



February 17, 2023

FOR IMMEDIATE RELEASE

Company Name:	Conexio Corporation
Representative:	Hiroshi Suguta, President
Listed Exchange:	Tokyo Stock Exchange Prime Market
Code No.:	9422
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Notice of Decision by NCX Corporation to Make a Share Sale Demand, the Company's Approval for the Share Sale Demand, and Delisting of Shares of the Company

As Conexio Corporation (hereinafter “the Company”) notified in the “Notice of the Results of the Tender Offer for Shares of the Company by NCX Corporation and Change in a Parent Company and the Largest Shareholder that is a Major Shareholder of the Company” dated February 10, 2023, NCX Corporation (hereinafter “NCX”) undertook a tender offer for the common stock of the Company (hereinafter “the shares of the Company”) from December 23, 2022 (hereinafter “the Tender Offer”). As a result, NCX came to hold 42,064,350 shares of the Company (ownership ratio (Note): 94.02%) and became a special controlling shareholder provided for by the Companies Act (Act No. 86 of 2005, including any subsequent amendments thereto; the same applies hereinafter) (hereinafter “the Special Controlling Shareholder”) of the Company on February 16, 2023, which is the settlement start date of the Tender Offer.

Note: “Ownership ratio” is calculated (rounded to the third decimal place) using as the denominator number of voting rights (447,377) pertaining to the number of shares (44,737,744 shares) calculated as follows: the total number of shares outstanding as of December 31, 2022 (44,737,938 shares) stated in the Third Quarterly Report for the 26th Fiscal Year of the Company submitted on February 10, 2023 less the number of treasury shares (194 shares) held by the Company as of December 31, 2022 stated in the financial summary for the third quarter of the fiscal year ending March 2023 published by the Company on January 30, 2023.

The Company has been informed by NCX that, following the coming into effect of the Tender Offer that has resulted in its ownership of 90% or more of voting rights of all shareholders of the Company, as described in “(5) Policy on Matters Including Restructuring after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the “Notice of Statement of Opinion Concerning the Tender Offer for Shares of the Company by NCX Corporation” (hereinafter “the Opinion Press Release”) announced on December 22, 2022, NCX has decided today to made a demand for sale by all shareholders of the Company (excluding NCX and the Company; hereinafter “the Selling Shareholders”) of all of their shares of the Company (hereinafter “Shares Subject to Share Sale Demand”) to NCX (hereinafter “Share Sale Demand”) pursuant to the provisions of Article 179, paragraph (1) of the Companies Act, as part of a series of transactions to acquire all shares of the Company (excluding the shares of the Company held by NCX and the treasury shares held by the Company) and achieve the delisting of the shares of the Company (hereinafter “the Transaction”).

The Company hereby issues notice that after receiving a notice of the Share Sale Demand from NCX today, the Board of Directors of the Company has resolved at its meeting held today to approve the Share

Sale Demand as described below.

The Company also notifies that as a result of its approval for the Share Sale Demand, the shares of the Company have met the delisting criteria of Tokyo Stock Exchange, Inc. (hereinafter “Tokyo Stock Exchange”) and will be delisted on March 17, 2023 after they are designated as “Securities to be Delisted” during the period from today to March 16, 2023. Shareholders are advised that after the delisting, the shares of the Company can no longer be traded on the Tokyo Stock Exchange Prime Market.

1. Overview of the Share Sale Demand

(1) Overview of the Special Controlling Shareholder

(1) Name	NCX Corporation
(2) Address	1-1-1 Minami-Saiwai, Nishi-ku, Yokohama City, Kanagawa Prefecture
(3) Name and Title of Representative	Hiroshi Nojima, Representative Director
(4) Overview of Business	Acquisition and holding of the shares of the Company
(5) Capitalization	50 million yen
(6) Date of Establishment	November 22, 2022
(7) Major Shareholders and Shareholding Ratios	Nojima Corporation 100.00%
(8) Relationship with the Company	
Capital Relations	NCX Corporation holds 42,064,350 shares of the Company (ownership ratio: 94.02%) as of today.
Personal Relations	None
Business Relations	None
Conditions applicable to the Concerned Parties	NCX Corporation is a parent company and a related party of the Company.

(2) Schedule of the Share Sale Demand

Sale Demand Date	February 17, 2023 (Friday)
Date of Resolution of the Board of Directors of the Company	February 17, 2023 (Friday)
Final Trading Date	March 16, 2023 (Thursday) (scheduled)
Delisting Date	March 17, 2023 (Friday) (scheduled)
Acquisition Date	March 22, 2023 (Wednesday) (scheduled)

(3) Consideration for Sale

1,911 yen per share of common stock

2. Details of the Share Sale Demand

The Company has received a notice of Share Sale Demand from NCX today, and the contents of the notice is summarized as follows:

- (1) When Choosing Not to Make a Share Sale Demand to a Wholly Owned Subsidiary Corporation of the Special Controlling Shareholder, to That Effect and the Name of Such Wholly Owned Subsidiary Corporation of the Special Controlling Shareholder (Article 179-2, paragraph (1), item (i) of the Companies Act)

Not applicable.

- (2) The Amount of Money to Be Delivered to the Selling Shareholders as a Consideration for the Shares

Subject to Share Sale Demand and Matters Concerning the Allotment of Such Money (Article 179-2, paragraph (1), items (ii) and (iii) of the Companies Act)

NCX will allot and deliver to the Selling Shareholders 1,911 yen per share of their Shares Subject to Share Sale Demand as a consideration for the Shares Subject to Share Sale Demand (hereinafter “Consideration for Sale”).

- (3) Matters Concerning Any Share Option Sale Demand (Article 179-2, paragraph (1), item (iv) of the Companies Act)

Not applicable.

- (4) The Day on Which the Special Controlling Shareholder Will Acquire the Shares Subject to Share Sale Demand (hereinafter “the Acquisition Date”) (Article 179-2, paragraph (1), item (v) of the Companies Act)

March 22, 2023

- (5) Means of Securing Funds for the Payment of the Consideration for Sale (Article 179-2, paragraph (1), item (vi) of the Companies Act; Article 33-5, paragraph (1), item (i) of the Regulations for Enforcement of the Companies Act)

NCX plans to pay the full amount of the Consideration for Sale by using the funds borrowed through the loan agreement entered into by and between NCX and Nojima Corporation (hereinafter “Nojima”) on February 15, 2023 and other loan agreements to be entered into by and between them in the future as well as the funds secured through the capital contribution under the share underwriting agreement for the total shares of NCX entered into by and between them on February 10, 2023. No event has occurred at NCX that will cause any problem for NCX to secure funds for the payment of the Consideration for Sale, and no specific risk that such an event will occur in the future has been recognized.

