such as postponement of advances received and keeping the amount of the reduction within a certain range and after the factors behind this revised forecast and the future business impact were analyzed and evaluated again, JIP submitted, together with the commitment letters from the fund providers (including from those who had not submitted commitment letters at the above referred to stage), a legally binding final proposal to the Company on March 3, 2023 under which the Company Shares would be privatized through a tender offer for the Company Shares with a desired acquisition price of the tender offer at the time of submission of the proposal of 4,610 yen per share.

(Note) The percentage of the Company's shareholding of KIOXIA HD is taken from its securities registration statement for the initial public offering dated August 27, 2020; the same shall apply hereinafter.

Subsequently, regarding the Tender Offer Price, after taking into account the Company's request for a raise in the tender offer price made in the negotiation with the Company on March 17, 2023 and deeming it necessary to reach a definitive agreement on the Transaction, JIP agreed with the Company to raise the Tender Offer Price by 10 yen from the proposed price presented in the final proposal and thereby to set the Tender Offer Price at 4,620 yen. Thereafter, JIP continued discussions and negotiations on, among others, the conditions precedent with the Company and reached agreement late-March 2023 that the conditions precedent of the Tender Offer shall be as set forth as the Conditions Precedent. As a result, the Tender Offeror executed the Tender Offer Agreement as of March 23, 2023 with the Company and decided to implement the Tender Offer when the Conditions Precedent are fulfilled, and at the same time, decided that the Tender Offer Price shall be 4,620 yen.

According to the Tender Offeror's Press Release dated July 28, 2023, the procedures under the applicable overseas competition laws and regulations and investment control laws and regulations had not been completed in some countries as of July 28, 2023. However, according to the Tender Offeror, as stated in "i. Overview of the Tender Offer" above, the Tender Offeror more recently confirmed that all of the Conditions Precedent had been fulfilled or expected with certainty to be fulfilled by the filing date of this Statement, and therefore determined that it became possible to commence the Tender Offer, and then decided on August 7, 2023 to commence the Tender Offer starting from the filing date of this Statement.

(iii) Management policy after the Tender Offer

Over the past 20 years since JIP's founding, JIP has engaged in the revitalization of 20 or more large companies. JIP has recognized that despite the fact that there are many major corporations each of which has accumulated sufficient management resources such as a

customer base, technology, products and services, and human resources, but which is unable to demonstrate its latent potential because of reasons, such as failure to steadily implement individual measures and operations not running smoothly. JIP believes that the Company Group will be able to improve its business dramatically by removing the issues which constrain the business, such as increased hierarchy due to separation of each operating company and cross-sectoral issues, it and through the management team with strong leadership leading reforms in cooperation with shareholders.

In addition, JIP does not need to make major adjustments to the management direction of each business of the Company Group. Rather, the urgent task for each business is to establish a system to steadily implement individual measures in accordance with management policies, and to engage in the advancement of their business smoothly in order to improve earnings. In particular, it is important to reduce hierarchies through reorganization of subsidiaries described in the Management Policy and to strengthen the functions of cross-functional teams (CFTs) (Note) that have already been introduced. JIP believes that these measures will strengthen profitability by creating a lean business organization and improving management efficiency, assigning responsibility (profit responsibility) and authority to each business unit, and introducing a personnel evaluation and compensation system that rewards fair results. Upon the Company implementing these reforms, JIP believes that JIP will be able to utilize the knowledge it has cultivated through its extensive investment experience.

(Note) The cross-functional teams (CFTs) refer to teams comprising members selected from several departments to solve company-wide management issues.

The specific personnel for the directors of the Tender Offeror, the Tender Offeror's Parent Company and the Company after the Transaction has not been determined as of the filing date of this Statement. In addition, there are no arrangements between JIP or TBLPS or other related companies and their LP Investors (as defined in "iii. Process of and Reasons for Decision-Making by the Company" below) and the Related Fund and its LP Investors in relation to the directors of the Tender Offeror's Parent Company or the Tender Offeror, and no agreements have been made regarding the management of the Tender Offeror's Parent Company, the Tender Offeror or the Company after the Transaction. The Company has not made any agreement with the Offeror Parent Company, the Offeror or the Company regarding the management of the Company after the Transaction. In addition, the management structure of the Company after the Transaction is expected to be determined after the Transaction upon consultation with the Company. Further, the management structure of the Tender Offeror and the Tender Offeror Parent Officer after the Transaction is expected to be determined after the completion of the Transaction upon consultation with the Related Fund. The directors of the Company have submitted to the Company a notice of resignation to the effect that they will resign as directors of the Company subject to the completion of the Squeeze-Out Procedure; however, this does

not necessarily mean an intent to replace all of the directors of the Company. It is intended that the Company's directors will resign subject to the completion of the Squeeze-Out Procedure and that subsequently a new management structure will be established, which will be determined based on future discussions between the Tender Offeror and the Company (therefore, it is possible that some of the directors may resign and then be reappointed as directors of the Company).

iii. Process of and Reasons for Decision-Making by the Company

As stated in "(ii) Discussion between the Tender Offeror and the Company and decision-making process, etc. of the Tender Offeror" under "ii. Background, Purpose and Decision-Making Process Leading to the Tender Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" above, on April 7, 2022, the Board of Directors of the Company 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 Company 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 Company 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 Company and JIP decided to hold discussions and examinations for realization of the Transaction based on the conditions presented by JIP.

As stated in the March 23 Disclosure Material, the Board of Directors of the Company 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 Company 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 (for details of the circumstances that led to the expression of the Original Opinion and the content of the Original Opinion, please refer to the March 23 Disclosure Material). Thereafter, as stated in the June 8 Disclosure Material, the Board of Directors of the Company 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 Company refrained from making a decision in the Original Opinion, in light of the purposes of the Transaction and any additional circumstances surrounding the Company which may subsequently have arisen, and the Company'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 (for details of the circumstances that led to the expression of the Revised Opinion and the content of the Revised Opinion, please refer to the June 8 Disclosure Material).

On the other hand, as stated in the March 23 Disclosure Material, according to the Tender Offeror, the Tender 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, including the Clearances, are all fulfilled or waived by agreement between the Tender Offeror and the Company, or at the discretion of the Tender Offeror, or on a date separately agreed between the Tender Offeror and the Company; 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, including the Clearances. Therefore, starting from June 8, 2023, the Company from time to time made inquiries to the Tender 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 Tender Offeror notified the Company on August 4, 2023 that (i) the Tender Offeror had completed obtaining the Clearances, and (ii) the Tender Offeror would like to commence the Tender Offer starting from the filing date of this Statement on the presumption that the other Conditions Precedent have been fulfilled or waived.

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. 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 Company's Board of Directors, the SC Second Updated Report stating that the Company's Board of Directors should support the Transaction, including the Tender Offer, and recommend the shareholders of the Company 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 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 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 Company 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 June 8 Disclosure Material.

In other words, the Company 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 Company 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 Company 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 Company’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 Tender Offeror’s Parent Company after the Transaction, the sole voting shareholder of the Tender Offeror (the “**LP Investors**”), would become the substantial major shareholder of the Company as a result of the Transaction, including many of the Company’s business partners, may adversely affect the Company’s bargaining power and smooth decision-making in its business operations, on the other hand, the Transaction contributes to the solution of the Company’s business environment and management issues, and in particular, in light of the possibility that, as a result of the Transaction, the Company would build a stable management base and implement a consistent business strategy over the medium to long term to reform and grow the Company, and the Company would be able to receive unified support

from its shareholders. Given the above, the Company concluded that the Transaction contributes to the enhancement of Company's corporate value.

