

# Notice of Convocation of the Extraordinary General Shareholders' Meeting



Notice
<ul style="list-style-type: none"><li>• The Extraordinary General Shareholders' Meeting can be viewed on the Internet and questions will be accepted in advance. For details, please refer to the Information on Live Streaming of the Extraordinary General Shareholders' Meeting sent together with this Notice of Convocation.</li></ul>

PC DEPOT CORPORATION  
Securities Code: 7618

## Date and time of the meeting

**Monday, September 25, 2023**  
10:00 a.m. (Reception starts at 9:30 a.m.)

## Exercise of voting rights

Deadline for exercising voting rights by postal mail and via the Internet  
No later than 5:30 p.m. on Friday, September 22, 2023

## Venue

**Yokohama Gate Tower, 18<sup>th</sup> Floor  
(Corporate Office Conference Room)**  
1-2-5 Takashima, Nishi-ku, Yokohama, Kanagawa

## Matters to be resolved

**Proposal No. 1:** Consolidation of Shares  
**Proposal No. 2:** Partial Amendment to the Articles of Incorporation

## ■ Greetings

We would like to express our sincere gratitude for your continued support.

We hereby send you a Notice of Convocation regarding the Extraordinary General Shareholders' Meeting to be held on Monday, September 25.

We are committed to the following Vision and Mission as a company that enables you and your family to achieve customer success (increasing the value of your digital life in the future).

<Vision>

Resolve digital divide in the information society

<Mission>

Provide digital consultants to all households

Under these principles, the business itself based on management strategies must be productive for long-term value creation. We must continue to actively and continuously contribute to local communities including stakeholders. In addition, we must recognize the significance and mission of social existence and continue to be a human-centered organization. The Company recognizes that these factors are important business expansion factors for the Company and are a means of continuing operations.

We have begun preparations to work on "building a new future" with the aim of realizing "from material richness to richness of the heart" and "from current value to future value." As stated in the "Notice of the Recommendation of MBO Implementation and Application" announced on May 15, 2023, we will privatize our shares and create an exciting business framework for the next future. Thank you for your understanding.

Our philosophy will continue in the future. There will be no change in the current store facilities, base management, membership system, persons in charge, products handled, etc. There will be no change in the management officer.

Going forward, we will continue to contribute to safe operation and help you and your family adapt to new lifestyles in order to support the digital infrastructure in their daily lives.

Look to, Design, and Build the Future

一致創新！

September 2023

Takahisa Nojima

Representative Director, President & CEO

野島隆久

Securities Code: 7618

(Date of dispatch) September 8, 2023

(Date of commencement of measures for electronic provision) September 1, 2023

To Our Shareholders

1-2-5 Takashima, Nishi-ku, Yokohama

PC DEPOT CORPORATION

Representative Director, President & CEO Takahisa Nojima

## Notice of Convocation of the Extraordinary General Shareholders' Meeting

We would like to express our heartfelt appreciation for your long-standing patronage of PC DEPOT CORPORATION.

We hereby notify you that the Extraordinary General Shareholders' Meeting of PC DEPOT CORPORATION (hereinafter the "Extraordinary General Meeting of Shareholders") will be held as stated below.

When convening the Extraordinary General Shareholders' Meeting, the Company has taken measures for electronic provision of the information contained in the Reference Documents for the General Shareholders' Meeting, etc. (matters regarding measures for electronic provision), and has posted the information on the following Company's website on the Internet. Please access the website to confirm the information.

- The Company's website  
[https://www.pcdepot.co.jp/co\\_ir/](https://www.pcdepot.co.jp/co_ir/)



(Please access the above website and check "The Extraordinary General Shareholders' Meeting " under "Stock Information" - "General Shareholders' Meeting.")

In addition, matters regarding measures for electronic provision are posted on the following website of the Tokyo Stock Exchange (TSE) in addition to the Company's website.

- Tokyo Stock Exchange Website (Listed Company Search)  
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



(Please access the TSE website above, enter to search "PC DEPOT CORPORATION" in "Issue name (company name)" or the Company's Securities Code "7618" for "Code," select "Basic Information" and then "Documents for public inspection/PR information" in order, and check the "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting" section in the "Filed information available for public inspection.")

If you are unable to attend the meeting, you can exercise your voting rights via the Internet or in writing (by postal mail). Please review the Reference Documents for the General Shareholders' Meeting and exercise your voting rights by 5:30 p.m. on Friday, September 22, 2023.

[Exercising voting rights via the Internet]

Please access the website designated by the Company for exercising voting rights (<https://evote.tr.mufg.jp/>), enter the "voting code" and "password" provided on the voting card sent together with the Notice of Convocation, and follow the instructions on the screen to indicate your approval or disapproval of the proposals by the above deadline.

When exercising your voting rights via the Internet, please refer to the "Guide to exercising voting rights via the Internet" as described below.

[Exercising voting rights in writing (by postal mail)]

Please indicate your vote for or against the proposals on the voting card and return it so that it arrives by the above deadline.

On the day of the general shareholders' meeting, we plan to broadcast live on the Internet. After the general shareholders' meeting is held, a report of the general shareholders' meeting and a notice of resolution will be posted on the Company's website.

Sincerely

## Notice of Meeting

1. **Date and time:** Monday, September 25, 2023, 10:00 a.m. (Reception starts at 9:30 a.m.)
2. **Place:** Yokohama Gate Tower, 18<sup>th</sup> Floor (Corporate Office Conference Room)  
1-2-5 Takashima, Nishi-ku, Yokohama, Kanagawa

### 3. Agenda

#### Matters to be resolved:

- Proposal No. 1** Consolidation of Shares
- Proposal No. 2** Partial Amendment to the Articles of Incorporation

### 4. Matters determined for convocation (guide to exercising voting rights)

- (1) If there is no indication of approval or disapproval for the proposal on the voting card when voting rights are exercised in writing (by postal mail), it will be treated as an indication of approval.
- (2) If you exercise your voting rights multiple times via the Internet, the final exercise of your voting rights will be treated as a valid exercise of your voting rights.
- (3) If you exercise your voting rights both via the Internet and in writing (by postal mail), the exercise of your voting rights via the Internet will be treated as a valid exercise of your voting rights irrespective of the date and time of arrival.
- (4) You may exercise your voting rights by proxy only in the case where the proxy who is another shareholder with voting rights attends the general shareholders' meeting. However, please note that the proxy will be required to present written proof of his/her right of proxy.

### 5. Reference documents for the Shareholders' Meeting

- (1) At the Extraordinary General Shareholders' Meeting, regardless of whether or not there is a request for delivery of documents, a document describing the matters regarding measures for electronic provision will be sent uniformly to all shareholders with voting rights.
- (2) If revisions are made to any of the reference documents for shareholders, said revisions will be posted on the websites indicated above.

### Information for shareholders who will be attending the Meeting in person




1. At the venue of the Extraordinary General Shareholders' Meeting, the Company will take measures to prevent infection, such as provision of alcohol disinfectants, ensuring proper ventilation, and social distancing depending on the situation as of the date of the meeting.
2. If you attend the Meeting, you are kindly asked to submit the enclosed voting card to the venue reception desk. In order to save natural resources, also please bring this Notice of Convocation with you.
3. As part of a campaign to save energy and protect the environment, COOLBIZ, we will not be wearing any ties on the day of the Meeting. You are also requested to attend the Meeting in business casual attire.



## Guide to Exercising Voting Rights

The right to vote at a general shareholders' meeting is an important right of all shareholders. Please exercise your voting rights after carefully reading the Reference Documents for the General Shareholders' Meeting.

The following three ways are available to exercise your voting rights.

 <p style="text-align: center;"><b>Attending the general shareholders' meeting in person</b></p> <p>If you attend the meeting, please submit the enclosed voting card to the venue reception desk.</p> <p style="text-align: center;">Date and time of the general shareholders' meeting</p> <hr/> <p style="text-align: center;">10:00 a.m., Monday, September 25, 2023</p>	 <p style="text-align: center;"><b>Exercising voting rights in writing (by postal mail)</b></p> <p>Please indicate your vote for or against the proposals on the voting card and return it by postal mail.</p> <p style="text-align: center;">Deadline for exercising voting rights</p> <hr/> <p style="text-align: center;">Your votes must reach us by 5:30 p.m., Friday, September 22, 2023</p>	 <p style="text-align: center;"><b>Exercising voting rights via the Internet</b></p> <p>Please follow the instructions on the next page and enter your approval or disapproval for the proposals.</p> <p style="text-align: center;">Deadline for exercising voting rights</p> <hr/> <p style="text-align: center;">Entries must be made by 5:30 p.m., Friday, September 22, 2023</p>
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## How to fill out the voting card

Please indicate your approval or disapproval of each proposal.

**Proposals No. 1 & No. 2**

- If you approve: Put a circle in the box marked “賛” [Approve].
- If you disapprove: Put a circle in the box marked “否” [Disapprove].

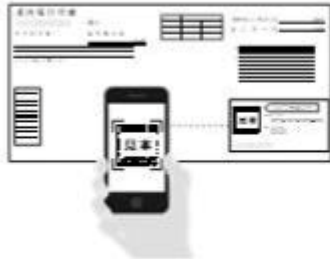
If you exercise your voting rights both in writing (by postal mail) and via the Internet, the exercise of voting rights via the Internet will be treated as valid. If you exercise your voting rights multiple times via the Internet, the final exercise of voting rights will be treated as valid.

## Guide to Exercising Voting Rights via the Internet

### Scanning the QR Code

You can log into the website designated by the Company for exercising voting rights without entering your login ID and temporary password printed on the duplicate of the voting card.

1. Please scan the QR Code printed on the duplicate (right side) of the voting card.



\* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

2. Follow the instructions on the screen to indicate your approval or disapproval of the proposals.



### Entering login ID and temporary password

Entering login ID and temporary password <https://evote.tr.mufg.jp/>

1. Access the website for exercising voting rights.

2. Enter your voting code and temporary password printed on the voting card, and then click Login.



Enter your voting code and temporary password.

Click "Login."

3. Register a new password.



Enter your new password.

Click "Send."