- (6) Any Other Terms and Conditions of the Share Sale Demand (Article 179-2, paragraph (1), item (vi) of the Companies Act; Article 33-5, paragraph (1), item (ii) of the Regulations for Enforcement of the Companies Act)

The Consideration for Sale will be delivered, within a reasonable period after the Acquisition Date, to the addresses of Selling Shareholders entered or recorded in the latest shareholder register of the Company on the day immediately preceding the Acquisition Date or other places notified to the Company by each Selling Shareholder, in accordance with the Company’s method of delivery of dividend property. However, if the Consideration for Sale cannot be delivered by the method specified above, the Consideration for Sale will be delivered to Selling Shareholders by a method specified by the Company as a method of delivery of the Consideration for Sale at the location of the head office of the Company (or by a method and at a place specified by NCX if any such method or place has been specified by NCX for the delivery of the Consideration for Sale).

3. Grounds and Reasons for the Decision to Approve the Share Sale Demand

- (1) Grounds and Reasons for the Decision to Approve the Share Sale Demand

The Share Sale Demand will be made as part of the Transaction, and the Consideration for Sale has been set at the same price as the tender offer price per share of the Company in the Tender Offer (hereinafter “the Tender Offer Price”).

As described in “(ii) Process and Reasoning Behind Decision-Making at the Company” of “(3) Business Environment Surrounding the Company, Management Issues of the Company, and the Process and Reasoning Behind Decision-Making at the Company” in “(2) Grounds and Reasons Behind the Opinion Concerning the Tender Offer” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release, the Board of Directors of the Company, at its meeting held on December 22, 2022, resolved to state its opinion in favor of the Tender Offer and recommend that shareholders of the Company tender their shares in the Tender Offer based on the following judgment.

In early July 2022, we received a request from our then-parent company, ITOCHU Corporation (hereinafter “ITOCHU”), as part of a business portfolio review, to consider our capital policy, including

the sale of shares that they own in the Company. We then commenced discussions with ITOCHU regarding the capital policies concerning both companies. We also carefully considered various options to maximize the benefits for not only ITOCHU but also our minority shareholders and further enhance our corporate value through a change in our shareholder composition. As a result, both the Company and ITOCHU decided that it was desirable to conduct a bidding process (the “Bidding Process”) in mid-August 2022 for the sale of the Company’s shares owned by ITOCHU to several candidates who have shown a strong interest in the Company’s business in order to maximize shareholder returns and further accelerate the Company’s growth in the future in order to implement the Company’s capital policy. Please note that in early August of the same year, the Company appointed Frontier Management Inc. (hereinafter, “Frontier Management”) as its financial advisor and Nomura & Partners as its legal advisor. Frontier Management has a long-standing relationship with the Company through consultations regarding the Company’s capital policy and M&A activities. Nomura & Partners has a long-standing relationship with the Company through providing advice regarding legal matters and in this instance has been appointed as our legal advisor. Based on this decision, ITOCHU began sounding out 11 companies (six operating companies and five investment funds), including Nojima, through Nomura Securities Co., Ltd. (hereinafter “Nomura Securities”) from the beginning of September 2022 regarding the Company’s capital policy, including the sale of the Company’s shares held by ITOCHU. ITOCHU then initiated the first tender process with several candidates who were interested in participating in the bidding process, and in late October of the same year the candidates submitted their letters of intent. After careful consideration of their contents and discussions with the Company, ITOCHU selected the candidates to be invited to participate in the second tender process. Subsequently, in mid-October 2022, ITOCHU began the second tender process, and after due diligence by the candidates, in mid-November 2022 we received the second letter of intent from the candidates. On November 15, 2022, ITOCHU carried out a comprehensive review of the total share value, the direction of business strategy after the Transaction, the positive and negative synergistic effects, the treatment of employees, and the governance structure described in “(ii) Management Policy After the Tender Offer and the Transaction” under “2) Background, Objectives, and Decision-Making Process Leading to the Tender Offeror’s Decision to Execute the Tender Offer, and Management Policy Following the Tender Offer and the Transactions” in “(2) Grounds and Reasons Behind the Opinion Concerning the Tender Offer” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release and concluded that Nojima was the most suitable buyer. The Company also conducted a comprehensive review of the same matters and gave additional thought to the information obtained at the hearing with Nojima, focusing on management policies, etc., after the Transaction. Specifically, although there are concerns that some of our business deals may be affected after joining the Nojima Group (meaning a corporate group comprising Nojima and its 26 subsidiaries and one affiliated company; hereinafter the same applies), we believe that the integration of our main business, the carrier store business, will further strengthen our position as an agent in an environment where the business environment is expected to deteriorate over the medium to long term, and we expect to generate profits by further improving the efficiency of our shop operations and by further integration of DX. In order to continue our business and improve our corporate value from a medium- to long-term perspective, we have determined that the best option to fully achieve the enhancement of our corporate value is to realize profit generation in the carrier store business, which is our main business, to rebuild an operating structure that enables flexible and agile decision-making not limited by short-term stock market valuations by taking our shares private, and to maximize use of management support by Nojima, and on November 15, 2022 we concluded that the proposal by Nojima, including a stock valuation of 86.5 billion Yen, and a Tender Offer Price of 1,933 Yen is best and will maximize minority shareholder interests and contribute to further accelerating our future growth and improving our corporate value. There were no candidates who offered more favorable terms for our shareholders than Nojima regarding the Tender Offer Price. (Please refer to “(ii) Management Policy After the Tender Offer and the Transaction” in “2) Background, Objectives, and Decision-Making Process Leading to the Tender Offeror’s Decision to Execute the Tender Offer, and

Management Policy Following the Tender Offer and the Transactions” in “(2) Grounds and Reasons Behind the Opinion Concerning the Tender Offer” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release for the management policy, etc., after the Transaction, including business strategies and synergistic effects after the Transaction is executed).

Subsequently, in the course of discussions with ITOCHU regarding various terms and conditions etc. concerning the application to the Tender Offer, Nojima expected that some of the assumptions for the Tender Offer Price that it had presented in its second letter of intent would change, and on November 24, 2022 it therefore proposed to ITOCHU in writing that the Tender Offer Price be set at 1,911 Yen. In response, Nojima received a notice from ITOCHU on November 28, 2022 on the assumption that the Tender Offer Price and the terms and conditions of the application for the Tender Offer would be subject to continuing discussions, and a written notice of the grant of exclusive negotiating rights with respect to the Transaction, and on December 2, 2022, ITOCHU, through its financial advisor Nomura Securities, responded to Houlihan Lokey Corporation (hereinafter “Houlihan Lokey”) that it intended to accept the Tender Offer if the Tender Offer Price was 1,911 Yen or greater. Subsequently, Nojima and ITOCHU further discussed and negotiated the terms and conditions of the application for the Tender Offer, and Nojima reached an agreement with ITOCHU on December 2, 2022 on the details of the tender agreement (hereinafter “the Tender Agreement”) including the Tender Offer Price of 1,911 Yen per share.