With respect to the Tender Offer Price, as stated in the March 23 Disclosure Material, as the opinion of the Company at that time, although the Tender Offer at the Tender Offer Price could be considered as a reasonable exit opportunity for the Company'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 that 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 March 23 Disclosure Material approximately four and a half months have passed, but the Company 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 Company's market share price has remained below the Tender Offer Price. Furthermore, in engaging with several shareholders before and after the announcement of the March 23 Disclosure Material, the Company received positive responses regarding the Process. Thus, the Company'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 March 23 Disclosure Material to August 7, 2023, the Company has received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees. The Company recognizes once again these expectations to and, ultimately, the importance of establishing a stable business base for the Company 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 Company's management base continues to be unstable, which may in turn result in customer attrition and employee resignations. 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. This seems to be reinforced by the fact that, given the premium over the Company's share price prior to the Company'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 Company 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.

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 March 23 Disclosure Material. 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 Company (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 Company achieved the projected performances is limited, and, as such, it is difficult not to conclude that the credibility of the Company 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 Company’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 “i. Company’s Obtainment of Share Valuation Reports from Independent Third-party Valuation Institutions” under “3. Matters relating to Valuation” below), which the Company 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.

At the time of the announcement of the March 23 Disclosure Material, the Company 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 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 Company 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 Company 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 Company refrained from making a decision in the Original Opinion, in light of the purposes of the Transaction and any additional circumstances surrounding the Company which may have subsequently arisen. However, as of August 7, 2023, approximately four and a half months having passed since the announcement of the March 23 Disclosure Material, 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 Company's consolidated accounts has fallen by approximately 94.7 billion yen during the period from the announcement of the March 23 Disclosure Material to August 7, 2023. On the other hand, as mentioned above, according to the management team, the Company has received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees during the period from the announcement of the March 23 Disclosure Material to August 7, 2023. This reaffirms the Company'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 Company 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.

Given the above, with respect to the Tender Offer, the Company 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 Company" 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, the Company 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**"). The Company 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 Company at this time, the Company 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 Company has decided not to initiate discussions on the KIOXIA Transaction with KIOXIA HD and Bain SPC at this time.

Were the Company to receive the KIOXIA Transaction Information, the Company 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 Company. However, it is not appropriate nor reasonable for the Company 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 Company 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 Company believes that receiving the KIOXIA Transaction Information could pose a serious obstacle to implementing the Transaction.

On the other hand, as stated below, the Company 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 Company 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 Company, 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 Company to make a comprehensive assessment.

If and when a transaction concerning KIOXIA HD is announced by the parties involved, the Company 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 Company's shareholders so they may decide whether or not to tender their shares in the Tender Offer.

3. Matters relating to Valuation

- i. Company's Obtainment of Share Valuation Reports from Independent Third-party

Valuation Institutions

- (i) Names of third-party valuation institutions and their relationship with the Company and the Tender Offeror

In preparation for the expression of the opinion about the Tender Offer, the Company requested Nomura Securities and UBS Securities, third-party valuation institutions independent from the Tender Offeror and the Company, to evaluate the value of the Company 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 Tender Offeror. On March 23, 2023, the Company obtained the share valuation report from each of Nomura Securities and UBS Securities, subject to certain conditions, including the conditions precedent described in (ii) Overview of valuation below (collectively, the “**Share Valuation Reports**”). Nomura Securities and UBS Securities do not constitute related parties of the Company or the Tender Offeror, and they do not have any material interests that need to be indicated with respect to the Transaction. Furthermore, 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 Tender Offeror and the Company have implemented the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Company has not obtained any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities or UBS Securities.

As mentioned in “iii. Process of and Reasons for Decision-Making by the Company” under “2. Grounds and Reasons for Opinion” 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 Company. 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 Company group during such period. Furthermore, the Company 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 Company Shares. Therefore, the Company 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.

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. 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 Board of Directors and the Special Committee, and the third-party valuation institution, which gives advice independently from the management team. Although Nomura Securities is a financial advisor of the management team, at the request of the 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 (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 Company Shares and to conduct accompanying financial analyses, as mentioned above, before approving the Affirmative Opinion.

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. The Company 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 Company will bear in the event of the consummation or failure of the consummation of the Transaction.

(ii) Overview of valuation

After examining which methods of valuation analysis to be adopted for the valuation of the share value of the Company Shares from among several methods of valuation analysis, Nomura Securities conducted the valuation of the share value of the Company Shares using the following methods of analysis: (i) average market price analysis, because the Company Shares are listed on the Tokyo Stock Exchange Prime Market and the Nagoya Stock Exchange

Premium Market, (ii) comparable company analysis, because there are several listed companies engaging in business relatively similar to that of the Company, 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 Company obtained a share valuation report from Nomura Securities (the “**Share Valuation Report (Nomura Securities)**”) on March 23, 2023. Furthermore, 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 Tender Offeror and the Company have implemented the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Company has not obtained any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

The ranges of the share value per share of the Company 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 |

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 Company 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 Company Shares on the Tokyo Stock Exchange 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, 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.

Under the comparable company analysis, the share value of the Company 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 Company, and the share value per share of the Company Shares on this basis was evaluated to be in the range of 1,967 yen to 5,564 yen.

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 Company 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 Company by discounting the free cash flow that the Company 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 Company.

The Consolidated Financial Forecast prepared by the Company 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 Company 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 Company Group's medium to long term targets in the Management Policy.

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) 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 Company Shares and has not independently verified the accuracy and/or completeness of such information. Nomura Securities has not independently evaluated, appraised or assessed the Company 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 Company'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 Company'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 Company's Board of Directors in examining the share value of the Company Shares.

After examining which methods of valuation analysis to be adopted for the valuation of the share value of the Company Shares from among several methods of valuation analysis, UBS Securities conducted the valuation of the share value of the Company Shares using the following methods of analysis: (i) average market price analysis, because the Company Shares are listed on the Tokyo Stock Exchange Prime Market and the Nagoya Stock Exchange 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 Company, 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 1) and certain other conditions, based on the premise that the Company is a going concern and from the perspective that it would be appropriate to assess the share value of the Company in multiple ways.

According to UBS Securities, the corresponding ranges of the share value per share of the Company Shares assessed by each of the above-mentioned methods are as follows. For assumptions, points of attention, etc. in UBS Securities' preparation of the share valuation report (the "**Share Valuation Report (UBS Securities)**") and the underlying valuation analysis therefor, please refer to (Note 1) 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 |

Under the average market price analysis, (i) in order to eliminate the impact on share price caused by the announcement of the Company regarding the receipt of the CVC Letter and speculative press reports by some news media on the privatization of the Company, 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 Company Shares on the Tokyo Stock Exchange, 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 Company 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 Company Shares on the Tokyo Stock Exchange, 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 Company Shares was evaluated to be in the range of 4,200 yen to 4,683 yen.

Under the comparable company analysis, the share value of the Company 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 Company, and the share value per share of the Company Shares was evaluated to be in the range of 3,231 yen to 7,133 yen.

Under the DCF analysis, based on the future earnings forecast and investment plan pursuant to the Consolidated Financial Forecast prepared by the Company and various elements, such as publicly available information, the value per share of the Company 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 Company 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 Company.

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 Company 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 Company 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 Company Group’s medium to long term targets in the Management Policy.

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 “6. Measures to Ensure Fairness of the Tender Offer Such as Measures to Ensure Fairness of the Tender Offer Price” below, since the Tender Offeror and the Company have implemented the measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Company has not obtained any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from UBS Securities.