4. Follow the instructions on the screen to indicate your approval or disapproval of the proposals.

If you have any questions about how to use a PC or smartphone to exercise your voting rights via the Internet, please contact the help desk on the right.

**Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Division (Help Desk)**  
**0120-173-027**

(Toll-free) Reception hours: 9:00 a.m. to 9:00 p.m.

For institutional investors

Institutional investors may exercise their voting rights using the Voting Rights Electronic Exercise Platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Shareholders' Meeting  
Proposals and Reference Information

Proposal No. 1: Consolidation of Shares

1. Purpose of and the Reason for the Share Consolidation

As announced in our press release dated May 15, 2023, titled "Notice of the Recommendation of MBO Implementation and Application" (hereinafter, the "Position Statement Press Release"), TNI Corporation (hereinafter, the "Tender Offeror") acquired all of the Company's common shares (hereinafter, the "Company's Shares") (excluding treasury shares owned by the Company and Mr. Takahisa Nojima (hereinafter, "Mr. Nojima") and the Company's Shares owned by TN Holdings Co., Ltd., Mr. Nojima's asset management company (hereinafter, "TNHD")), and implemented a tender offer for the Company's Shares (hereinafter, the "Tender Offer") with the period of purchase, etc. from May 16, 2023 to July 10, 2023 as part of a series of transactions aimed at taking the Company's Shares private (hereinafter, the "Transaction").

Also, as announced in our press release dated July 11, 2023, titled "Notice Concerning Results of Tender Offer for the Company's Shares by TNI Corporation, and Changes of the Parent Company, Controlling Shareholder other than the Parent Company, and the Largest Shareholder as a Major Shareholder" (hereinafter, the "Tender Offer Results Press Release"), as a result of the completion of the Tender Offer, the Tender Offeror owns 28,983,589 shares of the Company's Shares (ownership ratio (Note 1): 56.40%) as of July 18, 2023 (commencement date of settlement for the Tender Offer).

(Note 1) "Ownership ratio" is the ratio (rounded to the second decimal place) of the Company's Shares owned to the number of shares (51,391,634 shares) calculated by subtracting the number of treasury shares owned by the Company as of March 31, 2023 (1,230,766 shares) (the Company's Shares (711,000 shares) held by the trust account for the stock benefit trust (J-ESOP) of the Company as of March 31, 2023 are not included in the treasury shares (1,230,766 shares); the same applies hereinafter) from the total number of issued shares as of March 31, 2023 (52,622,400 shares) stated in the Summary of Financial Results for the Fiscal Year Ended March 2023 [Japanese GAAP] (Consolidated)" released by the Company on May 15, 2023.

As announced in the Position Statement Press Release, the Company received a request



for discussion and negotiation concerning the Transaction and the submission of the statement of intent (hereinafter, the "Statement of Intent") concerning the Transaction from the Tender Offeror on March 14, 2023. On the same day, the Company responded that it would be open to discussion and negotiation for the implementation of the Transaction. Given that the Tender Offer is conducted as part of the Transaction constituting an MBO, and thus there are issues involving structural conflicts of interest, and as described in "(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" of "3. Matters related to the reasonableness of provisions for matters listed in Article 180 Paragraph 2 Items 1 and 3 of the Companies Act (matters related to the reasonableness of provisions for the rate of consolidation)" below, the Company appointed Plutus Consulting Co., Ltd. (hereinafter, "Plutus") as its financial advisor and third-party valuation institution and Shiomizaka (law office) as its legal advisor on March 14, 2023 in order to ensure the fairness of the Transaction on the condition that the special committee that reviews proposals for the Transaction (hereinafter, the "Special Committee") gives approval to the appointments. Based on the legal advice received from Shiomizaka on the process and method of the decision-making concerning the Transaction and other matters to be noted on the decision-making concerning the Transaction, and the Company started to establish an internal review system to review, negotiate, and make decisions on the Transaction in terms of enhancing the corporate value of the Company from an independent position from the Tender Offeror and securing the interests of the Company's general shareholders.

Furthermore, for the purpose of protecting the Company's general shareholders, and as a measure to ensure the fairness in the Transaction from the viewpoint of ensuring the fairness in the Transaction, eliminating arbitrariness and conflicts of interest in the decision-making process for determining the implementation of the Transaction, the Company's Board of Directors, at its March 14, 2023 meeting, resolved to establish the Special Committee (for the composition of the members of the Special Committee and specific activities of the Special Committee, please refer to "4) Establishment by the Company of an independent Special Committee and receipt of the committee report" in "(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" of "3. Matters related to the reasonableness of provisions for matters listed in Article 180 Paragraph 2 Items 1 and 3 of the Companies Act (matters related to the reasonableness of provisions for the rate of consolidation)" below) to establish a decision-making process that is fair, transparent and objective, eliminating arbitrariness in the decision-making process. On March 24, 2023, the Special Committee approved the appointment of Plutus as the Company's financial advisor and third-party valuation institution and the appointment of

Shiomizaka as its legal advisor after confirming that there were no problems with their independence from Mr. Nojima, TNHD, and the Company, as well as their expertise.

Under the system mentioned above, after receiving a proposal to make the Company's Shares go private through the Tender Offer on April 11, 2023 by the Tender Offeror with a purchase price of 450 yen per share of the Company's Shares (hereinafter, the "Tender Offer Price"), the Company has repeatedly discussed and reviewed the proposal with the Tender Offeror based on the summary of the Tender Offer including the purpose of the Transaction described in the Statement of Intent, impacts of the Transaction on the Company, the content of the management policy after the Transaction, and current share price movements, while consulting and considering negotiation policy in advance with the Special Committee and receiving opinions, instructions, requests, etc. on critical negotiation phases from the Special Committee, including opinions and instructions on the specific proposal price and its basis in response to the proposal for the Transaction' conditions from the Tender Offeror, while also receiving advice from Plutus and Shiomizaka.

Specifically, the Company received a proposal from the Tender Offeror on April 11, 2023 to set the Tender Offer Price at 450 yen per share. In response, on April 13, 2023, the Company requested the Tender Offeror to reconsider the proposal on the ground that, as a result of a review based on the Special Committee's opinions, the proposed price does not necessarily include sufficient premiums depending on the market share price reference period and that it is below the intrinsic value of the Company's Shares taking into account the Company's business plan. On April 18, 2023, the Company again received a proposal from the Tender Offeror to set the Tender Offer Price at 460 yen per share. In response, on April 19, 2023, the Company requested to reconsider the proposal on the ground that, as a result of a review based on the Special Committee's opinions, the proposed price still does not necessarily include sufficient premiums depending on the market share price reference period and that it is below the intrinsic value of the Company's Shares taking into account the Company's business plan. On April 28, 2023, the Company again received a proposal from the Tender Offeror again to set the Tender Offer Price at 470 yen per share. In response, on May 1, 2023, the Company requested to reconsider the proposal on the ground that, as a result of a review based on the Special Committee's opinions, the proposed price still does not necessarily include sufficient premiums depending on the market share price reference period and that it still does not fully reflect the intrinsic value of the Company's Shares taking into account the Company's business plan. On May 8, 2023, the Company again received a proposal from the Tender Offeror to set the Tender Offer Price at 475 yen per share. In response, on May 9, 2023, the Company requested to

reconsider the proposal on the ground that, as a result of a review based on the Special Committee's opinions, the proposed price still does not fully reflect the intrinsic value of the Company's Shares taking into account the interests of general shareholders holding the Company's Shares in the medium to long term and the Company's business plan. On May 10, 2023, the Company received a final proposal to set the Tender Offer Price at 480 yen, and on May 12, 2023, as a result of a review based on the Special Committee's opinions, the Company responded to the Tender Offeror that it would accept the proposed price.

On May 15, 2023, the Tender Offeror and the Company finally reached an agreement to set the Tender Offer Price at 480 yen.

The Company received necessary legal advice from Shiomizaka as its legal advisor concerning the method and process of decision-making of the Board of Directors and other matters to be noted, including various procedures related to the Transaction, and also received a committee report dated May 12, 2023 from the Special Committee (hereinafter, the "Committee Report") (for the summary of the Committee Report and specific activities of the Special Committee, please refer to "4) Establishment by the Company of an independent Special Committee and receipt of the committee report" in "(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" of "3. Matters related to the reasonableness of provisions for matters listed in Article 180 Paragraph 2 Items 1 and 3 of the Companies Act (matters related to the reasonableness of provisions for the rate of consolidation)") The Company also obtained a share price valuation report for the Company's Shares (hereinafter, the "Company's Valuation Report") and a fairness opinion to the effect that this Tender Offer Price is fair from a financial point of view to the general shareholders of the Company (hereinafter, the "Fairness Opinion") from Plutus on May 12, 2023 (for the summary of the Company's Valuation Report and the Fairness Opinion, please refer to "2) Procurement by the Company of a share price valuation report and fairness opinion from an independent third-party valuation institution" in "(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" of "3. Matters related to the reasonableness of provisions for matters listed in Article 180 Paragraph 2 Items 1 and 3 of the Companies Act (matters related to the reasonableness of provisions for the rate of consolidation)").

The Company carefully discussed and deliberated on whether the Transaction would enhance the corporate value of the Company, whether the terms and conditions of the Transaction, including the Tender Offer Price, were appropriate based on the legal advice received from Shiomizaka, its legal advisor, and the content of the Company's Valuation Report and the Fairness Opinion received from Plutus, its third-party valuation institution, while paying the utmost respect to the content of the Committee Report submitted by the Special Committee. Specific details of the discussion and deliberation are as follows.

The Company's business provides a comprehensive range of products, services, and digital environments through our stores. With the recent progress of digitalization of workplaces, schools, and public and other services, personal computers and Internet devices are becoming indispensable in our daily lives. In addition, the digitalization of the social environment is accelerating due to the impact of COVID-19 and other factors. Despite the continuing favorable environment for the Company's current business development, we expect a revenue decline for eight consecutive consolidated fiscal years, from the fiscal year

ended March 31, 2017 to the fiscal year ending March 31, 2024, and we have not been able to find an effective solution to this decline in business performance. The Company's share price level (Note 2) has continued to fall since 2016. With the current business model, it is difficult to keep up with changes in the social environment and provide services that customers need, and accordingly, it will be extremely difficult for us to increase the number of new members.