On December 2, 2022, the Company requested that Nojima consider setting the Tender Offer Price at 1,997 Yen, taking into account the results of the share value estimation of the Company’s shares by Frontier Management, the trend in the market price of the Company’s shares, the future prospects of the Company’s business and other factors, as well as the opinion of the Independent Committee. In response to this request, and based on the above discussions with ITOCHU, Nojima proposed in writing to the Company on December 7, 2022 that the Tender Offer Price be set at 1,911 Yen, and also responded in writing to the Company’s request that the Tender Offer Price of 1,911 Yen was proposed after careful consideration of the economic rationality for Nojima based on business and financial information obtained through due diligence on the Company and interviews with the Company’s management, and that it was difficult to raise this Tender Offer Price from 1,911 Yen since there were no further reasons to increase the amount. In response to Nojima, we considered the results of the share value estimation of the Company’s shares by Frontier Management and the opinions of the Independent Committee, and thus reached the conclusion that the decision that the proposal from Nojima would maximize the interests of minority shareholders and contribute to further acceleration of the Company’s growth and improvement in corporate value in the future would not change, and we communicated our acceptance of this Tender Offer Price of 1,911 Yen to Nojima on December 13, 2022.

On December 7, 2022, the Company requested that Nojima execute an agreement (hereinafter “the Agreement”) between the Company, Nojima and NCX regarding the terms and conditions of employment for employees of the Company and its subsidiaries following the Transaction, and discuss and negotiate the treatment of terms and conditions of employment for employees of the Company and its subsidiaries following the Transaction. The Company and Nojima then agreed to the terms of the Agreement on December 16, 2022.

During the review process, although the Company considered the possibility of maintaining the Company listing as a natural obligation of a listed company, it decided to accept the implementation of this bidding process based on the Scheme in principle. As ITOCHU had the intention to sell all of its shares to the Scheme using a method that enables the sale of all of its shares, and the final proposal by the candidates in this bidding process was based on the Scheme, as stated above the proposal from Nojima was considered most conducive to maximizing minority shareholder interests and further growth and enhancement of corporate value of the Company. Furthermore, given that the Tender Offer Price was appropriate as described below, it is currently not possible to provide the Company’s minority shareholders with an opportunity to sell Company shares at an appropriate price, and we have come to the conclusion that it is the best choice in consideration of the interests of our shareholders. Furthermore,

since this scheme will not cause any particular change in the treatment of our employees or corporate structure, there will be no impact on our employees as a result of this transaction, and since we expect our carrier store business, which we have expanded nationwide, to remain unchanged, there will be no impact on consumers or employment in each local community. In this regard as well, we have determined that sufficient attention has been paid to matters requiring consideration. Please refer to “5) Establishment of an Independent Committee and Obtaining a Written Report from the Independent Committee at the Company” in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release for a discussion of the possibility of maintaining the listing and maximizing the interests of minority shareholders in the Company.

Furthermore, taking into consideration the fact that the Transaction is subject to the execution of the Tender Agreement between either of the candidates ultimately selected as the purchaser and ITOCHU, the then-parent company of the Company, and that the interests of ITOCHU and the minority shareholders of the Company may not necessarily coincide, the Company requested Frontier Management, a third party appraiser independent of the Company, NCX and ITOCHU, to conduct a valuation of the Company’s shares as described in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release, in order to ensure fairness in the Tender Offer and eliminate arbitrariness in decision-making regarding the Transaction and ensure fairness, transparency and objectivity in the decision-making process of the Company, and to avoid any conflict of interest. Furthermore, we have requested Nomura Sogo Law Office, a law firm independent of the Company, NCX, and ITOCHU, to make decisions regarding the Tender Offer and the subsequent series of procedures, including the method and process of decision-making by the Board of Directors of the Company, and have requested legal advice on points to keep in mind when making decisions. Furthermore, in order to ensure the fairness of the Tender Offer, eliminate arbitrariness in decision-making regarding the Transaction, ensure fairness, transparency and objectivity in the Company’s decision-making process, and to avoid conflicts of interest, an independent committee consisting of members being independent of the Company, NCX and ITOCHU, and having no interests in ITOCHU, was established on August 25, 2022. For details of these measures, please refer to “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release.

Based on the share valuation report date December 21, 2022 obtained from Frontier Management (hereinafter, “the Company Share Valuation Report”) and legal advice from Nomura Sogo Law Office, and while fully respecting the deliberations of the Independent Committee and the report submitted by the Independent Committee dated December 21, 2022 (hereafter, the “Report”), we have investigated the terms and conditions of the Transaction from the perspective of improving corporate value. As a result, with regard to the Tender Offer Price, the Company decided to take measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the purchase price and to avoid conflicts of interest, as described below. The calculation result for the share value of the Company’s shares in the Company’s share valuation report by Frontier Management described in “3) Obtaining a Share Valuation Report from an Independent Third-Party Appraiser for the Company” in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release, and the discounted cash flow method exceeds the upper limit of the range of calculation results based on the average market share price method and the comparable company comparison method, and is 60.59% of the closing price of 1,190 Yen for the Company’s shares on the Tokyo Stock Exchange Prime Market on December 21, 2022, the business

day before the announcement date of the Tender Offer (Rounded to the third decimal place. The same shall apply hereafter in calculation of the premium on the share price). Furthermore, based on a premium of 57.28% added to the simple average closing price of 1,215 Yen for the past week from December 15, 2022 to December, 21, 2022 (rounded to the nearest whole number, hereafter the same shall apply in the calculation of the simple average closing price), a premium of 57.93% added to the simple average closing price of 1,210 Yen for the past month from November 22, 2022 to December 21, 2022, a premium of 62.92% added to the simple average closing price of 1,173 Yen for the past three months from September 22, 2022 to December 21, 2022, and a premium of 53.62% added to the simple average closing price of 1,244 Yen for the past six months from June 22, 2022 to December 21, 2022, and even compared to the average premium level of 102 cases (42.06% of the share price on the business day before the publication date, 45.99% of the simple average closing price for the past one month up to the business day before the publication date, and the past three months up to the business day before the publication date 49.84% of the simple average closing price of 2019, 51.38% of the simple average closing price for the past six months up to the business day before the announcement date) completed using a tender offer announced after June 28, 2019, when the Ministry of Economy, Trade and Industry announced the Guidelines for Fair M&A, the price includes a considerable premium, and recognizing that measures have been taken to ensure the fairness of the Tender Offer and that consideration has been given to the interests of the Company's minority shareholders as described in (6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release, and a comprehensive evaluation based on the fact that the price was determined after taking measures to ensure the fairness of the Tender Offer, we have determined that the Tender Offer Price is reasonable and that the Tender Offer will provide our shareholders with a reasonable opportunity to sell their shares.

In light of the above, the Company's Board of Directors, by resolution dated December 22, 2022, has decided to express its opinion in favor of the Tender Offer and recommend that the Company's shareholders tender their shares in the Tender Offer. The above resolution of the Board of Directors was resolved in the manner described in "6) Approval by all Directors with No Interests in the Company, and the Opinion of Non-Objection by all Company Auditors" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release.