(Note) The Share Valuation Report (UBS Securities) has been delivered solely for the Board of Directors of the Company 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 Company 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 Company, 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 Company’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 Company Shares should be transacted at any time, including after the Transaction is publicly announced or commences.

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 Company 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.

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).

The Share Valuation Report (UBS Securities) is provided solely for the benefit of the Board of Directors of the Company and the Special Committee, and the Company'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 Company acknowledges and agrees that to the maximum extent permitted by law, except in the case of fraud and save as provided in the engagement letter, UBS Securities and its directors, officers, employees, agents, representatives and advisors expressly disclaim any liability which may arise from the 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.

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 Company and the Special Committee, and UBS Securities has relied upon the opinion of the Company 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 Company 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 Company. All assumptions contained in the Share Valuation Report (UBS Securities) have been discussed and agreed with the Company. The Forecasts involve significant assumptions and subjective judgments which may or may not prove to be correct, and there can be no assurance that any Forecasts are a reliable indicator of future performance, nor that they are attainable or will be realized. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any Forecasts contained in the 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 Company 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.

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 Company 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 Company, and these companies were selected because they were publicly traded companies with businesses that, for purposes of UBS Securities' analyses, could be considered similar to those of the Company. The analyses made by UBS Securities necessarily involve complex considerations and judgments concerning differences in financial and business characteristics of the companies reviewed for comparison with the Company and other factors that could

affect these companies.

In preparing the Share Valuation Report (UBS Securities), UBS Securities has: (i) not made any independent valuation or appraisal of the physical assets and liabilities of the Company 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 Company, any other company referred to in the Share Valuation Report (UBS Securities), or the Transaction.

UBS Securities is acting as financial advisor of the Board of Directors of the Company 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 Company has agreed to indemnify UBS Securities for all costs borne by UBS Securities in relation to UBS Securities' involvement and certain liabilities arising out of UBS Securities' engagement.

ii. Tender Offeror's Valuation Methods

When determining the Tender Offer Price, the Tender Offeror analyzed the business and financial conditions of the Company Group in a multifaceted and comprehensive manner, based on the financial information disclosed by the Company and the results of due diligence conducted on the Company, etc., considered the corporate value and share value based on the Company's future cash flow calculated by JIP. Additionally, in view of the fact that the Company Shares are traded on the Financial Instruments Exchange, the Tender Offeror referred to the changes in the market price of the Company Shares, in particular, the Tender Offeror believes that the market share price of the Company as of March 23, 2023 was at a level that reflected the expectation of the Company's privatization given the disclosure of information by the Company and various media reports, the closing price of the Company Shares on the Tokyo Stock Exchange on April 6, 2021 (3,830 yen), which was the Business Day just prior to April 7, 2021, the date on which the Company announced that the Company had received the CVC Letter, and the simple average of closing price of the Company 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 Tender 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 Tokyo Stock Exchange 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 Tokyo Stock Exchange 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 Company will endorse the Tender Offer and the prospects for the successful completion of the Tender Offer, the Tender Offeror decided to set the Tender Offer Price at 4,620 yen on March 23, 2023, based on discussions and negotiations with the Company.

Since the Tender Offeror has determined the Tender Offer Price through consultation and negotiation with the Company in consideration of the above factors, the Tender 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 Company Shares on the Tokyo Stock Exchange on April 6, 2021, which was the Business Day immediately prior to April 7, 2021, the date on which the Company announced that the Company 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 preceding three (3) months, and 44.60% to 3,195 yen, the simple average of the closing prices for the preceding six (6) months, (ii) the price obtained by adding a premium of 10.69% to 4,174 yen, the closing price of the Company Shares on the Tokyo Stock Exchange 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 Company, (iii) the price obtained by adding a premium of 9.43% to, 4,222 yen, the closing price of the Company Shares on the Tokyo Stock Exchange 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 preceding one (1) month, the price obtained by adding a premium of 4.55% to 4,419 yen, the simple average of the closing prices for the preceding three (3) months, and the price obtained by making a discount of 1.35% to 4,683 yen, the simple average of the closing prices for the preceding six (6) months, and (iv) the price obtained by adding a premium of 0.94% to 4,577 yen, the closing price of the Company Shares on the Tokyo Stock Exchange on August 4, 2023, which was the Business Day immediately prior to August 7, 2023, the date on which the Company announced the commencement of the Tender Offer, 1.74% to 4,541 yen, the simple average of the closing prices for the preceding one (1) month at that time, 2.35% to 4,514 yen, the simple average of the closing prices for the preceding three (3) months preceding at that time, and 4.12% to 4,437 yen, the simple average of the closing prices for the preceding six (6) months. In addition, The Tender Offer Price is the price obtained by adding a premium of 0.79% to 4,584 yen, the closing price of the Company Shares on the Tokyo Stock Exchange on August 7, 2023, which is the Business Day immediately prior to the filing date of this Statement.

According to the Tender Offeror, for the purpose of making requests to the Company for inspection and copy of the shareholder registry, with a delivery date of May 17, 2023, the Tender Offeror acquired 100 shares of the Company Shares at 4,434 yen per share through market transactions. According to the Tender Offeror, 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.

4. Possibility of Delisting and Reasons Therefor

As of the filing date of this Statement, the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange and the Premium Market of the Nagoya Stock Exchange, but the Tender Offeror has not set the maximum number of shares to be purchased through the Tender Offer. Accordingly, depending on the results of the Tender Offer, the Company Shares may be delisted after the prescribed procedures are completed, in accordance with the delisting criteria set out by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

Even if the requirements of the delisting criteria are not met as of the time of completion of the Tender Offer, the Tender Offeror plans to implement the Squeeze-Out Procedure after completion of the Tender Offer in order to acquire all of the Company Shares (except for the Company Shares owned by the Tender Offeror and the Company's treasury shares) as described

in “5. Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-called “Two-step Acquisition”)” below. If such procedure is implemented, the Company Shares will be delisted in accordance with the delisting criteria determined by the Tokyo Stock Exchange and the Nagoya Stock Exchange through prescribed procedures. After the Company Shares are delisted, they will no longer be traded on the Tokyo Stock Exchange or the Nagoya Stock Exchange.

5. Policies for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to So-called “**Two-step Acquisition**”)

As stated in “i. Overview of the Tender Offer” under “2. Grounds and Reasons for Opinion” above, if the Tender Offeror fails to acquire all of the Company Shares (except for the Company Shares owned by the Tender Offeror and the Company’s treasury shares) through the Tender Offer, once the Tender Offer is completed, the Tender Offeror plans to implement the Squeeze-Out Procedure by way of the following procedures and measures:

i Demand for Sale of Shares

Upon completion of the Tender Offer, if the Tender Offeror acquires 90% or more of the total voting rights of the Company and therefore becomes a Special Controlling Shareholder as prescribed in Item 1 of Article 179 of the Companies Act, the Company, in accordance with the provisions of Part II, Chapter 2, Section 4-2 of the Companies Act, plans to request the sale of all of the Company Shares owned by the Company’s shareholders that did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Company; hereinafter the same in this item) (the “**Squeezed-out Shareholders**”) promptly following the conclusion of the settlement of the Tender Offer (the “**Demand for Sale of Shares**”). With respect to the Demand for Sale of Shares, the Tender Offeror plans to provide Squeezed-out Shareholders with a cash amount equivalent to the Tender Offer Price in consideration for each Company Share. In such event, the Tender Offeror will provide the Company with notice to such effect and seek approval from the Company for the Demand for Sale of Shares. If the Company approves the Demand for Sale of Shares via resolution of its Board of Directors, the Tender Offeror will acquire all outstanding shares of the Company owned by Squeezed-out Shareholders as of the acquisition date designated in the Demand for Sale of Shares, in accordance with the procedures prescribed by the applicable laws and regulations, and without need for the individual approval of Squeezed-out Shareholders. The Company will approve the Demand for Sale of Shares at its Board of Directors once the Tender Offeror exercises the Demand for Sale of Shares and the Company receives a notification as to any of the items of Paragraph 1 of Article 179-2 of the Companies Act. In the event of the Demand for Sale of Shares, the shareholders of the Company may file a petition with the court to determine the

sales price of the Company Shares in accordance with Article 179-8 of the Companies Act and other applicable laws and regulations.