(Note 2) The changes in the closing price of the Company's Shares at the end of the term ended March 2015 and thereafter are as listed below. For the terms ended March 2015 and March 2016, since we split the shares at the rate of 1 to 1.2 shares with September 30, 2016 as the base date, the share prices adjusted taking the share split into consideration are also listed.

Term ended March 2015: 695 yen (The share price at the end of the term prior to adjustments due to the share split was 834 yen)

Term ended March 2016: 917.5 yen (The share price at the end of the term prior to adjustments due to the share split was 1,101 yen)

Term ended March 2017: 532 yen

Term ended March 2018: 721 yen

Term ended March 2019: 443 yen

Term ended March 2020: 429 yen

Term ended March 2021: 495 yen

Term ended March 2022: 303 yen

Term ended March 2023: 296 yen

Taking factors such as the business environment described above and our financial results into account, we have worked to take various measures, but from a medium- and to long-term point of view, it cannot be denied that continuing measures in which we wait for customers who visit our outlets driven by necessities such as repair of Internet devices and those who are referred to us by customers alone as we have done in the past is likely to impair our corporate value as we continue to see profits fall. In order to enhance our corporate value continuously in a stable manner in the future, we believe that it is necessary to make managerial decisions and strategic investments swiftly and flexibly without being bound by short-term fluctuations in financial results.

The Tender Offerors believe that growing out of our business type dependent on stores is

an urgent issue to be addressed to enhance our corporate value continuously in a stable manner. In this respect, we have the same understanding and believe that it is necessary to establish a new foundation for growth by making strategic investments actively and swiftly in measures that lead to medium- and long-term enhancement of corporate value though such investments may put a financial burden on us in the short run and that to that end, it is essential to build a management system that enables us to restructure our business flexibly, quickly, and aggressively in a timely manner.

Specifically, in the process of consultations and negotiations, the Tender Offerors have told us that they believe that we need to take three measures to (A) further expand the membership business, the main pillar of our management, (B) shift from retailing to the most advanced OMO type business model, and (C) change our business to a new model as a media-based company. We carefully examined the necessity of such measures, and as a result, we believe that it is essential to formulate practicable business plans and make diligent efforts to carry them out but that we should actively implement such measures to enhance our corporate value in the medium to long run as part of our overall policy and that in order to implement such measures, it is desirable to build a flexible management system.

These initiatives, however, make our future profitability uncertain, and in the short run, they give rises to the risk of making financial conditions worse mainly as the result of declining profit levels, deteriorating cash flows, and growing interest-bearing debts. For this reason, if we take these measures while maintaining the listing of our shares, we are afraid that we may have tremendous adverse effects on our shareholders, including further falls in share prices and dividends. If factors such as the business environment in which we stand and our financial results as described above are taken into consideration, on the other hand, we believe that it is necessary to take drastic measures to cope with the current situation as soon as possible.

Under these circumstances, we believe that in order to implement drastic and flexible management strategy and enhance our corporate value from a medium- to long-term perspective while avoiding the above-mentioned adverse effects that we may have on our shareholders, it is necessary to make our shares unlisted by using a method known as management buyout (MBO) by the Tender Offerors and at the same time building a management system that enables us to combine the ownership and management of the Company so that the Tender Offerors as well as all directors and employees can make united efforts to implement various measures swiftly and aggressively. Moreover, delisting our shares allows us to reduce growing costs to maintain the listing as we take measures for corporate governance codes and other initiatives and thus use managerial resources

even more effectively.

Delisting our share makes it impossible to raise funds from the capital market through equity finance and may affect the recruitment of excellent human resources, expansion of business partners, and other efforts through the higher social reputation and recognition we have enjoyed as a listed company. But we have not raised funds from the capital market for the past 5 years, and in the future, we plan to continue to raise necessary funds through borrowings from financial institutions. Furthermore, more than 20 years have passed since we obtained a listing at a stock exchange, and we believe that because of the listing, we have been able to establish our brand appeal and build trust among business partners. In addition, partly because in our business activities we can recruit excellent human resources and acquire more business partners by improving our social reputation and recognition levels, we assume that the disadvantages of delisting are limited. For this reason, at the meeting of the Board of Directors held on May 15, 2023, we decided that the advantages of delisting exceeded its disadvantages.

Meanwhile, the Tender Offer Price of 480 yen is lower than the amount of net assets per share of 517 yen, which is calculated based on the Company's consolidated book value of net assets as of March 31, 2023. The assets owned by the Company include inventory assets in which additional expenses and losses are expected to arise as the result of disposal if the past sales results are taken into account and low-liquidity business assets, including the software developed by the Company, and these cause considerable additional costs as the result of difficulty in asset sales, etc. and of liquidation, and therefore, we have made trial calculations of these costs, etc. In addition to these, since net assets are not necessarily converted into cash exactly based on their book value and are expected to be impaired to a considerable degree if factors such as dividends unpaid as of March 2023 are taken into consideration, we believe that the book value of net assets does not reflect the theoretical liquidation value or future profitability of the Company. Furthermore, the Tender Offer Price is estimated to exceed the practical liquidation value, and if these are taken into account, we believe that it is not reasonable to emphasize the book value of net assets when calculating the corporate value of the Company as a going concern.

In this process of consultations and negotiations, we have determined that the Tender Offer Price is an appropriate one that secures profits that should be enjoyed by the Company's shareholders in general and that the Tender Offer provides those shareholders with reasonable opportunities to sell the Company's Shares at a price with an appropriate premium for five reasons: (a) the result of calculation of the Company's Shares by Plutus as described in "2) Procurement by the Company of a share price valuation report and

fairness opinion from an independent third-party valuation institution” of “(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest” of “3. Matters related to the reasonableness of provisions for matters listed in Article 180 Paragraph 2 Items 1 and 3 of the Companies Act (matters related to the reasonableness of provisions for the rate of consolidation)” below exceeds the upper limit in the range of the result of calculation based on the market share price method and remains within the range of the result of calculation based on the discounted cash flow (DCF) method; (b) a premium of 60.54% is added to the closing price of the Company’s Shares at the Tokyo Stock Exchange Prime Market on May 12, 2023, the business day before the public announcement of the Tender Offer (299 yen), a premium of 62.71% is added to the simple average of closing prices quoted during the past month up to May 12, 2023 (295 yen), a premium of 62.71% is added to the simple average of closing prices quoted during the past 3 months (295 yen), and a premium of 66.67% is added to the simple average of closing prices quoted during the past 6 months (288 yen), exceeding the average of premium levels (38.59% for share prices on the business day before the day of public announcement, 41.24% for the simple average of closing prices during the past month up to the business day before the day of public announcement, 43.44% for the simple average of closing prices during the past 3 months up to the business day before the day of public announcement, and 43.81% for the simple average of closing prices during the past 6 months up to the business day before the day of public announcement; all figures are rounded to two decimal places) in the 99 examples of MBOs and other projects aimed at delisting, which were disclosed between June 28, 2019, when the Ministry of Economy, Trade and Industry published the Guidelines for How Fair M&As Should Be, and March 31, 2023, and therefore, the price can be evaluated as one with a reasonable premium; (c) it is considered that attention is paid to profits for shareholders as exemplified by the fact that measures are taken to resolve conflicts of interest as described in “(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest” of “3. Matters related to the reasonableness of provisions for matters listed in Article 180 Paragraph 2 Items 1 and 3 of the Companies Act (matters related to the reasonableness of provisions for the rate of consolidation)” below; (d) the Tender Offer Price has been decided after the above-mentioned measures to resolve conflicts of interest were taken and after several rounds of consultations and negotiations similar to those held in transactions between independent parties were held between the Company and the Tender Offerors, and more specifically, as the result of sincere and continuous consultations and negotiations held with the Tender Offerors based on the results of calculation by Plutus for the value of the Company’s Shares and Shiomizaka’s



legal advice and other suggestions on the decision-making process and method for the Transaction and other points to note as well as following the Special Committee's opinions, instructions, requests, etc., the price has been offered by raising the initially offered price (450 yen per share) by 30 yen (6.67%); and (e) as described in "4) Establishment by the Company of an independent Special Committee and receipt of the committee report" of "4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" of "3. Matters related to the reasonableness of provisions for matters listed in Article 180 Paragraph 2 Items 1 and 3 of the Companies Act (matters related to the reasonableness of provisions for the rate of consolidation)" below, the Tender Offer Price is considered as appropriate in the Committee Report obtained from the Special Committee as well.

Based on the foregoing, we determined that the Transaction would contribute to enhancing the corporate value of the Company and that the various conditions of the Transaction, including the Tender Offer Price, were appropriate, and therefore, at the meeting of the Board of Directors held on May 15, 2023, we expressed our opinions to support the Tender Offer and resolved to recommend our shareholders to apply for the Tender Offer.

Later, as mentioned above, the Tender Offer was accepted, but the Tender Offerors could not acquire all of the Company's Shares through the Tender Offer (except the treasury stock held by the Company and the shares owned by Mr. Nojima and TNHD in the Company), and for this reason, as announced in the Position Statement Press Release, at the meeting of the Board of Directors held on August 21, 2023 we decided at the request of the Tender Offerors to consolidate its shares ("Share Consolidation") as described in "2. Gist of share consolidation" below in order to make Mr. Nojima and TNHD ("Tender Offer-Related Parties"), both the Tender Offeror, the only shareholders of the Company and delist the Company's Shares on condition that we obtain the approval of shareholders at the Extraordinary General Meeting of Shareholders and resolved to bring a resolution related to the share consolidation before the Extraordinary General Meeting of Shareholders. As the result of the share consolidation, the number of shares held by shareholders other than the Tender Offer-Related Parties in the Company is planned to be a fraction less than one.

For details of the circumstances of the Transaction, please refer to the Position Statement Press Release and the one on the result of the Tender Offer.