Based on this judgment, the Company has determined that the Transaction enhance the corporate value of the Company and that the terms and conditions of the Transaction including the Tender Offer Price are appropriate, and the Board of Directors of the Company, at its meeting held on December 22, 2022, resolved to state its opinion in favor of the Tender Offer and recommend that shareholders of the Company tender their shares in the Tender Offer.

The above resolution of the Board of Directors was resolved in the manner described in "6) Approval by all Directors with No Interests in the Company, and the Opinion of Non-Objection by all Company Auditors" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release.

Subsequently, on February 10, 2023, the Company was informed by NCX of the results of the Tender Offer that NCX would acquire all 42,064,350 shares of the Company that had been tendered. As a result, as of February 16, 2023 (the settlement start date of the Tender Offer), the voting rights ownership ratio of NCX reached 94.02%, and NCX became a Special Controlling Shareholder of the Company.

Following these developments, the Company has been informed by NCX today that it will make the Share Sale Demand as part of the Transaction as described in "(5) Policy on Matters Including Restructuring after the Tender Offer (Matters Concerning the So-Called Two-Step Acquisition" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release.

At its meeting held later today, the Board of Directors of the Company has resolved to approve the Share Sale Demand as notified by NCX as it has determined that the Share Sale Demand duly takes into consideration the interest of Selling Shareholders and its terms and conditions are appropriate mainly for the following reasons: (i) The Share Sale Demand will be made as part of the Transaction, and the Company concluded, at its Board of Directors meeting held on December 22, 2022, that the Transaction will enhance the corporate value of the Company. There have been no special circumstances that indicate the occurrence of any unexpected change in the circumstances on which the conclusion was based; (ii) The Consideration for Sale of 1,911 yen per share of the Shares Subject to Share Sale Demand is the same price as the Tender Offer Price. Given the fact that measures to ensure the fairness of the Transaction, including the procurement of the Report, were taken in determining the Tender Offer Price, the Consideration for Sale is also a reasonable price for the Selling Shareholders, and due consideration has been given not to harm their interest; (iii) NCX plans to pay the full amount of the Consideration for Sale by using the funds borrowed through the loan agreement entered into by and between NCX and Nojima on February 15, 2023 and other loan agreements to be entered into by and between them in the future as well as the funds secured through the capital contribution under the share underwriting agreement for the total shares of NCX entered into by and between them on February 10, 2023. The Company has also reviewed, as part of documents attached to the tender offer notice for the Tender Offer, (a) a capital contribution certificate dated December 22, 2022 obtained by NCX from Nojima to the effect that Nojima is ready to contribute capital of up to 99.9 million yen to NCX, (b) a loan certificate obtained by NCX from Nojima to the effect that Nojima is ready to lend up to 85,900 million yen to NCX, and (c) a loan certificate dated December 21, 2022 obtained by Nojima, which will provide a loan to NCX, from Mizuho Bank, Ltd. (hereinafter “Mizuho Bank”) to the effect that Mizuho Bank is ready to lend up to 86,000 million yen to Nojima. According to NCX, no event has occurred since December 22, 2022 at NCX that will cause any problem for NCX to secure funds for the payment of the Consideration for Sale, and no specific risk that such an event will occur in the future has been recognized. Therefore, the status of preparation and the method of securing funds by NCX for the payment of the Consideration for Sale are appropriate, and the Share Sale Demand is expected to be delivered as planned; (iv) As there is no unreasonableness about the period through the delivery of the Consideration for Sale and the payment method, the terms and conditions of the Share Sale Demand are considered to be reasonable; and (v) There has been no significant change in the corporate value of the Company since the start date of the Tender Offer to date.

(2) Matters Related to Calculation

As the Share Sale Demand will be made as the second-step procedure for the so-called two-step acquisition following the Tender Offer, and the Consideration for Sale is the same as the Tender Offer Price, the Company has not obtained a new share valuation report when it has decided to approve the Share Sale Demand.

(3) Prospect of Delisting

The shares of the Company are listed on the Tokyo Stock Exchange Prime Market as of today. However, as a result of the Company’s approval for the Share Sale Demand, the shares of the Company have met the delisting criteria of the Tokyo Stock Exchange and will be delisted on March 17, 2023 after they are designated as “Securities to be Delisted” during the period from today to March 16, 2023. After the delisting, the shares of the Company can no longer be traded on the Tokyo Stock Exchange Prime Market.

(4) Measures for Ensuring Fairness and for Avoiding Conflicts of Interest

The Share Sale Demand will be made, as part of the Transaction, as the second-step procedure for the so-called two-step acquisition following the Tender Offer. As described in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release, taking into consideration the fact that NCX has entered into the Tender Agreement with ITOCHU, which was a parent company of the Company, and that the interests of ITOCHU and the minority shareholders of the Company may not necessarily coincide, the Company and NCX implemented the measures described below as measures to ensure the

fairness of the Tender Offer and avoid any conflict of interest. Of the following statements, those concerning the measures taken by NCX are based on the explanations received from NCX.

As described in “(1) Overview of the Tender Offer” in “(2) Grounds and Reasons Behind the Opinion Concerning the Tender Offer” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release, ITOCHU, which was a parent company of the Company, holds 26,996,000 shares of the Company (ownership ratio (Note): 60.34%) as of December 22, 2022; therefore, considering that if a minimum number of shares expected to be acquired through the Tender Offer (so-called “majority of minority”) is set, this may not contribute to the interest of minority shareholders who desire to comply with the Tender Offer as it is not certain the Tender Offer will succeed, NCX has not set a minimum number of shares expected to be acquired through the Tender Offer (so-called “majority of minority”). Even so, as the Company and NCX have implemented the measures described below, the Company and NCX have determined that the interest of minority shareholders of the Company has been sufficiently taken into consideration.

Note: “Ownership ratio” refers to the ratio (rounded to the third decimal place; the same applies to calculations of ownership ratio below) of the Company’s shares to a number of shares (44,737,744 shares) calculated as follows: the total number of shares outstanding as of September 30, 2022 (44,737,938 shares) stated in the Second Quarterly Report for the 26th Fiscal Year of the Company submitted on November 9, 2022 (hereinafter “the Quarterly Report of the Company”) less the number of treasury shares (194 shares) held by the Company as of September 30, 2022.