ii Share Consolidation

On the other hand, if, following the completion of the Tender Offer, the total number of the Company's voting rights owned by the Tender Offeror is less than 90% of all of the voting rights of the Company, the Tender Offeror plans to request the Company to hold, by around late November 2023, an extraordinary general meeting of shareholders that will include among its proposals for discussion (i) consolidation of the Company Shares in accordance with Article 180 of the Companies Act (the "**Share Consolidation**"), and, (ii) conditioned on the implementation of the Share Consolidation, changes to portions of the Company's articles of incorporation that will eliminate provisions on share unit numbers (the "**Extraordinary Shareholders' Meeting**"), promptly following the conclusion of the settlement of the Tender Offer. Note that the Tender Offeror plans to support each of the proposals described above at the Extraordinary Shareholders' Meeting.

If the proposals for Share Consolidation are approved at the Extraordinary Shareholders' Meeting, the Company's shareholders will each, as of the date the Share Consolidation is to take effect, retain a number of Company Shares corresponding to the Share Consolidation ratio approved at the Extraordinary Shareholders' Meeting. If the Share Consolidation results in fractional shares that constitute less than one full share, the Company Shares in the number equivalent to the total number of such fractional shares will be sold to the Company or the Tender Offeror in accordance with the terms of Article 235 of the Companies Act and other applicable laws and regulations, and the owners of such fractional shares will be provided with cash in exchange (if the total of fractional shares is less than one full share, the fractional shares will be discarded; the same shall apply hereinafter). With respect to the sale price of the total number of fractional shares of the Company, the Tender Offeror plans to request the Company to file a petition to a court for permission for voluntary sale, after ensuring that as a result of such sale of fractional shares, the cash amount provided to the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender their shares in the Tender Offer will be the same as the value obtained when the number of Company Shares owned by such shareholders is multiplied by the Tender Offer Price. Furthermore, although the ratio of the Share Consolidation is still undetermined as of the filing date of this Statement, the Tender Offeror plans to request the Company to ensure that the decided-upon ratio will result in fractional shares owned by shareholders of the Company (excluding the Tender Offeror and the Company) who did not apply to the Tender Offer totaling less than one full share so that the Tender Offeror will retain all of the Company Shares (except for the Company's treasury shares). Specific procedures in such case are scheduled to be announced promptly by the

Company upon being fixed.

If the Share Consolidation is implemented, and such Share Consolidation results in fractional shares that constitute less than one full share, the Companies Act allows the Company's shareholders who are opposed to the Share Consolidation to demand that the Company purchase any fractional shares constituting less than 1 full Company Share in their possession at a fair price, as well as to petition a court for a decision regarding the price of the Company Shares, all in accordance with the provisions of Article 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, which are aimed at protection of minority shareholders' interests in relation to share consolidation. As described above, in the Share Consolidation, the number of the Company Shares owned by the Company's shareholders (excluding the Tender Offeror and the Company) who did not tender their Company Shares in the Tender Offer is expected to be fractional shares that constitute less than one full share. Therefore, dissenting shareholders of the Company will be able to file the above-mentioned petition. In the event that such petition is filed, a sale price will be determined by the applicable court.

With respect to the procedures described in Paragraphs i and ii above, the implementation may take extra time, or the implementation method may be changed to other methods that have equivalent effects based on the status of amendments to, implementation of, and interpretation by relevant authorities of the applicable laws and regulations. However, in such event, if the Tender Offer is completed, the Tender Offeror plans to utilize a method whereby cash consideration is ultimately provided to the Company shareholders who did not tender their shares in the Tender Offer, and the cash amount provided will be the price obtained when the number of Company Shares owned by the relevant Company shareholders is multiplied by the Tender Offer Price.

The Company plans to promptly announce the specific procedures and implementation terms for each of the situations described above, once they are determined following consultation between and decision-making by the Tender Offeror and the Company.

Note that the Tender Offer is not intended as a solicitation for the approval of the shareholders of the Company at the Extraordinary Shareholders' Meeting. Note also that the shareholders of the Company are each personally responsible for consulting tax experts regarding the handling of taxes relating to application for the Tender Offer and each of the procedures described above.

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

As of the filing date of this Statement, the Tender Offeror owns no more than 100 of the Company 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 Company's management personnel will make a direct or indirect investment in the Tender Offeror, and the Transaction, including the Tender Offer, does not constitute a so-called management buyout transaction.

Nevertheless, given that the Tender Offeror intends to make the Company a wholly-owned subsidiary and that the opinions and positions of the Company's shareholders are diverse and widely divided, and some of the Company's shareholders, in particular, request the Company 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 Company's shareholders and other stakeholders the reasonableness of the Company's considerations and decisions regarding strategic alternatives in the Process. Therefore, the Tender Offeror and the Company 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 below, those regarding the measures implemented by the Tender Offeror are based on the explanation given by the Tender Offeror.

i. Implementation of Bidding Procedures

As stated in "(ii) Discussion between the Tender Offeror and the Company and decision-making process, etc. of the Tender Offeror" under "ii. Background, Purpose and Decision-Making Process Leading to the Tender Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" under "2. Grounds and Reasons for Opinion" above, the Company announced on April 21, 2022 that it would solicit proposals from potential investors and sponsors as potential partners regarding strategic alternatives to enhance the Company's corporate value. On May 31, 2022, the Company received legally non-binding primary proposals from ten investment funds (including some consortiums), including JIP, after conducting an initial due diligence of the Company for potential partners from late April to late May 2022. On September 30, 2022, the Company 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 Company 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 Company repeatedly asked JIP to raise the tender offer price and had a series of discussions and negotiations regarding the tender offer agreement. On March 3, 2023, the Company received the final proposal for the Transaction, and after further discussions and negotiations with JIP, the Company reached an agreement with JIP on the terms and conditions of the Transaction. On and after October 7, 2022 (i.e., the date on which the non-exclusive preferential negotiating right was granted to JIP), the Company 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 Company did not reject the alternative of conducting discussions and negotiations with partner candidates other than JIS 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 Company's privatization with potential partners other than JIP for the realization of such strategic alternatives, so the Company 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, the Company has implemented the Process and has secured the opportunity to receive proposals for a wide range of strategic options.

ii. Company'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 Company" under "2. Grounds and Reasons for Opinion" above, the Company resolved, on April 7, 2022, to establish the Special Committee for the implementation of the Process. 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 Company's outside director and independent officer and is independent from the Tender Offeror and the Company, 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 Company's outside director and independent officer, and Ms. Mariko Watahiki, who was the Company's outside director and independent officer at that time and resigned as a director of the Company 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. The composition of the Board of Directors has not been changed since the election of the Directors at the Company's Ordinary General Meeting of Shareholders for 184th Fiscal Year, which was held on June 29, 2023. The Company'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. All of the said Special Committee members are outside directors and independent officers of the Company, 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.