2. Matters listed in each item of Article 180 Paragraph 2 of the Companies Act
  1. Rate of consolidation  
The Company's Shares will be consolidated at a rate of 1 to 5,844,550 shares.
  2. Effective date  
October 31, 2023
  3. The total number of shares that can be issued on the effective date  
32
  
4. Matters related to the reasonableness of provisions for the matters listed in Article 180 Paragraph 2 Items 1 and 3 of the Companies Act (matters related to the reasonableness of provisions for the rate of consolidation)  
In the Share Consolidation, the Company's Shares will be consolidated at a rate of 1 to 5,844,550 shares. We understand that as described in "1. Purpose of and the Reason for the Share Consolidation" above, the purpose of the Share Consolidation is to make the Tender Offer-Related Parties the Company's only shareholders and that as the result of the circumstances described in "1. Purpose of and the Reason for the Share Consolidation" above, the Tender Offer was suggested and accepted as part of the Transaction and have determined that in light of the matters listed below, the rate of consolidation in the Share Consolidation is reasonable.
  1. Matters in which we paid attention so that if a parent company, etc. existed, the transaction did not harm the interests of shareholders other than the parent company, etc.  
The Tender Offer was conducted as part of the Transaction which falls into the so-called management buyout (MBO), and taking into consideration factors such as the fact that there are structural conflicts of interest, from the viewpoints of guaranteeing the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading up to decisions on the execution of the Tender Offer, and avoiding conflicts of interest, the Tender Offerors and we took measures to ensure the fairness of the Transaction, including the Tender Offer, as described in "(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" below.
  2. Matters related to rounding methods used if we are expected to round fractions less than one share
    1. Whether we plan to round such fractions according to one of the provisions in Article 234 Paragraph 2 of the Companies Act which are applied in Article 235 Paragraph 1 or Paragraph 2 of the same article of the Companies Act and the reason

As described in “1. Purpose of and the Reason for the Share Consolidation” above, due to the Share Consolidation, the number of shares owned by shareholders other than the Tender Offer-Related Parties in the Company is planned to be a fraction less than one share. The number of shares that correspond to the sum of such fractions (If the sum has a fraction less than one share, such a fraction will be discarded in accordance with the provisions of Article 235 Paragraph 1 of the Companies Act (Act No. 86 of 2005, including subsequent revisions; “Companies Act”)) will be sold in accordance with the provisions of Article 235 of the Companies Act and other related laws and ordinances, and proceeds gained from the sale will be delivered to shareholders who have fractions according to the amount of fractions. We plan to obtain the approval of a court of justice for this selling procedure in accordance with the provisions of Article 234 Paragraph 2 of the Companies Act which are applied by Article 235 Paragraph 2 of the Act and sell all shares that correspond to the sum of the fractions to the Tender Offerors.

In this case, if the required approval of a court of justice is obtained as planned, we plan to set the selling price so that the amount of money is delivered that corresponds to the amount obtained by multiplying the number of shares held by shareholders included or recorded in the Company’s final list of shareholders on October 30, 2023, the day before the day when the Share Consolidation takes effect, by 480 yen, the same amount as the Tender Offer Price. In cases such as the one in which the approval of a court of justice is not obtained or the one in which adjustments of fractions in calculation are necessary, the amount that will actually be delivered may be different from the one specified above.

2. Name of a person who is expected to purchase shares that will be sold  
TNI Corporation
3. Method by which the person who is expected to purchases the shares related to the sale secures funds to pay the selling price and the appropriateness of the method  
The Tender Offerors plan to raise funds to acquire the Company’s Shares, which correspond to the sum of fractions that arise from the Share Consolidation, through borrowings from MUFG Bank, Ltd., and by confirming the loan certificate issued by the bank, we have confirmed how the Tender Offerors raise funds. The Tender Offerors assure us, meanwhile, that there is no event that prevents them from paying the price of shares that correspond to the sum of fractions and that they do not

expect that no such event will occur in the future. Therefore, we judge that the method by which the Tender Offerors secure funds to pay the price of these shares is appropriate.

4. Expected period of sale and period during which proceeds gained from the sale are delivered to shareholders

By early November of 2023, we plan to request a court of justice to permit the sale of the Company's Shares equivalent to the sum of fractions less than one share that arise from the Share Consolidation in accordance with the provisions of Article 234 Paragraph 2 of the Companies Act, which are applied by Article 235 Paragraph 2 of the Act. The period during which such permission is obtained varies according to conditions such as the circumstances of the court of justice, but we expect to deliver proceeds gained from the sale to shareholders by early February of 2024 after we obtain such permission from the court of justice, sell the Company's Shares to the Tender Offerors by early December of 2023, and then make necessary preparations to deliver such proceeds to shareholders.

Considering the period required for a series of procedures related to the sale from the effective date of the Share Consolidation, we reckon that as described above, during the respective periods, the Company's Shares equivalent to the sum of fractions less than one share that arise from the Share Consolidation will be sold and proceeds from the sale delivered to shareholders.

We plan to deliver proceeds from the sale to shareholders included or recorded in the Company's final shareholder list on October 30, 2023, the day before the effective date of the Share Consolidation, using the Company's method to deliver dividends and properties.

5. Matters related to the amount of money expected to be delivered to shareholders through rounding and the appropriateness of the amount

As described in "1. Purpose of and the Reason for the Share Consolidation" above, the amount of money expected to be delivered to shareholders through rounding is the one obtained by multiplying the number of shares held by shareholders included or recorded in the Company's final shareholder list on October 30, 2023, the day before the effective date of the Share Consolidation, in the Company by 480 yen, the same as the Tender Offer Price.

We have determined that the Tender Offer Price is an appropriate one that secures

profits that should be enjoyed by the Company's ordinary shareholders and that the Tender Offer provides those shareholders with reasonable opportunities to sell the Company's Shares at a price with an appropriate premium for five reasons: (a) the result of calculation of the Company's Shares by Plutus as described in "2) Procurement by the Company of a share price valuation report and fairness opinion from an independent third-party valuation institution" of "(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" below exceeds the upper limit in the range of the result of calculation based on the market share price method and remains within the range of the result of calculation based on the discounted cash flow (DCF) method; (b) a premium of 60.54% is added to the closing price of the Company's Shares at the Tokyo Stock Exchange Prime Market on May 12, 2023, the business day before the public announcement of the Tender Offer (299 yen), a premium of 62.71% is added to the simple average of closing prices quoted during the month that preceded May 12, 2023 (295 yen), a premium of 62.71% is added to the simple average of closing prices quoted during the preceding three months (295 yen), and a premium of 66.67% is added to the simple average of closing prices quoted during the preceding 6 months (288 yen), exceeding the average of premium levels (38.59% for share prices on the business day before the day of public announcement, 41.24% for the simple average of closing prices quoted during the month that preceded the business day before the day of public announcement, 43.44% for the simple average of closing prices quoted during the 3 months that preceded the business day before the day of public announcement, and 43.81% for the simple average of closing prices quoted during the 6 months that preceded the business day before the day of public announcement; all figures are rounded to two decimal places) in the 99 examples of MBOs and other projects aimed at delisting, which were disclosed between June 28, 2019, when the Ministry of Economy, Trade and Industry published the Guidelines for How Fair M&As Should Be, and March 31, 2023, and therefore, the price can be evaluated as one with a reasonable premium; (c) it is considered that attention is paid to profits for shareholders as exemplified by the fact that measures are taken to resolve conflicts of interest as described in "(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" below; (d) the Tender Offer Price was decided after the above-mentioned measures to resolve conflicts of interest were taken and after several rounds of consultations and negotiations similar to those held in transactions between independent parties were held between the Company and the Tender

Offerors, and more specifically, as the result of sincere and continuous consultations and negotiations held with the Tender Offerors based on the results of calculation by Plutus for the value of the Company's Shares and Shiomizaka's legal advice and other suggestions on the decision-making process and method for the Transaction and other points to note as well as following the Special Committee's opinions, instructions, requests, etc., the price was offered by raising the initially offered price (450 yen per share) by 30 yen (6.67%); and (e) as described in "4) Establishment by the Company of an independent Special Committee and receipt of the committee report" of "(4) Measures to guarantee the fairness of the Transaction and avoid conflicts of interest" below, the Tender Offer Price is considered as appropriate in the Committee Report obtained from the Special Committee as well.

At the meeting of the Board of Directors held on May 15, 2023, we expressed our opinions to support the Tender Offer and resolved to recommend our shareholders to apply for the Tender Offer, and from then to August 21, 2023, when the Board of Directors resolved to convene the Extraordinary General Meeting of Shareholders, we confirmed that no reason for changing the decision on the Transaction had arisen.

Based on the foregoing, we have determined that the amount expected to be delivered to shareholders by rounding fractions that arise from the Share Consolidation is appropriate.

6. Measures to guarantee the fairness of the Transaction and avoid conflicts of interest

Taking into consideration factors such as the fact that there is the problem of structural conflicts of interest as the Transaction, including the Tender Offer, is conducted as part of the so-called management buyout (MBO), the Tender Offerors and the Company took the measures specified below to guarantee the fairness of the Transaction from the viewpoint of guaranteeing the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process leading up to the decision on the execution of the Tender Offer, and avoiding conflicts of interest.

In the Tender Offer, assuming that setting a lower limit to the number of shares held by the so-called majority of the Company's minority shareholders which they plan to purchase may make the success of the Tender Offer unstable and rather may not serve the interest of the minority shareholders who wish to apply for the Tender Offer, the Tender Offerors do not set such a lower limit. However, since the Tender Offerors and the Company have taken measures 1) to 7) as specified below, we believe that full consideration is given to the interest of the Company's ordinary shareholders.

The descriptions of those of the measures specified below which were taken by the Tender Offerors are based on the explanations given thereby.
1. Acquisition of a share price valuation report and fairness opinion from an independent third-party valuation institution

When deciding the Tender Offer Price, the Tender Offerors requested KPMG FAS Ltd. ("KPMG"), a financial advisor, to calculate the value of the Company's Shares as a third-party valuation institution independent from the Tender Offer-Related Parties and the Company in order to guarantee the fairness of the Tender Offer Price. KPMG does not fall into the Tender Offer-Related Parties and the Company's related parties and does not have any important interest in the Tender Offer.