1) Implementation of Bid Procedures

As described in “(ii) Process and Reasoning Behind Decision-Making at the Company” of “(3) Business Environment Surrounding the Company, Management Issues of the Company, and the Process and Reasoning Behind Decision-Making at the Company” in “(2) Grounds and Reasons Behind the Opinion Concerning the Tender Offer” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release, ITOCHU began to approach eleven companies (six business companies and five investment funds), including the Nojima Corporation, through Nomura Securities, regarding the Company’s capital policy, including sales of the Company’s shares held by ITOCHU, in the first part of September, 2022. The first-round bid process among multiple candidates interested in participating in the bid process was launched, and interested candidates submitted a letter of intent in the first half of October of the same year. Following a careful examination of the content of these letters and deliberations with the Company, candidates to approach regarding participating in the second-round bid process were selected. ITOCHU subsequently launched the second-round bid process in the middle part of October 2022, and after candidates conducted due diligence of the Company, ITOCHU received a second letter of intent from candidates in the middle part of November 2022. After undertaking a comprehensive examination of such factors as the total price for shares, orientation of post-transaction business strategy, impact of positive and negative synergies, employee compensation, and governance system, ITOCHU reached the conclusion that the Nojima Corporation was the most appropriate purchaser, and taking into consideration information obtained from interviews with the Nojima Corporation, the Company, too, conducted a comprehensive examination from the perspective of not only such factors as total price for shares, orientation of post-transaction business strategy, impact of positive and negative synergies, employee compensation, and governance system but also factors such as the management policy after the Transaction. Specifically, despite concerns about the impact of joining the Nojima Group on some of the Company’s business, it was judged possible to generate profit with the career shop business, the Company’s core business, by not only further strengthening the Company’s position as a distributor but also further improving the efficiency of store management and deepening DX by combining the Company and the Nojima Group. Generating profit from the career shop business, the Company’s core business, rebuilding a management system that makes it possible to undertake decision-making with great agility and flexibility that is not bound by short-term market valuations through the privatization of the Company’s Shares, and leveraging the management support of the Nojima Corporation as much as possible, in order to maintain the Company’s business and increase the Company’s corporate value from a medium-term perspective was judged to be options that would likely increase the corporate value of the Company, and thus on November 15, 2022, it was

concluded that the Nojima Corporation's proposals of a total valuation of Shares of 86.5 billion Yen and a Tender Price of 1,933 Yen was the best and would contribute to maximizing minority shareholders' interest, further accelerating future growth, and improving corporate value. As for the Tender Price, there were no candidates that submitted a price that was more beneficial for the Company's shareholders than the Nojima Corporation.

2) Procurement by NCX of Share Valuation Report from an Independent Third-Party Appraiser

NCX hired the financial advisor Houlihan Lokey as a third-party appraiser independent of the Company, NCX and ITOCHU and requested that it calculate the Company's share price when setting the Tender Offer Price in order to ensure its fairness. Houlihan Lokey does not constitute a related party of NCX, the Company, or ITOCHU nor does it have a material interest in the Transaction including the Tender Offer. Since both NCX and the Company have taken measures to ensure fairness in the Tender Offer Price and avoid conflicts of interest (specifically, measures described in "1) Implementation of Bid Procedures" through "7) Measures to Secure Purchase Opportunities from Other Offerors" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release) and it is deemed that the interest of the Company's minority shareholders are sufficiently taken into consideration, NCX has not obtained a fairness opinion regarding the Tender Offer Price from Houlihan Lokey. For the contents of the Share Valuation Report NCX obtained from Houlihan Lokey on December 21, 2022, please refer to "2) Procurement by Offeror of Share Valuation Report from an Independent Third-Party Appraiser" of "(3) Matters Related to Calculation" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release.

3) Obtaining a Share Valuation Report from an Independent Third-Party Appraiser for the Company

When deciding on the opinion regarding the Tender Offer, the Company requested Frontier Management, third-party appraiser independent from the Company, NCX, and ITOCHU, to calculate the value of the Shares, and obtained the Share Valuation Report. Frontier Management does not constitute a related party of the Company, NCX, or ITOCHU, nor does it have a material interest in the Company, NCX, or ITOCHU regarding the Transaction including the Tender Offer. Since both NCX and the Company have taken measures to ensure fairness in the Tender Offer Price and avoid conflicts of interest ("1) Implementation of Bid Procedures" through "7) Measures to Secure Purchase Opportunities from Other Offerors" in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release) and it is deemed that the interest of the Company's minority shareholders are sufficiently taken into consideration, the Company has not obtained a fairness opinion regarding the fairness of the Tender Offer Price from Frontier Management. The structure of Frontier Management compensation is not such that its compensation depends on whether the Tender Offer is successful.

For an outline of the Share Valuation Report, please refer to "1) Obtaining a Share Valuation Report from an Independent Third-Party Appraiser for the Company" of "(3) Matters Related to Calculation" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release.

4) Advice for the Company from Independent Law Firms

In order to ensure the fairness and appropriateness of the decision making of our board of directors, we have appointed the law office of Nomura and Partners as a legal advisor independent of our company, NCX and ITOCHU. We have received legal advice regarding the method and process of decision making of our board of directors concerning the Tender Offer and a series of subsequent procedures, and other points to note in making decisions. Nomura and Partners is not affiliated with the Company, NCX or ITOCHU and does not have any material interest in the Transaction. Also, the compensation structure of Nomura and Partners is not such that a contingent fee is charged depending on whether or not the Tender Offer is completed.

5) Establishment of an Independent Committee and Obtaining a Written Report from the Independent

Committee at the Company

In order to avoid conflicts of interest, the Board of Directors will ensure the fairness of the Tender Offer Price, eliminate arbitrariness in decision-making regarding the Transaction, the fairness of the Company's decision-making process, as well as transparency and objectivity. To that end, on August 25, 2022, an "Independent Committee" independent of either the Company, NCX and ITOCHU has been established consisting of five (5) members: Kazuo Hosoi (External Director of the Company), Yuka Kawauchi (External Director of the Company), Kazuyuki Shinno (External Director of the Company), Osami Yoshida (External Corporate Auditor of the Company) and Akane Tsuji (External Corporate Auditor of the Company). The Independent Committee is a voluntary council that examines and judges the appropriateness of the terms and conditions of transactions, including their merits and structure, and the fairness of the procedures, from the standpoint of enhancing corporate value and benefiting minority shareholders. (In addition, the remuneration for the members of the Independent Committee is a fixed amount, and there is no contingent remuneration. The Company has selected these five members of the Independent Committee since its establishment, and there is no evidence that the Company has changed the members of the Independent Committee).