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, the Board of Directors is required to respect the suggestions and opinions of the Special Committee to the fullest extent possible.

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 Company by participants. In addition, 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, 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, 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, held Q&A sessions regarding their reasonability, and offered opinions as needed. With respect to the Consolidated Financial Forecasts 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 Company Shares. The Special Committee also received an explanation from UBS Securities and Nomura Securities on the Share Valuation Reports submitted to the Company, regarding which the Committee asked for the background facts through Q&A sessions.

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.

On March 16, 2023, the Company’s Board of Directors resolved to consult with the Special Committee on (i) whether the Transaction would contribute to the enhancement of the Company’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 Tokyo Stock Exchange) of the Company 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 Company should express.

As a result of discussions on and examinations of the Consultation Items, the Special Committee reported to the Company’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 Company'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 Company, and (v) while the Board of Directors should support the Tender Offer, it at this time 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 Company's Board of Directors.

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 Company 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 Company's Board of Directors that "it is considered that (i) the Transaction will reasonably contribute to the enhancement of the Company'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 Company, 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 Company's Board of Directors.

Upon receiving the Tender Offeror's notification to the Company on August 4, 2023 that (i) the Tender Offeror had completed obtaining the Clearances, and (ii) the Tender Offeror would like to commence the Tender Offer from the filing date of this Statement on the presumption that the other Conditions Precedent 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 submitted the SC Second Updated Report to the

Company's Board of Directors on August 7, 2023.

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 Company's corporate value
 - a. The Company's business environment and management issues

In June 2022, the Company 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 and sponsors. 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 Company'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 Company'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 Company'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 Company (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 Company's potential value from a long-term perspective; and thereby (iii) to maintain and develop the Company'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 Company; 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 Company: (i) JIP can assist in resolving the Company's management issues and developing its business by sharing JIP's knowledge accumulated through its extensive experiences in investing in Japanese businesses; (ii) the Company 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 Company'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 Company'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 Company'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 Company able to maximize shareholder returns, and in the long term, can the Company 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 Company, (iii) for employees, will their anxiety regarding the future direction of the Company be reduced, and (iv) for society, will the Company 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 Company'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 Company 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 CO₂, electrification with power semiconductors, and innovative nuclear power, etc. However, the many products being

developed by the Company 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 Company also sees the challenges in terms of the actual numbers of recruiting sufficient new employees. The Company 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 Company's employees can focus on their primary work. However, as seen in past shareholder meetings, the Company's share capital is currently held by shareholders with many differing views. It is desirable to have stable shareholders in order to unlock the Company'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 Company's financial condition due to the interest burden arising from the financing for the Transaction by the tender offeror; (ii) whether or not the constraints imposed on the management of the Company under the agreement between the Tender Offeror and the lenders are too significant; (iii) whether or not the change in the Company's capital structure resulting from the Transaction will breach any restrictions under agreements with third parties and causes risk of adversely affecting the Company 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 Company's key business partners are included in investors in TBLPS who will own approximately 75 % of common shares of the Tender Offeror's Parent Company after the Transaction, the sole voting shareholder of the Tender Offeror, concerns include: (vi) whether or not the fact that business partners are indirect major shareholders of the Company would work against the Company in business, such as reducing the Company'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 Company 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 Company'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 Tender 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 Company Group; (iv) the Company 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 Company’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 Company is taken private by a Tender 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 Company’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 Company 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 Company’s bargaining power and the management team rather believes that the investment by the Company’s business partners, who are stable operating companies in Japan, as limited partners of TBLPS will enhance the trust of the Company’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 company, 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 Company were to be taken private by a foreign-based private equity fund, it was assumed that a reasonable number of employees would leave the company 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 company or a rejection of employment offers. With regard to (D), the management team believes that it is not an issue of whether the Company is listed or not, but rather whether the Company'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 Company 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 (with respect to the disadvantage that is mentioned in item (ii) in the immediately preceding section c, as explained above, the management team has confirmed with JIP that the discussion between JIP and the banks since the Announcement is progressing in the direction that the banks would agree to relaxing the conditions and impact upon breach). 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 Company and appreciates the management team's argument that many stakeholders of the Company, 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 Company, 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 Company's business counterparties and there is a possibility of such circumstance having a negative impact on the bargaining power of the Company and decision-making for the smooth operation of the Company's business. However, as explained by the management team, it is possible to bring the Company 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 Company'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 Company are prominent engineers, scientists and researchers and believes that there could be greater intrinsic value than what several generations of the Company's management have been able to financially realize.

However, if the growth of the Company'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 Company, 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 Company. The Special Committee questions whether the Company 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 Company.

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 Company).

(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 Company’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 Company. 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 Company, 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 Company 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 Company.

- (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 Company's stakeholders the reasonableness of the review and decisions of the Company 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 Company's shareholders have diverse positions and opinions. In particular, some shareholders requested the Company 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 Company'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 Company, and was highly active. Meetings were typically held once a week before the announcement of the March 23 Disclosure Material and, as necessary, after the announcement of the March 23 Disclosure Material, 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 Company 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 Company, in order to address potential conflicts of interest, independence, confidentiality, and other matters associated with their becoming directors of the Company and their participation on the Special Committee, the Company 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 Company 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 Company's management. Accordingly, from the beginning of the Process, the Company 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 Company 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 Company 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 Company 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 Company, 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 March 23 Disclosure Material to the commencement of the Tender Offer. Therefore, the Special Committee finds that, even after the announcement of the March 23 Disclosure Material, appropriate opportunities for the Company'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 Tender Offeror to offer counterproposals regarding the Company 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 Company'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 Company's business in light of the amount of the loans. In addition, as a number of LP Investors are counterparties in the Company'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 Company'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 Company's shareholders make an informed judgement. Furthermore, even after the announcement of the March 23 Disclosure Material, 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 Company 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 Company 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 Company while it was insolvent at that time, the Company 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 Company 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 Company, at this time, for the reasons stated above, the Company is not involved in the management of the KIOXIA Group but for its own financial reporting purposes receives certain limited information. However, the Company 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 Company with an opportunity for ask and receive questions and answers to the KIOXIA Group and held discussions with KIOXIA HD. Although the Company was not able to secure full cooperation from KIOXIA Group, on November 28, 2022, the Company 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 Company disclosed information on the KIOXIA Group in its possession to the potential partners to the extent the Company believed it permissible to do so under the shareholders agreement among KIOXIA HD's shareholders based on advice from the Company's legal advisors.

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

After the announcement of the March 23 Disclosure Material, 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 Company 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 Company 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 Company at this time, the Company 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 Company has decided not to initiate discussions on the KIOXIA Transaction with KIOXIA HD and Bain SPC at this time.

Were the Company to receive the KIOXIA Transaction Information, the Company 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 Company. However, it is not appropriate nor reasonable for the Company 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 Company 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 Company 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 Company 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 Company, 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 Company to make a comprehensive assessment.