KPMG considered how to calculate the price for the Tender Offer, and as a result, when calculating the value of the Company's Shares, KPMG used the market price average method because the Company's Shares were listed on the Tokyo Stock Exchange Prime Market and the shares had a price in the market and used the DCF method to reflect future business activities on the calculation of the price, and on May 12, 2023, the Tender Offerors obtained the share price valuation report ("Tender Offerors' Written Calculation") from KPMG. Since the Tender Offerors and the Company have taken measures to guarantee the fairness of the Tender Offer Price and measures to avoid conflicts of interest, the former has not obtained fairness

opinions about the appropriateness of the Tender Offer Price from KPMG.

The results of calculation by KPMG of the value of the Company's stock per share is as follows:

Market price average method: 288 yen to 299 yen

DCF method: 426 yen to 523 yen

In the market price average method, KPMG used May 12, 2023 as the base date for calculation and estimated the value of the Company's stock per share to range from 288 yen to 299 yen, based on the closing price of 299 yen on the base date for the calculation of the Company's Shares at the Tokyo Stock Exchange Prime Market; the simple average of closing prices quoted during the recent month that preceded the base date (from April 13, 2023 to May 12, 2023), at 295 yen; the simple average of closing prices quoted during the 3 months that preceded the base date (from February 13, 2023 to May 12, 2023), at 295 yen; and the simple average of closing prices quoted during the 6 months that preceded the base date (from November 14, 2023 to May 12, 2023), at 288 yen.

In the DCF method, KPMG estimated the value of the Company's stock per share to range from 426 yen to 523 yen by discounting the free cash flows the Company was expected to create during the term ending March 2024 and thereafter by a certain discount rate to obtain their present value, based on the Company's financial forecasts adjusted by the Tender Offerors ("Tender Offerors' Financial Forecasts") taking into consideration the Company's business plans for the period from the term ending March 2024 to the term ending March 2026, trends in financial results for the most recent period, the results of the due diligence process performed by the Tender Offerors from March 23, 2023 to April 21, 2023 for the Company, information disclosed to the general public, and other various factors. The Tender Offerors' Financial Forecasts, which were provided by the Tender Offerors to KPMG and used by KPMG in the DCF method, include fiscal years when the Tender Offerors expect a substantial increase in the Company's profits. Specifically, during the terms ending March 2025 and March 2026, the Tender Offerors expect a substantial increase in the Company's profits compared to the previous year due to increases in the number of members and unit prices caused by a real shift from retailing to services. Assuming that the Transaction is realized, the Tender Offerors' Financial Forecasts



used by KPMG in the DCF method take factors such as the effects of various measures to be taken after the Transaction is conducted into consideration.

KPMG assumes that the information provided by the Tender Offerors or the Company, information obtained through interviews, information disclosed to the general public, and other sorts of information and materials it used when calculating the value of the Company's Shares are all accurate and complete and that there is no fact undisclosed to KPMG which may have serious effects on the calculation of the value of the Company's Shares and has not verified their accuracy and completeness independently. KPMG has not independently assessed the PC Depot Group's assets and liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities), including analyses and assessments of individual assets and liabilities, nor has it requested third-party agencies for such analyses and assessments. It also assumes that the Tender Offerors' Financial Forecasts which it considered in this calculation were reasonably prepared by the Tender Offerors based on the best forecasts and decisions that could be obtained at the time of preparation and that the calculation reflects the information and the economic situation as of May 12, 2023.

The Tender Offerors consulted and negotiated with the Company while, in addition to the results of calculation in the Tender Offerors' Written Calculation obtained from KPMG, referring to factors such as the results of the due diligence process performed by the Tender Offerors for the Company, the Company's financial information, the closing price of 299 yen for the Company's Shares, traded through the Financial Instruments Exchange, at the Tokyo Stock Exchange Prime Market on May 12, 2023, the business day before the day of public announcement of the Tender Offer, changes in the simple average of closing prices quoted during the month, 3 months, and 6 months that preceded the same day (295 yen, 295 yen, and 288 yen, respectively). As a result, they set the Tender Offer Price at 480 yen on May 15, 2023, taking into consideration all factors such as the Company's approval for the Tender Offer and the outlook for shareholders' application for the Tender Offer, and decided to launch the Tender Offer as part of the Transaction.

The Tender Offer Price of 480 yen is the amount obtained by adding a premium of 60.54% to the closing price of 299 yen for the Company's Shares at the Tokyo Stock Exchange Prime Market on May 12, 2023, the business day before the day of public

announcement of the Tender Offer, a premium of 62.71% to the simple average of closing prices quoted during the month that preceded the same day (295 yen), a premium of 62.71% to the simple average of closing prices quoted during the 3 months that preceded the same day (295 yen), and a premium of 66.67% to the simple average of closing prices quoted during the 6 months that preceded the same day (288 yen).

2. Procurement by the Company of a share price valuation report and fairness opinion from an independent third-party valuation institution

In order to ensure fairness in the decision-making process of the Board of Directors of the Company about the Transaction including the Tender Offer, the Company requested Plutus, as a third-party valuation institution independent of the Tender Offer-Related Parties and the Company, to value the Company's Shares and express its opinion that the Tender Offer Price was fair to ordinary shareholders of the Company from a financial point of view (a fairness opinion), and the Company obtained the Company's Valuation Report and the Fairness Opinion on May 12, 2023. Plutus neither falls under the Tender Offer-Related Parties and of the Company nor has any important interest in the Transaction including the Tender Offer that should be disclosed.

In addition, the Special Committee confirmed that there was no problem with the independence of Plutus. Remuneration for Plutus is only fixed fees payable regardless of the success or failure of the Transaction and does not include contingent fees payable under the condition of the success of the Transaction.

As a result of examining valuation methods in the Tender Offer, Plutus grounded the valuation on the idea that it was appropriate to evaluate the Company's Shares from multiple aspects on the assumption that the Company was an going concern. Accordingly, Plutus employed the market share price method in view that the Company's Shares are listed on the Tokyo Stock Exchange Prime Market and the DFS method in order to reflect the future status of the business activity of the Company on the valuation, then conducted the valuation of the Company's Shares. Consequently, the Company obtained the Company's Valuation Report on May 12, 2023 from Plutus.

In accordance with the Company's Valuation Report, the price valuation ranges, expressed as price per share of the Company derived from the above methods are as below.

Market share price method: from 288 yen to 299 yen  
DCF method: from 445 yen to 616 yen

Under the market share price method, the price valuation ranges of the price per share of the Company were computed from 288 yen to 299 yen, based on May 12, 2023 as the base date, 299 yen as the closing price on the base date on the Tokyo Stock Exchange Prime Market, 295 yen as the average closing price for the most recent 1 month, 295 yen as the average closing price for the most recent 3 months, 288 yen as the average closing price for the most recent 6 months.

Under the DCF method, the price valuation ranges of the price per share of the Company were judged to be 445 yen to 616 yen as a result of calculating the Company's corporate value and share value by discounting the free cash flow that the Company is expected to generate based on the business plans from the fiscal year ending March 2024 to the fiscal year ending March 2026 and the latest trend in the earnings that the Company provided to the present value by certain discount rates. Weighted Average Cost of Capital (WACC) was used as discount rates, which were 7.09% to 10.24%. To determine the terminal value, the perpetual growth rate method was employed with the perpetual growth rate set as 0%.

The following are the business plans of the Company that Plutus used as the assumption of the valuation by the DCF method. Note that the business plans, prepared by the Company and used by Plutus for the valuation by the DCF method include business years that a massive profit increase is planned. Specifically, accounts receivable-trade related to sales of products whose collection period was relatively long increased temporarily in the fiscal year ended March 2023 over the course of the exit from retail business and the full shift to service business. As the ratio of the provision of services will rise during the fiscal year ending March 2024, the collection period of accounts receivable-trade will be shortened, leading the Company to expect the free cash flow to increase due to a decrease in working capital. Additionally, with the degree of change in working capital expected to be relatively limited for the fiscal year ending March 2025, the Company expects the free cash flow to decline compared to the fiscal year ending March 2024. On the other hand, due to increases in the number of members and unit prices, the Company expects a significant profit increase in the fiscal year ending March 2025 compared to the fiscal year ending March 2024 (operating income of 1,644 million

yen, up 40.1%) and further massive profit growth in the fiscal year ending March 2026 compared to the fiscal year ending March 2025 (operating profit of 2,309 million yen, up 40.4%). Regarding synergies expected to be actualized by the execution of the Transaction, as it is difficult to specifically estimate the impact on earnings at this moment, the synergies are not incorporated in these business plans. However, the following business plans factor in only the effect of elimination of listing expenses.

(Unit: Millions of yen)

	Fiscal year ending March 2024	Fiscal year ending March 2025	Fiscal year ending March 2026
Net sales	30,174	31,402	33,592
Operating income	1,174	1,644	2,309
EBITDA	2,335	2,646	3,181
Free cash flow	3,724	1,193	1,355

To value the Company's Shares, Plutus used information that it was provided with by the Company, information and others publicly available as they were, in principle. Plutus did not independently verify the accuracy or completeness of the information on the assumption that these materials, information, etc. were all accurate and complete. Additionally, Plutus neither independently evaluated or assessed the Company's assets and liabilities (including off-the-book assets and liabilities and other contingent liabilities) and nor made any request to a third-party institution for such appraisal or assessment. In addition, information on financial forecasts of the Company is based on the premise that such forecasts were prepared rationally based on the best forecasts and judgements available to the management team of the Company at the moment. However, Plutus held multiple Q&A sessions with the Company about the business plans of the Company on which Plutus grounded the valuation, and grasped the course of events in the preparation and the actual status of the Company. Consequently, from the viewpoint that there were no unreasonable points with them, Plutus verified the rationality of the business plans of the Company. Furthermore, the Special Committee confirmed the rationality of the contents,

material assumptions, the course of events in the preparation and others.

The Company obtained the Fairness Opinion from Plutus on May 12, 2023 (Note). The Fairness Opinion is to express the opinion that the Tender Offer Price is fair to ordinary shareholders of the Company from a financial point of view in light of the outcome of the valuation of the Company's Shares, based on the financial forecasts prepared by the Company, and others. The Fairness Opinion was issued through questions and answers with the Company on the overview, background and objective of the Tender Offer, examinations on the business environment of the Company, the economy, the market, financial conditions, etc. within the scope that Plutus recognized as necessary, and a reviewing process of a board of review independent of the engagement team of Plutus in addition to the outcome of the valuation of the Company's shares conducted after Plutus was provided with the actual status of business, future business plans and others by the Company, and was given explanations on such information.