In addition, the Board of Directors of the Company has consulted with the Independent Committee and commissioned them to submit a report on the following points to us: with respect to the Transaction including the Tender Offer, (a) is the purpose of the Transaction is reasonable, (b) are the terms of the Transaction are fair and reasonable, (c) is the negotiation process and other procedures leading to the Transaction are fair, and (d) is the Transaction (including the Board's expression of an affirmative opinion to the Tender Offer and recommendation to the Company's shareholders to accept the Tender Offer) disadvantageous to the minority shareholders of the Company (including a comparative perspective between the method selected for the Transaction and other methods; hereinafter, "the Consultation"). The Company's Board of Directors has also resolved that when making any important decision related to the Transaction, the Board of Directors must respect the opinions of the Independent Committee in consultation with the Board of Directors to the maximum extent possible. The Board of Directors of the Company authorizes the Independent Committee: (i) to report the status of the Company's negotiations with NCX on the terms and conditions of the Transaction in a timely manner. Also, the Independent Committee shall have the authority to express its opinions, give instructions and make requests to the Board of Directors of the Company at any important stage; (ii) to negotiate directly with NCX on the terms and conditions of the Transaction, if deemed necessary from the perspective of improving the Company's corporate value and the interests of the Company's minority shareholders; (iii) to seek professional advice from the Company's financial, legal, or other advisors if the Independent Committee deems these advisors reliable, and the authority to request that the Company's advisors gather the information needed to make a decision on these advisory matters; (iv) to appoint its own financial, legal, or other advisors, at a reasonable expense to the Company, when it deems it necessary (however, the cost of such advisors shall be confirmed by the Board of Directors of the Company prior to their appointment). At the first meeting of the Independent Committee held on August 25, 2022, the Independent Committee approved Frontier Management as the Company's third-party valuation institution and financial advisor, as well as Nomura and Partners as the Company's third-party valuation institution, financial advisor, and legal advisor, because there have been no problems with their independence and expertise in the past, and the Independent Committee confirmed that it could receive professional advice as necessary for these institutions.

The Independent Committee met a total of 14 times during the period from August 25 to December 16, 2022 and carefully discussed and examined the matters for consultation, including deliberation and decision making via e-mail, etc. at each meeting.

Specifically, the Independent Committee has: (a) received explanations from the Company, Frontier Management and Nomura and Partners regarding the background and process of the Transaction, the structure and procedures of the Transaction, the details and preparation of the earnings forecast, the details and calculation method of the valuation report on the Company's shares by Frontier Management (which is a third-party valuation firm), and other matters; a question and answer session on these points was held; (b) received an explanation from Nojima detailing the significance and purpose of the Transaction, including the synergies to be created by the Transaction, the Company's business operation policy, including measures to

enhance the corporate value of the Company after the Transaction, the structure of the Transaction, the concept of the Transaction terms including the Tender Offer Price, the method of financing, and other matters through interviews with Nojima and other means; a question and answer session on these points was held; (c) received an explanation of the status of the bidding process, the structure of the Transaction, and the concept of the terms and conditions of the Transaction, including the Tender Offer Price, and considered these points; and (d) met on a case-by-case basis to discuss policies, etc. and received timely reports from the Company, Frontier Management and Nomura and Partners on the process and details of discussions and negotiations between Nojima, NCX and ITOCHU regarding the Transaction, including the details of the bidding process. Until receiving the final proposal for the terms and conditions of the Transaction, the Independent Committee has been directly or indirectly involved in the process of discussions and negotiations with Nojima, NCX and ITOCHU by conducting interviews with the Company on multiple occasions and providing opinions to the Company. Based on the above, on December 21, 2022, the Independent Committee submitted to the Company's Board of Directors a written report to the Company's Board of Directors on this advisory matter, which contains the following summary.

(a) Opinion on Whether the Purpose of the Transaction is Reasonable

In light of the responses obtained in the First Letter of Intent submitted by Nojima and the Second Letter of Intent, the Independent Committee does not feel any discrepancy with respect to NCX's recognition of the significance of the Transaction. In addition, from the responses obtained in the interview with Nojima, it appears that Nojima is considering relatively specific and substantial issues regarding (i) the significance and purpose of the acquisition, (ii) treatment of employees, (iii) measures that contribute to enhancing corporate value, (iv) group governance policy and (v) post-acquisition monitoring, which were concerns of the Independent Committee. The details of the responses were consistent with those in the Second Statement of Intent, and the responses were also sincere. The Independent Committee also see no reason to doubt NCX's recognition of the significance of the Transaction.

In addition, based on the draft of the Opinion Press Release and the responses obtained in the multiple hearings with the Company, the Independent Committee does see any reason to doubt the Company's business and its recognition of the business environment and management issues and the significance of the Transaction for the Company. In other words, there is nothing unusual in the fact that the Company believes that one challenge to overcome with respect to management is to further improve productivity in preparation for changes in the cell phone agency industry and the external environment surrounding the Company, as well as to expand new services utilizing the Company's customer base and to expand stock-type business that is not affected by declining sales volume.

In addition, the Company expects to achieve significant synergies after the Transaction is completed by learning and incorporating the know-how and other methods of the Nojima Group in the customer service and retail sector, which was launched in earnest with the acquisition in 2014, and which continues to grow in the highly competitive electronics retail business and in the operation of brick and mortar stores, under the management policy proposed by Nojima, which is the wholly owning parent company of NCX. The company also expects that the addition of the carrier store business to the Nojima Group's existing business will further increase the trust of carriers, and that this will lead to an increase in corporate value, and the Independent Committee feels that these viewpoints are justified.

On the other hand, the Transaction may adversely affect the continuation of transactions between the Company and some of its business partners as a result of the Company becoming part of the Nojima Group and in such a case, although it may be a factor that pushes down profits in the short term, the Company believes that the decrease in corporate value will be limited over the medium to long term, and the Independent Committee sees no reason to doubt this position.

In addition, the Agreement (Please refer to "1) Overview of the Tender Offer" in "(2) Grounds and Reasons Behind the Opinion Concerning the Tender Offer" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" and "2) The Agreement" in "4. Matters Concerning Material Agreements Regarding the Tender Offer" of the Opinion Press Release), which the Company, Nojima (NCX's wholly-owning parent company), and NCX plan to enter into on December 22, 2022, will obligate Nojima and NCX to 1. make the commercially reasonable maximum effort to substantially maintain, at least for two years from the completion of the Transaction, the same employment conditions after the Transaction for employees of the Company and its subsidiaries as those that existed before the Transaction, and 2. make commercially reasonable maximum efforts to continue the employment of such

employees even if they are no longer engaged in their former businesses as a result of or in connection with the Transaction. There is no reason to bring into question the expectation that the disadvantages that may arise to employees as a result of the Transaction will be eliminated to a certain degree. Furthermore, there is no discrepancy in the Company's judgment that the advantages of taking the Company's shares private outweigh the disadvantages of taking the Company's shares private, and according to the Company's explanation of other methods considered by the Company, the Company has determined that the Transaction is the best measure to enhance the Company's corporate value compared to other methods.

Based on the above, there is nothing unreasonable in the judgment that the Company's participation in the Nojima Group through the Transaction is the best way to contribute to the enhancement of the Company's corporate value, given the limited options available to the Company in the circumstances leading up to the Transaction, because although negative synergies may arise in the short term, the impact on the Company's corporate value in the medium to long term will be limited and rather, the Company can expect positive synergies to increase the business value of its core carrier store business through the use of the Nojima Group's know-how in customer service and retail business operations.

Therefore, we believe that the Transaction will contribute to the enhancement of the Company's corporate value and that the purpose of the Transaction is reasonable.