If and when a transaction concerning KIOXIA HD is announced by the parties involved, the Company 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

Company'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 Company has implemented a number of measures in order to ensure fairness, including (i) the Company has appointed Nagashima Ohno & Tsunematsu and Morrison & Foerster LLP as the Board of Directors and the Special Committee's legal advisors independent from the Tender Offeror and the Company and has appointed Nishimura & Asahi as the management team's legal advisor independent from the Tender Offeror and the Company, and have obtained legal advice from those legal advisers, (ii) the Company has appointed UBS Securities as the Board of Directors and the Special Committee's financial advisor and third-party valuation institution independent from the Tender Offeror and the Company and has appointed Nomura Securities as the management team's financial advisor and third-party valuation institution independent from the Tender Offeror and the Company, and obtained a Share Valuation Report from each of them on March 23, 2023, (iii) upon the announcement of the March 23 Disclosure Material and the June 8 Disclosure Material, sufficient information including information recommended to be disclosed in the Guidelines has been disclosed, and also, the sufficient information is expected to be disclosed upon the announcement as of August 7, 2023, 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 Company has strived to ensure that thorough negotiations have taken place after the Company'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 Company's deteriorating results and the Company has made reasonable efforts to ensure that the Transaction will be carried out on the best terms possible for the Company's shareholders.

b. Valuation of the Tender Offer Price

As stated in the Share Valuation Report (UBS Securities), the share value ranges per share of the Company Shares are respectively as follows: Please refer to (Note) in "(ii) Overview of valuation" of "i. Company's Obtainment of Share Valuation Reports from Independent Third-party Valuation Institutions" under "3. Matters relating to Valuation" above 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 (Nomura Securities), the share value ranges per share of the Company 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 March 23 Disclosure Material 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company holds limited information on KIOXIA Group and the Company could not obtain sufficient cooperation from KIOXIA Group, in relation to the value of KIOXIA HD's shares held by the Company, UBS Securities and Nomura Securities took into general consideration the valuation upon which the Company made the re-investment in 2018, historical financial figures (including the book value of KIOXIA HD in the Company's consolidated accounts), and comparable company analysis, etc., and both made their respective valuations (the book value of KIOXIA HD in the Company's consolidated accounts has been devalued by approximately 94.7 billion yen from the time of the announcement of the March 23 Disclosure Material 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 Company 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 Company's FY2023 Budget was formally approved by the Company's Board of Directors on April 13, 2023, which was finalized by refining it in accordance with the ordinary practice of finalizing the Company's budget, and there were no substantively significant changes to the content of the Consolidated Financial Forecast in reviewing the share value of the Company. In addition, only approximately four and a half months have passed between the announcement of the March 23 Disclosure Material 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 Company group during such period. Furthermore, the Special Committee 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 Company 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 March 23 Disclosure Material, 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 March 23 Disclosure Material, 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 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 Company's business and operations and no counter proposals, and deleted JIP's RBF payment obligation, which the Company 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 Company and JIP, the Company 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 Company 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 Company'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 Company'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 Company's reasonable efforts to ensure that the Transaction would be conducted on the best terms possible for the Company's shareholders. Since the announcement of the March 23 Disclosure Material, approximately two and a half months have passed, and the Company has not received any proposals or inquiries from the other investors who participated in the Process or any other investors that would cause the Company's Board of Directors to reconsider the Transaction. In addition, the Company'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 March 23 Disclosure Material, the Company received positive responses regarding the Process conducted by the Company. Accordingly, the Special Committee's confidence regarding the appropriateness of Tender Offer Price has increased.

While the Company operates in a difficult business environment, it is considered that the Transaction should be beneficial to the Company through the building of a stable management base and providing unified support from its shareholder for the purpose of transforming the Company'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 Company. According to the management team, between the announcement of the March 23 Disclosure Material and the preparation of the SC Updated Report, the Company received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees. The Company recognizes once again these

expectations to and, ultimately, the importance of establishing a stable business base for the Company 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 Company'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 Company, a publicly traded company in a situation where the instability of the Company's management base makes it difficult to enhance the Company'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 Company 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 Company 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 March 23 Disclosure Material. 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 Company achieved the projected performances is limited, and, as such, it is difficult not to conclude that the credibility of the Company 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 Company'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 March 23 Disclosure Material, 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 Company's consolidated accounts has fallen by approximately 49.5 billion yen during the period from the time of the announcement of the March 23 Disclosure Material to the date of the SC Updated Report.

Furthermore, there is no reason to expect the Tender 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 March 23 Disclosure Material and the preparation of the SC Updated Report, the Company received positive responses regarding the Transaction from various stakeholders, including customers, business partners, and employees, from which the Company recognizes once again these expectation to, and the importance of, building a stable management base through undertaking the Transaction.

The fact that the Company 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 Company'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 Company'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 Company'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 Company 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 Company achieved its projected performances is limited and of the challenges in the Company 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 Company achieving the Consolidated Financial Forecast. However, again given that the Company 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 March 23 Disclosure Material and the preparation of the SC Second Updated Report, the Company 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 Company'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 Company in light of (i) through (iii) above of the Consultation Items

As mentioned in (i) and (ii) above, the Transaction reasonably contributes to the Company's corporate value, and extra care has been used to secure the interests of the general shareholders of the Company 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 Company. 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 Company.

- (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

In order to ensure fairness and appropriateness of the decision-making, the Company's Board of Directors and the Special Committee have appointed Nagashima Ohno & Tsunematsu, and Morrison & Foerster LLP as its legal advisors independent from the Tender Offeror and the Company, and have obtained legal advice from both firms on various procedures for the Transaction, the decision-making methods and process of the Company'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 Tender Offeror or the Company 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

The Company's Board of Directors and the Special Committee appointed UBS Securities as their own financial advisor and third-party valuation institution independent from the Tender Offeror and the Company, and requested UBS Securities to evaluate the value of the Company Shares as stated in "i. Company's Obtainment of Share Valuation Reports from Independent Third-party Valuation Institutions" under "3. Matters relating to Valuation" above. As a result of the examination of the calculation method in the Tender Offer, UBS Securities calculated the value of the Company Shares using each method of average market price analysis, comparable company analysis, and DCF analysis. The Company obtained from UBS Securities the Share Valuation Report (UBS Securities) dated March 23, 2023. The Company has not obtained any opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from UBS Securities. In addition, UBS Securities is not a related party of the Tender Offeror or the Company, and does not have any material interests that need to be indicated with respect to the Transaction.

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

In order to ensure fairness and appropriateness in leading the Process and examining the Transaction, the Company's management team appointed Nishimura & Asahi as its own legal adviser independent from the Tender Offeror and the Company 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 Tender Offeror or the Company and does not have any material interests that need to be indicated with respect to the Transaction.

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

The Company's management team appointed Nomura Securities as its own financial advisor and third-party valuation institution independent from the Tender Offeror and the Company, and requested Nomura Securities to evaluate the value of the Company Shares as stated in "i. Company's Obtainment of Share Valuation Reports from Independent Third-party Valuation Institutions" under "3. Matters relating to Valuation" above. As a result of examination of calculation method in the Tender Offer, Nomura Securities calculated the value of the Company Shares using each method of average market price analysis, comparable company analysis, and DCF analysis. The Company obtained from Nomura Securities the Share Valuation Report (Nomura Securities) dated March 23, 2023. The Company 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 Tender Offeror or the Company, 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 Company

The Company'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 Company" under "2. Grounds and Reasons for Opinion" above, at the Board of Directors meeting held on August 7, 2023, with all 11 directors of the Company participating in the deliberations and resolutions, the Company resolved, as the current opinion of the Company, 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

As described above in "i. Implementation of Bidding Procedures" above, the Company 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 Company to actively conduct market checks through public bidding processes. Further, while the Company was maintaining its competitiveness, the Company also established evaluation

criteria from the viewpoints of enhancing corporate value and maximizing shareholder value and selected the Tender Offeror by conducting comprehensive assessments rationally based on these evaluation criteria. Accordingly, the Company believes that it has secured sufficient opportunities for the purchase of the Company Shares by persons other than the Tender 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 and a half has been secured between the announcement of the Tender Offer Price and other terms of the Transaction in the March 23 Disclosure Material and the filing date of this Statement. Accordingly, the Company believes that there are sufficient opportunities for the Company'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 Tender Offeror to purchase the Company Shares based on the terms of the Transaction.