(Note) To prepare and submit the Fairness Opinion and determine the share value, on which the opinion is based, Plutus relied on basic materials provided by the Company, materials publicly disclosed, and information obtained through interviews the Company, based on the premise that those were accurate and complete and that there were no facts undisclosed to Plutus that could significantly influence the analysis and valuation of the share value of the Company. Accordingly, Plutus did not independently examine or verify them and is not liable to conduct such examination and verification.

The business plans of the Company and other materials that Plutus used as the basic materials for the Fairness Opinion are based on the premise that those were prepared rationally in accordance with the best possible forecasts and judgements at the time of preparation. Plutus does not guarantee the possibility of their actualization and did not express any opinion on the analysis or forecasts that were the premise for these preparation or preconditions on which those are grounded.

Plutus did not independently evaluate or appraise the assets and liabilities of the Company and its affiliates (including off-the-book assets and liabilities and other contingent liabilities) including the analysis and evaluation of individual assets and liabilities and was not given any written evaluation or appraisal related to them. Plutus did not evaluate the creditworthiness of the Company and its affiliates

under the applicable laws and regulations concerning bankruptcy, suspension of payment and similar matters. Plutus is not a specialized institution of law, accounting or tax affairs. Plutus is neither one that independently analyzes or considers the existence or non-existence of problems with law, accounting and tax affairs concerning the Tender Offer, etc., nor is liable to such obligations. The Fairness Opinion was prepared for the purpose of using to consider the fairness of the Tender Offer Price by the Company. Therefore, the Fairness Opinion does not refer to the positioning of the Transaction in the business strategy by the Company in comparison with feasible alternative plans or the benefits that could be brought in by the execution of the Transaction, and is not to express any opinion on the appropriateness of the execution of the Transaction by the Tender Offeror.

The Fairness Opinion was provided by Plutus for the purpose of using as basic materials for the Board of Directors of the Company and the Special Committee to judge on the Tender Offer Price, and it may not be relied on by any other persons.

3. Advice from Legal Firm Independent of the Company

To make decisions on the Transaction including the Tender Offer in a careful manner and ensure fairness and appropriateness in the decision-making by the Board of Directors of the Company, the Company has received legal advice from Shiomizaka, a law firm, as the legal advisor independent of the Tender Offer-Related Parties and the Company, regarding the decision-making method and process of the Board of Directors of the Company and other points to be noted including a series of procedures for the Transaction since the middle of March 2023.

Shiomizaka does not fall under the Tender Offer-Related Parties and of the Company and has no material interest to be noted in the Transaction including the Tender Offer.

Additionally, the Special Committee has confirmed that there is no problem with the independence of Shiomizaka. Remuneration for the law firm are only fixed fees or hourly-based fees payable regardless of the success or failure of the Transaction, and does not include a fee payable contingent on the success of the Transaction.

4. Establishment by the Company of an independent Special Committee and receipt of the committee report

The Company recognizes that the Transaction including the Tender Offer falls under the so-called management buyout (MBO) and that there exists the issue of structural conflicts of interest. Therefore, for the purpose of protecting ordinary shareholders of the Company, the Company took a measure that guaranteed fairness in the Transaction in order to ensure fairness in the Tender Offer Price and eliminate arbitrariness in the process of decision-making that led to the decision on the execution of the Transaction as well as from the viewpoint of conflicts of interest. In order to eliminate arbitrariness in decision-making and establish the decision-making process that is fair, transparent and objective, the Board of Directors meeting, held on March 14, 2023, resolved to establish the Special Committee, composed of the six members of Ms. Yumiko Masuda (Independent Outside Director of the Company), Mr. Masaki Nishimura (Independent Outside Auditor of the Company), Yoshinari Noguchi (Independent Outside Auditor of the Company), Mr. Satoshi Tamai (Independent Outside Auditor of the Company) and Ms. Emiko Magoshi (Independent Outside Director of the Company), whom the Company recognized as independent of the Tender Offer-Related Parties and the Company and equipped with high levels of insight as well as Mr. Makoto Kumazawa (a lawyer, Shin Saiwai Law Office), who has an abundance of knowledge of cases similar to the Transaction (MBO, acquisition of subordinating companies by controlling shareholders, etc.) (Ms. Yumiko Masuda has been appointed as the chair of the Special Committee through the mutual election by the committee members). Since Ms. Emiko Magoshi was not likely to fully take part in deliberations of the Special Committee due to her schedule up to the announcement date of the Tender Offer, she came to resign as a committee member of the Special Committee according to her intention on March 22, 2023, before the first meeting of the Special Committee was held. However, there is no change to the other committee members.

Based on the resolution of the Board of Directors, the Company has consulted the Special Committee about (a) the rationality of the objective of the Transaction (including whether or not the Transaction will contribute to enhance the corporate value of the Company), (b) the rationality of the terms and conditions of the Transaction (including the method to execute the transaction and the rationality of the category of considerations), (c) fairness in the procedures for the Transaction (including consideration of which measures for guaranteeing fairness should be

taken to which degree), and (d) based on (a) to (c) above, whether or not the Transaction (including the acts that the Board of Directors expresses its opinion in favor of the Tender Offer and recommends that shareholders of the Company apply to the Tender Offer) is disadvantageous to minority shareholders of the Company. (hereinafter collectively referred to as “the Matters for Consultation”).

The Board of Directors has resolved to position the Special Committee as a council independent of the Board of Directors of the Company and, at the same time, as an organization that considers and decides on the Matters for Consultation from the standpoint of pursuing the interest of the Company and its general shareholders, and not to decide to execute the Transaction in the case that the Special Committee judges the Transaction inappropriate by respecting opinions from the Special Committee to the maximum on the occasion that the Board of Directors makes a decision on the Transaction. Furthermore, the Board of Directors has resolved (i) that when the Company negotiates with the Tender Offeror about transaction conditions, etc. for the Transaction, the Company will report on the situation to the Special Committee as appropriately and accept opinions, instructions and requests from the Special Committee at critical junctures, and, simultaneously, if the Special Committee considers it necessary from the viewpoint of pursuing the interest of the Company and its ordinary shareholders, the Board of Directors of the Company will give the Special Committee the authority to negotiate directly, (ii) that the Board of Directors of the Company will give the Special Committee the authority to appoint advisors on finance, legal affairs or others on their own at the Company's expense in the case that the Special Committee judges it necessary, (iii) that the Board of Directors of the Company will give the Special Committee the authority to collect and receive information necessary for judgment and examination regarding the Matters for Consultation while the Company assumes the expense, and (iv) that the Board of Directors of the Company will give the Special Committee the authority to consider the extent of measures that guarantee fairness taken for the Transaction and give opinions and suggestions as necessary.

It has been decided that each committee member of the Special Committee will be paid a fixed amount of remuneration that does not include contingent fees on condition of the announcement or success of the Transaction and others.

The Special Committee was held a total of 10 times from March 24, 2023 to May 12, 2023, and considered and deliberated the Matters for Consultation in a careful manner.



Specifically, firstly on March 24, 2023, the Special Committee confirmed that there was no problem with Plutus as the financial advisor and the third-party evaluation institution and Shiomizaka as the legal advisor in terms of independence from the Tender Offer-Related Parties and the Company and expertise, and the Special Committee approved the appointment of each as advisors to the Company. Additionally, it has been confirmed that the Special Committee will seek professional advice from the Company's advisors, etc., as necessary, and will not independently appoint advisors or others. Furthermore, the Special Committee was given an explanation by the Company of the system for examining the Transaction, which the Company had established internally, and confirmed that there was no problem with it from the viewpoint of independence.

On top of the above, the Special Committee was given explanations by Shiomizaka of the background that the establishment of the Special Committee was required, the roles of the Special Committee and others. Based on legal advice on the decision-making process and method of the Transaction, matters to be noted on decision-making on other matters of the Transaction, and others, the Special Committee is considering measures that should be taken to ensure fairness in the procedures for the Transaction.

The Special Committee collected and considered each material for examination submitted by the Tender Offeror and the Company and other necessary information, materials, etc. and asked Mr. Nojima questions in writing and received the answers. In addition, the Special Committee conducted an investigation through hearing with Mr. Nojima, with Plutus, the third-party valuation institution of the Company and Shiomizaka, the legal advisor of the Company. On these occasions, the Special Committee confirmed the business environment and management issues of the Company and Mr. Nojima's recognition of these matters and was given explanations of the contents, background, significance and objectives, merits and demerits of the Transaction; the contents of measures to be implemented after the Transaction that are under consideration; the impacts of the Transaction and such measures on the Company's corporate value; the sequence of events leading the Tender Offeror and the Company to the decision-making and the rationality of the sequence of events in the examination; and other matters related to the Transaction. In parallel, the Special Committee had Q&A sessions about the objectives and the background of the Transaction, the reasons that the execution of the Transaction was considered to be necessary, a post-Transaction management system and matters including measures

planned to be taken after the Transaction. Moreover, the Special Committee asked the management team of the Company questions in writing and received the answers and conducted multiple interviews and an investigation through hearings with the management team of the Company. Through them, the Special Committee confirmed the business environment and management issues of the Company and the significance, effectiveness, etc. of the Transaction and measures that Mr. Nojima proposed to cope with the issues, and asked questions and received the answers. Furthermore, the Special Committee confirmed that the business plans had been prepared under the leadership of those independent of the Tender Offer-Related Parties, received explanations of important preconditions from the Company and confirmed and approved the contents of the final business plans and the rationality of the important preconditions and the sequence of events leading to the preparation, etc. Based on them, the Special Committee was given explanations by Plutus, the third-party valuation institution, of the Company's Valuation Report and the Fairness Opinion and made an investigation through hearings on matters including preconditions for the valuation.