(b) Opinions as to Whether the Terms and Conditions of the Transaction are Fair and Reasonable

We have determined that the procedures for this Transaction are fair in terms of the following points:

- 1) It can be determined that the Tender Offer Price has been reached as a result of thorough negotiations conducted between Nojima, the wholly owning parent company of NCX, and ITOCHU, both of which are mutually independent parties, and in the process, with the measures taken to ensure the fairness as described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release and with consideration of the request to increase the Tender Offer Price made by the Company.
- 2) There are no unreasonable points with respect to the calculation methods and the results of the value of the Company's shares and the process of preparing the earnings forecasts on which to base the valuation of the Shares by Frontier Management.
- 3) The Tender Offer Price falls within the valuation range or exceeds the upper limit of the valuation ranges based on all of the calculation methods indicated in the calculation results of the value of the Company's shares by Frontier Management.
- 4) The premium of the Tender Offer Price is at a level comparable to that of similar cases.
- 5) The method of acquisition in the Transaction, including the type of acquisition consideration, is reasonable as the method is generally adopted when making a listed company a wholly-owned subsidiary and is a scheme that can be challenged in court proceedings if minority shareholders believe that the acquisition consideration is unreasonably low; therefore, it is not considered to be a method that is particularly disadvantageous to minority shareholders.
- 6) In the terms and conditions of the Transaction with respect to the acquisition method other than price and the type of acquisition consideration, there is no evidence that NCX has unfairly benefited at the expense of the Company's minority shareholders, and there are no circumstances that are detrimental to the appropriateness of the terms and conditions.

Although the so-called Majority of Minority Condition has not been set in the Transaction, NCX has agreed to tender 26,996,000 shares under the Tender Agreement with NCX and ITOCHU (ownership ratio: 60.34%) in the Tender Offer, and if the minimum number of shares to be purchased by the so-called Majority of Minority is set by deducting the number of our shares from the denominator, 35,866,872 shares (ownership ratio: 80.17%) will be set as the minimum, resulting in the unstable execution of the Tender Offer, which, in NCX's opinion, may not be beneficial to minority shareholders who wish to tender their shares in the Tender Offer. We consider their view may have a point. Furthermore, in light of the measures to ensure fairness described in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release and the contents described in 1) through 6) above, even if majority-of-minority conditions are not set for the Tender Offer, we do not believe that this in and of itself should be considered a reason why the transaction terms in this Transaction are unfair.

(c) Opinions as to Whether the Negotiation Process and Other Procedures Leading to the Transaction are Fair

In the Transaction, 1) In order to ensure the fairness and appropriateness of the decision making of the Board of Directors of the Company, the Company has appointed Nomura Law Offices as its outside legal advisor and received legal advice regarding the decision-making process and methods for the Board of Directors of the Company as well as other points to consider with respect to the Tender Offer and a series of subsequent procedures, and no procedures that conflict with the Financial Instruments and Exchange Law, the Companies Act or other applicable laws and regulations are contemplated for any of the transactions comprising the Transaction; therefore, the legality of the Transaction has been ensured. In addition, 2) (I) as described in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release, measures to ensure fairness have been taken, such as (i) implementation of bid procedures, (ii) procuring a share valuation report from an independent third-party appraiser for NCX, (iii) obtaining a share valuation report from an independent third-party appraiser for the Company, (iv) advice for the Company from an independent law firm, (v) establishment of an independent and obtaining a written report from the independent committee at the Company, (vi) Approval of all non-interested directors and no objection from all non-interested corporate auditors of the Company, and (vii) measures to secure purchase opportunities from other offerors. (II) Furthermore, in the event that NCX is unable to acquire all of the Company’s shares in the Tender Offer, the Squeeze-Out Procedure will be implemented so that the cash consideration per share of the Company’s share equal to the Tender Offer Price is paid, thereby eliminating the possibility of coercion. (III) In light of the fact that the disclosure documents appropriately provide the Company’s minority shareholders with important decision-making materials that contribute to their judgment on the appropriateness of the terms and conditions of the Transaction, including the details of the Transaction, it can be concluded that these measures to ensure fairness are not only comparable to those of similar transactions in the past, but can also be considered to have functioned effectively in practice. Furthermore, 3) the negotiation process for the terms and conditions of the Transaction is as described in “(b) Opinions as to Whether the Terms and Conditions of the Transaction are Fair and Reasonable” under “5) Establishment of an Independent Committee and Obtaining a Written Report from the Independent Committee at the Company” of “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Price of the Tender Offer, etc. and to Avoid Conflicts of Interest” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release and the process of negotiating the terms and conditions, mainly the price, is reasonable and no circumstances that would impair fairness are found.

In light of the above, 1. the legality of each of the transactions comprising the Transaction has been ensured, and 2. the measures to ensure fairness in the Transaction are found to have been effective as a whole, and 3. the negotiation process regarding the price and other terms and conditions related to the Transaction has been properly executed. Therefore, it can be concluded that the fairness of the procedures related to the Transaction has been ensured from the perspective of the interests of the Company’s minority shareholders.

(d) Opinions as to whether conducting the Transaction, including the expression of an opinion in favor of the Tender Offer by the Board of Directors of the Company and the recommendation to the shareholders of the Company to tender their shares in the Tender Offer, is disadvantageous to the Company’s minority shareholders, including a comparative perspective between the method selected for the Transaction and other methods.

As discussed above, the implementation of the Transaction is deemed to contribute to the improvement of the Company’s corporate value, and the fairness of the procedures and the fairness of the terms and conditions of the Transaction are recognized from the perspective of the interests of the Company’s minority shareholders. Therefore, the Independent Committee believes that the decisions

made by the Board of Directors of the Company regarding the Transaction including the Tender Offer, namely, the decision to express an opinion in favor of the Tender Offer and recommend that the shareholders of the Company tender their shares in the Tender Offer, and the decisions regarding the Share Sale Demand or the Share Consolidation to be made after the Tender Offer as part of the Transaction are not disadvantageous to the minority shareholders of the Company.

6) Approval by all Directors with No Interests in the Company, and the Opinion of Non-Objection by all Company Auditors

The Company carefully deliberated and considered the terms and conditions of the Transaction, referring to the content of the Valuation Report of the Company's shares prepared by Frontier Management, the third-party valuation institution, and the legal advice received from Nomura Law Offices, and based on the content of the multiple discussions between NCX and ITOCHU and other related materials, while respecting to the maximum extent the content of the Recommendation by the Independent Committee. As a result, as described in "(ii) Process and Reasoning Behind Decision-Making at the Company" of "3) Business Environment Surrounding the Company, Management Issues of the Company, and the Process and Reasoning Behind Decision-Making at the Company" under "(2) Grounds and Reasons Behind the Opinion Concerning the Tender Offer" in "3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer" of the Opinion Press Release, on December 22, 2022, seven of the Company's eight directors who participated in the deliberations and resolution unanimously resolved to express the Company's opinion in favor of the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer.