As stated in "7. Important Agreements, etc. on the Tender Offer" below, the Tender Offer Agreement has a clause to the effect that the Company, 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 ordinary shares of the Company and transactions to dispose of all or a substantial part of the shares or businesses of the Company Group, whether through a tender offer, restructuring or otherwise; the "**Competitive Transactions**"). Accordingly, the Company cannot actively encourage other acquirers to offer takeover proposals. However, as mentioned above, in light of the fact that the Company 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 Company 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 Company receives a specific and feasible proposal (a "**Counter Proposal**") in a written form proposing the acquisition of all of the Company's ordinary 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

Company is permitted to conduct negotiations on such Counter Proposal.

In addition, as stated in “7. Important Agreements, etc. on the Tender Offer” below, under the Tender Offer Agreement, if the Company receives a Counter Proposal, the Company may alter or withdraw its opinion supporting the Tender Offer on the condition that (A) the Company 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 Company of their duty of care, (B) the Company promptly notifies the Tender Offeror of the receipt of the Counter Proposal and the opinion, and forthwith enters into good faith negotiations with the Tender 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 Tender 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 Company, the Company shall be required to pay a breakup fee of 2 billion yen to the Tender Offeror. Nevertheless, the level of this breakup fee is approximately 0.1 percent 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 Company and the Tender Offeror have devoted considerable resources in continuing to review the Transaction and have already solicited strategic proposals for the Company through the proactive 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 Company 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 Company’s shareholders to support the Transaction or inhibit the opportunity for the Company to receive a counter proposal that is more desirable to the shareholders.

ix. Measures to Ensure that the Company’s Shareholders Have Opportunity to Make

Appropriate Decisions as to Whether to Tender Their Shares in the Tender Offer

According to the Tender Offeror, as stated in “5. 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 Company’s shareholders who do not tender their shares (excluding the Tender Offeror and the Company), 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 be the same amount as the amount obtained by multiplying the Tender Offer Price by the number of the Company Shares held by such shareholders; and therefore, it is fair to say that the Tender Offeror ensures an

opportunity for the Company'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 Tender 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 Tender Offeror ensures that the Company's shareholders have an opportunity to make an appropriate decision on whether to tender their shares in the Tender Offer.

7. Important Agreements, Etc. on the Tender Offer

In implementing the Tender Offer, the Tender Offeror and the Company have entered into the Tender Offer Agreement as of March 23, 2023 (the "**Tender Offer Agreement**").

Under the Tender Offer Agreement, the Company must, (i) until the last day of the Tender Offer Period, maintain the Affirmative Opinion and shall not alter or withdraw the Affirmative Opinion, as long as the Special Committee's opinion submitted to the Company's Board of Directors to the effect that it is appropriate for the Board of Directors to issue the Affirmative Opinion has not been modified or withdrawn, and (ii) cooperate with the Tender Offeror's actions toward the successful consummation of the Tender Offer to the extent consistent with the Affirmative Opinion and commercially reasonable, as long as the Affirmative Opinion has been maintained.

Further, the Company shall not, and cause its subsidiaries not to, conduct the Negotiations on Competitive Transactions. If the Company receives, or becomes aware of its subsidiaries receiving any proposal regarding Competitive Transactions, the Company shall immediately notify the Tender Offeror of the receipt and details of such proposal to the knowledge of the Company and to the extent reasonable, and discuss with the Tender Offeror possible actions.

In addition, if a third party other than the Tender Offeror makes proposals for a Counter Proposal without the Company's breach of the prohibition on the Negotiations on Competitive Transactions by the Company, the Company may (i) prior to the consummation of the Tender Offer, discuss, negotiate, provide information or respond to such proposal, and (ii) alter or withdraw the Affirmative Opinion on condition that (x) the Company 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 Company of their duty of care, (y) the Company promptly notifies the Tender Offeror of the receipt of the said Counter Proposal and the opinion, and forthwith enters into good faith negotiations with the Tender 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 (z) as a result of such negotiations, the Tender 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 Company, the Company shall be required to pay a breakup fee of 2 billion yen to the Tender Offeror.

The Tender Offer Agreement also provides that (i) the Tender Offeror shall, in order to obtain the Clearances by the date elapsing six months from March 23, 2023 (the “**Outside Date**”), (a) make its best efforts, (b) dispose of all or part of its assets or business, change its organization, enter into agreements with third parties, or cancel or amend existing agreements or take any other measures (the “**Remedies**”), and (c) in case if any Remedies involving the Company Group are required, not implement such Remedies without the Company’s consent, and (ii) the Company shall reasonably cooperate, or cause its subsidiaries to reasonably cooperate, and make its commercially reasonable best efforts to ensure that the members of the Company Group other than subsidiaries will cooperate with, the Tender Offeror’s efforts to obtain the Clearances. In addition, under the Tender Offer Agreement, the Company or the Tender Offeror may terminate the Tender Offer Agreement if the Tender Offer is not commenced by the Outside Date for any reason not attributable to itself; provided that, if the Tender Offer is not commenced by the Outside Date due to the failure to satisfy or waive the Conditions Precedent pertaining to the obtaining of the Clearances despite the satisfaction or waiver of the rest of the Conditions Precedent, and as a result, the Tender Offer Agreement is terminated, then the Company shall be entitled to receive from the Tender Offeror the RBF, except where the failure to obtain the Clearances is mainly due to (x) a breach of the Company’s obligation to cooperate in obtaining the Clearances as described above or failure to obtain the necessary cooperation from the members of the Company Group, (y) the Company’s withholding, delay or refusal to provide consent to Remedies involving the Company Group (provided that no other Remedy is available), (z) suspension of functions of any relevant governmental authorities having jurisdiction over the procedures for the Clearances, or (v) force majeure.

Finally, the Tender Offer Agreement provides matters relating to the terms of the Transaction, representations and warranties by the Tender Offeror and the Company (Note 1), and certain obligations of the Company until the completion of the Transaction (Note 2) in addition to the above, and also provides that the Tender Offeror may implement the Tender Offer subject to the satisfaction of the Conditions Precedent (or the waiver thereof upon the Tender Offeror's agreement with the Company or at its discretion, as the case may be). In addition, the Tender Offer Agreement may be terminated if (i) the Tender Offer is not commenced by the Outside Date for any reason not attributable to the terminating party, or (ii) the Affirmative Opinion is withdrawn or altered, as described above. The Tender Offer Agreement may also be terminated

if (iii) the other party is in breach of any of its obligations under the Tender Offer Agreement (limited to the case where such breach has a material adverse effect) and such breach has not been cured within ten (10) Business Days of written notice, (iv) the other party is in breach of any of its representations and warranties under the Tender Offer Agreement (limited to the case where such breach has a material adverse effect), or (v) there is a commencement of or filing of a petition for bankruptcy proceedings against the other party.