Additionally, As stated in aforementioned "1. Purpose of and the Reason for the Share Consolidation," since the Company received the proposal that the Tender Offer Price was set at 450 yen per share from the Tender Offeror on April 11, 2023. In the course of discussions and negotiations between the Tender Offeror and the Company over conditions for the Transaction, the Company reported on the sequence of events, contents, etc. of such meetings to the Special Committee appropriately. Then, the Special Committee was provided with the outcome of the valuation of the Company's Shares by Plutus, the financial advisor and the third-party valuation institution, advice based on the policy for negotiations with the Tender Offeror, and legal advice from Shiomizaka concerning the approach, etc. for ensuring fairness in the procedures in the Transaction and others. Equipped with such information, the Special Committee is actively involved in the negotiation process with the Tender Offeror through actions such as examining the Tender Offer Price and informing the Company of a negotiation policy.

Furthermore, the Special Committee was given explanations multiple times by Shiomizaka of the contents of the draft of press releases on the Tender Offer that the Company plans to announce or submit and of the Opinion Report related to the Tender Offer, and the contents of the draft of the tender offer notification related to the Tender Offer that the Tender Offeror plans to submit. With these, the Special

Committee has confirmed that sufficient information disclosure has been scheduled.

Under such circumstances, the Special Committee considered and discussed the Matters for Consideration in a careful manner, and on May 12, 2023, submitted the Committee Report with the following gist, which the Special Committee had approved unanimously, to the Board of Directors of the Company.

(i) Details of the Report

(A) Advisory matter (a)

In light of changes in the Company's business environment and performance as well as management issues, the decision that the Company's corporate value will increase by privatizing its shares through the Transaction is judged to be reasonable and the purpose of the Transaction is judged to be also reasonable.

(B) Advisory matter (b)

Compared with similar cases, premium of a satisfactory level is added to 480 yen as the Tender Offer Price. In the valuation prepared by Plutus, an independent third-party calculation agent, the price is significantly higher than the upper limit of the price range calculated under the market share price method and is comparatively higher than the lower limit of the price range calculated under the DCF method, and the Special Committee made reasonable efforts to implement M&A under the most favorable conditions for minority shareholders. In consideration of all these factors, the Tender Offer Price is appropriate. With regard to the implementation method and compensation of the Transaction, no disadvantage for minority shareholders is found.

Consequently, it is judged that conditions of the Transaction are reasonable.

(C) Advisory matter (c)

All kinds of fairness guarantee measures including the acquisition of valuation and fairness opinion from an independent third-party calculation agent, the acquisition of advice from an independent law firm, the establishment of an independent special committee and the acquisition of a report, the elimination of the Company's officers and employees with interest in the Tender Offer from the process of examination, negotiation, and resolution related to the Tender Offer,

the unanimous resolution by the Company's all officers with no interest, the securing of objective circumstances that guarantee the fairness of the Tender Offer (securing of indirect market check), and satisfactory information disclosure, are carried out. From both perspectives of (i) securing circumstances equivalent to transactions between independent parties in the process of establishing transaction conditions and (ii) securing opportunities for appropriate judgment by ordinary shareholders based on sufficient information, details and combinations of the fairness guarantee measures are considered to be necessary and sufficient and to have been actually implemented with workability. Therefore, in the Tender Offer, it is considered that sufficient attention is paid to the profit of the Company's ordinary shareholders through fair procedures.

Consequently, it is judged that procedures for the Transaction are fair.

(D) Advisory matter (d)

What was examined in the advisory matters (a) and (c) is a consideration factor of the advisory matter (d). As described in detail in the Committee Report, it is not considered that there are problems with the advisory matters (a) and (c). Consequently, it is judged that the Transaction (including expression of the Company's Board of Directors' agreement to the Tender Offer and recommendation to the Company's shareholders for subscriptions for the Tender Offer) decision is not disadvantageous for the Company's minority shareholders.

(ii) Reason for the report

(A) As mentioned below, in light of changes in the Company's business environment and performance as well as management issues, the Special Committee judges that the decision that the Company's corporate value will increase by privatizing its shares through the Transaction is not unreasonable.

- The Company started as a PC retailer, but around 2005, it adopted a policy to grow by providing IT services (solutions) in anticipation of accelerated realization of IT society in the future. Around 2010, the Company started to shift to business with an emphasis on premium members. In 2021, it aimed to completely shift business to its unique subscription model for its members, and after that, it significantly decreased product sales for general customers to gradually get out from retail sales. To further increase the sales ratio of the

subscription model, the Company aimed to increase the number of NCS (New Customer Success) members and took the following measures: (1) focus on personnel strengthening including development of digital life planners, (2) improvement and strengthening of a communication system including Yokohama Key Station as a communication place exclusively for premium members, and (3) concentrated investment in advertising by publishing magazines for members. The Company adopted these policies and has been making managerial efforts with trial and error. By implementing these measures, the Company succeeded in increasing the number of NCS (New Customer Success) members, but the number is still below the plan and the Company has not raised the whole number of members yet.

- As mentioned above, it is considered that various measures implemented have not improved corporate performance yet and that the number of members will not increase in the future and that LTV will decrease if the Company continues to take the conventional measures. Under these circumstances, the Company considers that it will not be able to increase the number of new members only by continuing to take conventional measures, such as waiting for customers who come to stores out of necessity including repair of Internet devices, and introduction by customers, and that there is an urgent need to drastically get out from the store-dependent business model. It may be a financial burden in the short term, but the Company considers that it is necessary to build a new growth basis by making strategic investment proactively and quickly in measures that lead to enhancement of corporate value in the medium to the long term and that, to achieve this goal, it is indispensable to build a management system that can restructure business in a timely, flexible, swift and bold manner.

- In consideration of the management environment surrounding the Company and management issues, the Tender Offeror considers it necessary to (A) further expand member business as a core of the Company's management, (B) to get out from retail business and shift to the OMO-type state-of-the-art model and (C) to implement measures to shift to a new business model as a media-type company, and the Company recognizes, as a direction, the necessity to proactively promote these measures to increase its medium- and long-term corporate value, although it is indispensable to formulate a feasible business plan

and work hard and learn in order to implement these measures. (A) What is described with regard to further expansion of the member business as a core of the Company's management is considered to have already been implemented or is an extension of the measures taken by the Company. (B) With regard to shift from retail business to the OMO-type state-of-the-art model (C) as well as shift to a new business model as a media-type company, the Company can't precisely determine, based on current information, concrete details of services, interconnectedness with the Company's current services, investment amount and profitability. However, the measures have potential to establish more proactive and diverse channels to acquire customers in addition to current passive ways to acquire customers, and in this sense, it is evaluated that the measures may contribute to resolving the Company's management issues.

- In taking these measures, the Company's future profitability will be uncertain and there are short-term risks that may worsen its financial conditions, including reduction in profit level, worsening of cash flow, and increase in debt with interest. Therefore, if the Company implements these measures while being listed, it can't be denied that the Company's shareholders may be badly negatively affected by further decrease in share prices and dividend, etc. The Company recognizes the necessity to increase its corporate value from the medium- and long-term viewpoint by implementing the above-mentioned measures proactively and swiftly, without being affected by short-term performance, which is understandable in general terms.

- In general, the advantages of being listed on the stock market are facilitation and diversification of financing, increase in corporate social credibility and name recognition, etc. But, the Company has not implemented equity financing from the capital market for more than 5 years and it will raise necessary funds by borrowing money from financial institutions also in the future. In addition, after more than 20 years since listing on the stock exchange, the Company considers that it has basically secured its brand power and credibility to business partners through the listing. Because the acquisition of excellent human resources and the expansion of business partners due to increase in the Company's social credibility and name recognition can be partially obtained through business activities, the Company considers that disadvantages of privatizing its shares are

limited, and the decision is not unreasonable. The Special Committee examined disadvantages caused by the act of privatizing its shares (negative influence on new recruitment of officers/employees), but no disadvantage that is certainly highly possible to come to the surface or that exceed advantages of privatizing its shares was found.

- Considering all these factors together, the Company's determination that the advantages of privatizing its shares exceed its disadvantages is not unreasonable, and it is considered that the choice of privatizing its shares may be deservedly recognized as an effective option for the Company to grow and increase its corporate value from the medium- and long-perspective.

(B) With regard to 480 yen as the Tender Offer Price, premium of 60.54% was added to the closing share price of the Company on the Tokyo Stock Exchange Prime Market on May 12, 2023, the business day preceding the date of announcement of the Tender Offer, which was 299 yen, premium of 62.71% to the simple average of closing prices for a month until May 12, 2023, which was 295 yen, premium of 62.71% to the simple average of closing prices for the past 3 months, which was 295 yen, and premium of 66.67% to the simple average of closing prices for the past 6 months, which was 288 yen. Compared with similar cases, premium of a sufficient level is added and in the valuation prepared by Plutus, an independent third-party calculation agent, the price is significantly higher than the upper limit of the price range calculated under the market share price method and comparatively higher than the lower limit of the price range calculated under the DCF method. Based on calculation results by Plutus, an independent calculation agent, and premium analysis materials on similar cases provided by Plutus, the Special Committee negotiated with the Tender Offeror more than once by using authority granted. As a result of the negotiations, the price exceeded the originally proposed price by 30 yen, and the Special Committee made reasonable efforts to implement M&A under the most favorable conditions for minority shareholders. In consideration of all these factors, it is considered that the Tender Offer Price is reasonable.

As mentioned above, on the assumption that the market share price method is used and that the Company is a going concern, the Special Committee considers that it is appropriate to examine the validity of the Tender Offer Price

by using calculation results under the DCF method and reflecting the Company's future profitability (intrinsic value) on calculation. However, as the Tender Offer Price (480 yen) is below net assets per share (517 yen) calculated by the Company's consolidated book-value net assets as of March 31, 2023, the Committee will examine this point supplementarily.

First, even based on consolidated book-value net assets, price book-value ratio (PBR) is 0.93 and the Tender Offer Price (480 yen) is not so different from net assets per share (517 yen). And when examining substantial liquidation value, apart from book-value net assets, in consideration of assets that are difficult to be disposed of and disposal expenses, it is not realistic to estimate that net assets per share is the minimum reasonable price that shareholders can receive. Therefore, the fact that the Tender Offer Price (480 yen) is below the net assets per share (517 yen) calculated from the Company's consolidated book-value net assets as of March 31, 2023, is not a reason for denying the validity of the Tender Offer Price

Moreover, in the Transaction, if the Tender Offer is established, squeeze-out procedures will be implemented. Shareholders who are against the stock consolidation item on the agenda related to squeeze-out procedures may exercise appraisal rights and price determination rights of claim, and money granted to minority shareholders through squeeze-out procedures will be the same amount as the Tender Offer Price. Details will be disclosed through registration statements of the tender offer and press release, it can be said that opportunities for shareholders to appropriately decide whether or not to subscribe for the Tender Offer and that attention is paid not to cause strong pressure.