Of the eight directors of the Company, Mr. Hiroshi Kajiwara, who concurrently serves as an executive officer of ITOCHU, did not participate in the deliberations and resolutions of the Board of Directors meeting in order to avoid any suspicion of a conflict of interest and to ensure the fairness of the Transaction, because there is concern that the interests of the company and the Company's minority shareholders may conflict. Of the seven directors of the Company who participated in the above Board of Directors meeting, Mr. Hiroshi Suguta held the position of employee of ITOCHU as well as the position of Representative Director of ITOCHU Cable Systems Corporation, a subsidiary of ITOCHU until March 2014; however, since his resignation as Representative Director of the company in the same month, he has had no concurrent positions with ITOCHU or its group companies; Mr. Riichiro Metoki held the position of employee of ITOCHU until March 2005; however since his resignation in the same month, he has had no concurrent positions with ITOCHU or its group companies; Mr. Shinji Nakata held the position of employee of ITOCHU until November 2000; however, since his resignation in the same month, he has had no concurrent positions with ITOCHU or its group companies. In addition, the Company established the Independent Committee on August 25, 2022 for the Transaction, reported to the Independent Committee in a timely manner on the process and details of discussions and negotiations with NCX and ITOCHU, held discussions between the Independent Committee and the Company on multiple occasions, and have proceeded with discussions and negotiations with NCX and ITOCHU while obtaining the opinion of the Independent Committee. The Company believes that the Independent Committee is functioning effectively in the process of the Company's consideration of the Transaction and discussion and negotiation with NCX and ITOCHU. Therefore, the Company has determined that Mr. Hiroshi Suguta, Mr. Riichiro Metoki and Mr. Shinji Nakata have no interest in the Company to the extent that the fairness of the proceedings would be impaired if they were not excluded from the deliberations or resolutions of the Board of Directors of the Company, and Mr. Hiroshi Suguta, Mr. Riichiro Metoki and Mr. Shinji Nakata participated in the deliberations and resolutions at the above meeting.

Of the four Corporate Auditors, all three Auditors who participated in the deliberations and resolution expressed that they had no objection. As Mr. Kota Shibachi, a corporate auditor of the Company, is concurrently an employee of ITOCHU, he did not participate in the deliberations at the above meeting of the Board of Directors and refrained from expressing his opinion, in order to avoid any suspicion of a conflict of interest. In addition, Mr. Takatoshi Otomura held the position of employee of ITOCHU until March 2019, but he has never served as a director at ITOCHU and has had no concurrent position with ITOCHU since his

resignation in March 2019; and since an independent committee has been established for the Transaction and the independent committee is functioning effectively as described above, we have determined that Mr. Takatoshi Otomura has no interest to the extent that the fairness of the procedures would be impaired if he is excluded from the deliberations or resolutions of the Board of Directors, and he participated in the deliberations at the above meeting.

7) Measures to Secure Purchase Opportunities from Other Offerors

As described in “(2) Background, Objectives, and Decision-Making Process Leading to the Tender Offeror’s Decision to Execute the Tender Offer, and Management Policy Following the Tender Offer and the Transactions” under “(2) Grounds and Reasons Behind the Opinion Concerning the Tender Offer” in “3. Content of and, Grounds and Reasons Behind the Opinion Concerning the Tender Offer” of the Opinion Press Release, ITOCHU conducted a bidding process by approaching multiple potential buyers to inquire with them about transferring to them all the shares of the Company that it holds and, with competitive conditions maintained, the Company and ITOCHU selected NCX as the final bidder after comparing it to all the other potential buyers. Therefore, we believe there have already been sufficient opportunities provided for parties other than NCX to purchase the Company’s shares, but by setting the period for purchases etc. for the Tender Offer (hereinafter, “the Tender Offer Period”) at 30 business days, which is longer than the minimum period of 20 business days required by law, NCX also intends to ensure the fairness of the Tender Offer by providing all the Company’s minority shareholders with an appropriate period to consider tendering their shares in the Tender Offer, and by ensuring opportunities for competing offers for the Company’s shares by parties other than NCX.

Furthermore, the Company has not entered into any agreement with NCX that restricts the Company’s contact with any competing takeover bidder, such as an agreement containing a transaction protection clause that would restrict the Company from contacting any competing takeover bidder, and the Company intends to ensure the fairness of the Tender Offer by ensuring opportunities to make competing offers, in addition to putting in place the Tender Offer Period as described above.

4. Future Outlook

The schedule, policies, plans, etc., about the management structure of the Company following its decision to approve the Share Sale Demand will be discussed and considered between the Company and NCX from now on.

5. Matters Related to Transactions with Controlling Shareholders

(1) Relevance of Transactions Etc. with Controlling Shareholders and Compliance with Guidelines Concerning Policies to Protect Minority Shareholders

NCX is a controlling shareholder (parent company) of the Company, and the approval of the Board of Directors of the Company for the Share Sale Demand falls under a transaction with a controlling shareholder.

The Corporate Governance Report of the Company disclosed on November 28, 2022 indicates in “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with the Controlling Shareholder” that “In our ‘Corporate Code of Conduct’ and ‘Sustainability Policy’ we stipulate that we will conduct fair transactions with all business partners, and the Corporate Planning Department, which serves as the secretariat of the Sustainability Committee, ensures that all employees are fully aware of this policy, while periodic checks are conducted by our legal advisors, corporate auditors and Internal Audit Department.” As described in “(4) Measures for Ensuring Fairness and for Avoiding Conflicts of Interest” in “3. Grounds and Reasons for the Decision to Approve the Share Sale Demand” above, the Company has implemented, also with regard to the process to reach its decision to approve the Share Sale Demand, measures to address the structural problems of conflicts of interest and information asymmetry and ensure its fairness. Therefore, the Company believes that these measures are relevant to the guidelines mentioned above.

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

Please see “(4) Measures for Ensuring Fairness and for Avoiding Conflicts of Interest” in “3. Grounds

and Reasons for the Decision to Approve the Share Sale Demand” above.

(3) Summary of Opinion Received from Parties without a Beneficial Relationship with the Controlling Shareholder as to Whether Executing the Transaction Is Not Disadvantageous to Minority Shareholders

The Company has received the Report dated December 21, 2022 from the Independent Committee the details of which state to the effect that it does not consider the Transaction to be disadvantageous to the minority shareholders of the Company. For its details, please see “5) Establishment of an Independent Committee and Obtaining a Written Report from the Independent Committee at the Company” in “(4) Measures for Ensuring Fairness and for Avoiding Conflicts of Interest” in “3. Grounds and Reasons for the Decision to Approve the Share Sale Demand” above.

As the Report also serves to state the opinion that the Transaction is not disadvantageous to the minority shareholders of the Company following the coming into effect of the Tender Offer, including the Share Sale Demand, the Company has not obtained a new opinion from parties without a beneficial relationship with the controlling shareholder in reaching its decision to approve the Share Sale Demand.

End