(Note 1) Under the Tender Offer Agreement, the Tender Offeror makes representations and warranties on (i) the validity of its incorporation and existence, (ii) the legal capacity and ability necessary for the execution and performance of the Tender Offer Agreement, (iii) the validity and enforceability of the Tender Offer Agreement, (iv) the absence of conflict with laws and regulations in executing and performing the Tender Offer Agreement, (v) the absence of transactions or involvement with antisocial forces, (vi) no bankruptcy proceeding, (vii) there are no filings under the competition laws and regulations and investment control laws or other procedures with government agencies of other authorities that are required to be obtained in order to execute the Transaction, other than the Clearances, (viii) the sufficiency of funds for this Transaction. On the other hand, under the Tender Offer Agreement, the Company makes representations and warranties on (i) the validity of its incorporation and existence, (ii) the legal capacity and ability necessary for the execution and performance of the Tender Offer Agreement, (iii) the validity and enforceability of the Tender Offer Agreement, (iv) the absence of conflict with laws and regulations in executing and performing the Tender Offer Agreement, (v) the absence of transaction or involvement with antisocial forces, (vi) no bankruptcy proceedings, (vii) the accuracy of the Company's annual securities reports, and (viii) the accuracy of certain information that the Company disclosed to the Tender Offeror.

(Note 2) The Tender Offer Agreement provides the Company's covenants to (i) operate in the ordinary course of business; (ii) notify the Tender Offeror of any breach of representations and warranties by the Company; (iii) procure resignation letters from the incumbent directors of the Company as of the Business Day immediately preceding the commencement date of the Tender Offer; (iv) hold prior discussions with the Tender Offeror regarding the agenda for the Company's annual general meeting of shareholders for the FY2023; (v) grant the Tender Offeror access to the Company Group's information; (vi) cooperate with the Tender Offeror's financing for this Transaction; and (vii) disclose material non-public information.

Additionally, as the management policy of the Company Group's after the Transaction, the Tender Offeror shall (i) commit to the following matters and work in good faith to implement

them, and (ii) based on good faith discussions with the Company, determine the composition of the Company's Board of Directors and managements after the completion of the Transaction by the time of completion of the Transaction.

- (i) By privatizing the Company, establish a stable shareholder base to support new growth, and establish and operate a stable management structure to execute business strategies that maximize the Company Group's potential growth.
- (ii) Through the stable management structure based on the preceding (i), maintain and develop the Company Group's customer basis, particularly its important business partners, and implement growth strategies that utilize new technologies developed by the Company Group.
- (iii) To significantly enhance the corporate value of the Company Group through making the workplace more rewarding for all of its officers and employees.

IV. 【Number of the Share Certificates, Etc. Owned by Officers and the Number of Voting Rights Pertaining to Such Share Certificates, Etc. 】

| Name | Title and Position | Number of Shares Owned (shares) | Number of Voting Rights (units) |
|-----------------------|--|---------------------------------|---------------------------------|
| Akihiro Watanabe | Outside Director Chairperson of the Board of Directors Vice Chairperson, Nomination Committee Vice Chairperson, Special Committee | 4,830 | 48 |
| Taro Shimada | Director Representative Executive Officer President and Chief Executive Officer | 29,195 | 291 |
| Paul Brough | Outside Director Member, Nomination Committee Vice Chairperson, Special Committee | 0 | 0 |
| Ayako Hirota Weissman | Outside Director Chairperson, Compensation Committee Member, Special Committee | 2,000 | 20 |
| Jerry Black | Outside Director Member, Nomination Committee Chairperson, Special Committee | 10,415 | 104 |
| Raymond Zage | Outside Director Chairperson, Nomination Committee Member, Special Committee | 378,140 | 3,781 |
| Katsunori Hashimoto | Outside Director Chairperson, Audit Committee | 9,659 | 96 |

| | | | |
|-----------------|---|--------|-----|
| | Member, Nomination Committee | | |
| Mikio Mochizuki | Outside Director Member, Audit Committee Member, Compensation Committee | 4,395 | 43 |
| Ayumi Uzawa | Outside Director Member, Audit Committee Member, Compensation Committee | 4,395 | 43 |
| Eijiro Imai | Outside Director Member, Compensation Committee Member, Special Committee | 0 | 0 |
| Nabeel Bhanji | Outside Director Member, Special Committee | 0 | 0 |
| Takayuki Konno | Representative Executive Officer Corporate Executive Vice President General Executive, Marketing Div., Battery Div. and Branch Offices, Responsible for Infrastructure Systems business, Responsible for Building Solutions Business, Assistant to Corporate Senior Vice President Yotsuyanagi (Toshiba Plant Systems & Services Corporation) | 24,732 | 247 |
| Hiroyuki Sato | Representative Executive Officer Corporate Executive Vice President Responsible for Electronic Devices & Storage business | 17,184 | 171 |
| Keiichi Yumita | Executive Officer Corporate Senior Vice President General Executive, Information Systems Div. and Business Process Re-engineering Div. | 15,045 | 150 |
| Tsutomu Kamijo | Executive Officer Corporate Senior Vice President General Executive, Procurement Div. and Corporate Production Planning Div., Assistant to Corporate Senior Vice President Sata (Corporate Manufacturing Engineering Center) | 15,461 | 154 |
| Shunsuke Okada | Executive Officer Corporate Senior Vice President General Executive, Cyber-Physical Systems x Design Div., and Digital Innovation Technology Center, | 9,311 | 93 |

| | | | |
|--------------------|---|--------|-----|
| | Assistant to Corporate Senior Vice President Haruyama (Next Business Development Div.), Responsible for Digital Solutions business | | |
| Takamasa Mihara | Executive Officer Corporate Senior Vice President General Executive, Human Resources and Administration Div. and Corporate Communication Div. | 11,924 | 119 |
| Tadasu Yotsuyanagi | Executive Officer Corporate Senior Vice President General Executive, Negative Emission Project Team, Sustainability Management Div., and WEC Div., Responsible for Energy System business | 5,731 | 57 |
| Yutaka Sata | Executive Officer Corporate Senior Vice President General Executive, Corporate Technology Planning Div., Research & Development Center, and Corporate Manufacturing Engineering Center, Assistant to Corporate Senior Vice President Haruyama (Next Business Development Div.) and Assistant to Corporate Senior Vice President Okada (Digital Innovation Technology Center) | 7,818 | 78 |
| Masaki Haruyama | Executive Officer Corporate Senior Vice President General Executive, Strategic Planning Div. and Next Business Development Div. | 8,077 | 80 |
| Yasuhiro Matsunaga | Executive Officer Corporate Vice President and Chief Financial Officer General Executive, Finance & Cash Management Div. and Accounting Div. | 8,467 | 84 |
| Ayumi Wada | Executive Officer Corporate Vice President General Executive, Legal & Compliance Div. | 7,511 | 75 |
| Yuko Hirai | Executive Officer Corporate Vice President General Executive, Internal Audit Div. Vice President, Audit Committee Office | 5,129 | 51 |
| Toru Masuyama | Executive Officer Corporate Vice President General Executive, Project Monitoring & Oversight Div. and Quality Promotion Div. | 0 | 0 |

| | | | |
|-----------------|--|---------|-------|
| Tomoaki Kumagai | Executive Officer Corporate Vice President General Executive, Global Strategy & Business Development and Global Strategy & Business Development Div. | 0 | 0 |
| Total | 25 persons | 579,419 | 5,785 |

(Notes) 1. The number of shares owned and the number of voting rights are those as of June 30, 2023.

2. The number of shares owned and the number of voting rights as stated in the table above include the respective numbers of the shares and voting rights that have been identified by the Company as being beneficially owned by each officer.

V. 【Details of Inappropriate Profits Received from the Tender Offeror or its Specially Related Parties】

None.

VI. 【Policy for Responses Regarding Basic Policies on Control of the Company】

None.

VII. 【Inquiries to the Tender Offeror】

None.

VIII. 【Request for Extension of the Tender Offer Period】

None.

End.