Compensation in the Transaction is money and there is no reason for considering that money, which is highly liquid and appropriate to recover investment is disadvantageous for minority shareholders.

As mentioned above, from the viewpoint of protecting the Company's general shareholders, the conditions of the Transaction are recognized to be valid.



(C) All kinds of fairness guarantee measures including the acquisition of valuation and fairness opinion from an independent third-party calculation agent, the acquisition of advice from an independent law firm, the establishment of an independent special committee and the acquisition of a report, the elimination of the Company's officers and employees with an interest in the Tender Offer from the process of examination, negotiation, and resolution related to the Tender Offer, the unanimous resolution by the Company's officers with no interest, the securing of objective circumstances that guarantees the fairness of the Tender Offer (securing of indirect market check), and satisfactory information disclosure, have been carried out in the Tender Offer.

From both perspectives of (i) securing circumstances equivalent to transactions between independent parties in the process of establishing transaction conditions and (ii) securing opportunities for appropriate judgment by general shareholders based on sufficient information, details and combinations of the fairness guarantee measures are considered to be necessary and sufficient and to have been actually implemented with workability.

Therefore, in the Tender Offer, it is considered that sufficient attention is paid to the profit of the Company's general shareholders through fair procedures.

Consequently, it is judged that procedures for the Transaction are fair.

(D) The Committee considers that what was examined in advisory matters (a) and (c) is a consideration factor of advisory matter (d) and as mentioned in detail in the report, it is not considered that there are problems with advisory matters (a) and (c) as a result of deliberations at the Committee. Consequently, the Committee judges that the Transaction decision (including expression of the Company's board meeting's agreement to the Tender Offer and recommendation to the Company's shareholders for submissions for the Tender Offer) is not disadvantageous for the Company's minority shareholders.

5. Building of an Independent Examination System in the Company

As described in "1. Purpose of and the Reason for the Share Consolidation," the Company resolved a structural conflict-of-interest problem in the middle of March 2023, and from the standpoint of securing the Company's general shareholders'

profit, the Company built an internal system for examination, negotiation and judgment with regard to the Transaction, independently from Tender Offerors.

Concretely, based on advice from Shiomizaka, the Company decided not to involve Mr. Nojima, the Tender Offeror and Representative Director, President & CEO in the process of examination, negotiation and judgment since March 14, 2023, when the Tender Offeror asked discussions and negotiations related to the Transaction. And the Company established an examination system that consists of 10 people in total including 2 Directors of the Company, 3 Executive Officers, and 5 employees in charge of financial affairs, accounting, legal affairs, etc., all of which are independent from the Tender Offer-Related Parties. In cooperation with the Special Committee, they are exclusively engaged in the process of negotiations on transaction conditions related to the Transaction including the Tender Offer Price between the Company and Tender Offerors and in the process of formulating the Company's business plan as an evaluation basis of the Company's Shares and they continue to do so until the announcement date of the Tender Offer.

Under the above-mentioned system, as is described in "1. Purpose of and the Reason for the Share Consolidation," the Company respected details of the Committee Report submitted by the Special Committee as much as possible and carefully discussed and examined if the Transaction increases the Company's corporate value and if conditions of the Transaction including the Tender Offer Price is appropriate, based on both legal advice from Shiomizaka, which is its legal advisor, and the Company's Valuation Report and fairness opinion obtained from Plutus, which is an independent calculation agent. As a result of examining descriptions of "1. Purpose of and the Reason for the Share Consolidation," the Company judged that the Transaction would contribute to increasing its corporate value and that conditions related to the Transaction including the Tender Offer Price were appropriate.

6. Approval of All Directors with No Interest in the Company and No Objection of All Auditors with No Interest

The Company respected details of judgment shown in the Committee Report by the Special Committees much as possible and carefully discussed and examined if the Transaction including the Tender Offer increases the Company's corporate value and if conditions of the Transaction including the Tender Offer Price is appropriate, based on financial advice from Plutus, the Company's Valuation Report and fairness

opinion obtained from Plutus, legal advice obtained from Shiomizaka, details of several discussions with the Tender Offeror and other relevant materials.

As a result, as is described above in “1. Purpose of and the Reason for the Share Consolidation,” at the board meeting held on May 15, 2023, based on the Company’s business environment and performance, the Company considered it possible to strengthen and stabilize its management base, increase sales and profit, expand new revenue opportunities, and as a result, contribute to increase in its corporate value, by implementing management reforms through measures proposed by the Tender Offeror, for example, by (A) further expanding subscriber business as a core of the Company’s management, (B) getting out from retail business and shifting to OMO-type state-of-the-art model, and (C) shifting its business category to a new business model as a media-type company. Because it is favorable to build an agile and flexible management system to implement these measures, the Company judged that the Transaction contributes to the Company’s corporate value and the transaction conditions related to the Transaction including the Tender Offer Price in light of calculation results of the Company’s Valuation Report, the fairness opinion, the premium level of the Tender Offer Price, negotiation process with the Tender Offeror, determination process of the Tender Offer Price, etc. The Company’s Directors who participated in deliberations and resolutions (four Directors out of five, excluding Mr. Nojima) unanimously resolved to officially agree to the Tender Offer and recommended its shareholders to subscribe for the Tender Offer.

All the four Auditors of the Company attended the above-mentioned board meeting, and they all had no objection to the above-mentioned resolutions.

Mr. Nojima, the Company’s Representative Director, President & CEO, the Representative Director of the Tender Offeror and a major shareholder of the Company, has special interest in the Transaction, which may result in conflict of interest. Therefore, he did not join deliberations and resolutions at the board meeting at all and did not participate in discussions and negotiations with the Tender Offeror at all from the standpoint of the Company.

7. Securement of Objective Circumstances That Guarantee the Fairness of the Tender Offer

The Tender Offeror determines the tender period of the Tender Offer (hereinafter referred to as the “Tender Offer Period”) as 40 business days although the shortest period prescribed by law is 20 business days. By making the Tender Offer Period

comparatively long, the Tender Offeror intends to secure both appropriate judgement opportunities for the Company's shareholders in relation to subscription for the Tender Offer and opportunities for people other than the Tender Offeror (hereinafter referred to as "Hostile Takeover Bidders") to launch hostile bids in relation to the Company's Shares, by means of which the Tender Offeror plans to guarantee the fairness of the Tender Offer Price.

The Tender Offeror and the Company has made no agreement that includes transaction protection clauses to prohibit the Company to contact Hostile Takeover Bidders, and that includes limitations to prohibit Hostile Takeover Bidders to contact the Company. By securing opportunities for hostile takeover in addition to setting the above-mentioned Tender Offer Period, attention is paid to fairness guarantee of the Tender Offer.

8. Disposal of Important Assets, Burden of Major Obligations, or Any Other Events That Has Material Impact on the Status of Corporate Property That Happened to the Company after the Last Day of the Final Business Year
  1. Successful Tender Offer

As described above in “1. Purpose of and the Reason for the Share Consolidation,” the Tender Offeror carried out the Tender Offer with the Tender Offer Period of 40 business days from May 16, 2023 to July 10, 2023. As a result of the Tender Offer, as of July 18, 2023 (commencement date of settlement of the Tender Offer), the Tender Offeror owns 28,983,589 shares of the Company’s Shares (Ratio of ownership: 56.40%).
  2. Treasury Shares Cancelled

At the board meeting held on August 21, 2023, the Company resolved to cancel 1,234,564 treasury shares as of October 30, 2023. The condition for the cancellation of the treasury shares is that the original proposal is approved at the extraordinary general shareholders’ meeting and the total number of shares issued after cancellation of the treasury shares is 51,387,836 shares.

## Proposal No. 2 Partial Amendment of the Articles of Incorporation

### 1. Reason for Proposal

- (1) When the original Proposal No. 1 is approved at the extraordinary general shareholders' meeting and the stock consolidation takes effect, in accordance with Article 182 Paragraph 2 of the Companies Act, the total number of authorized Company's Shares will decrease to 32 shares. To clarify this point, on condition that the stock consolidation takes effect, Article 5 of the Articles of Incorporation (total number of authorized shares) will be amended.
- (2) When the stock consolidation takes effect, the total number of authorized Company's Shares will decrease to eight shares and it is not necessary to decide the share unit number. Therefore, on condition that the stock consolidation takes effect, in order to abolish prescriptions about share unit number of the Company, which is now 100 shares per unit, Article 6 of the Articles of Incorporation (share unit number) will be fully eliminated, and the number of Articles will accordingly change.
- (3) When the stock consolidation takes effect, the shareholder of the Company will be only Tender Offer-Related Parties and prescriptions about the base date of the ordinary general shareholders' meeting will not be necessary. Therefore, on condition that the stock consolidation takes effect, Article 8 of the Articles of Incorporation (base date) will be fully eliminated, and the number of Articles will accordingly change.
- (4) When the stock consolidation takes effect, the shareholder of the Company will be only Tender Offer-Related Parties and prescriptions about e-provision system of materials for general shareholders' meetings because the Company go private. Therefore, on condition that the stock consolidation takes effect, Article 15 of the Articles of Incorporation (e-provision measures, etc.) will be fully eliminated, and the number of Articles will accordingly change.

## 2. Details of Amendment

Details of amendment are as follows. Amendment in the Articles of Incorporation related to the proposal will take effect on October 31, 2023, on condition that the original proposal No. 1 will be approved at the extraordinary general shareholders' meeting and that the stock consolidation will take effect.

(The underlined parts are amendments.)

Current Articles of Incorporation	Amendment proposal
Chapter 2 Shares (The total number of authorized shares) Article 5 The total number of authorized shares is <u>160,200,000</u> .	Chapter 2 Shares (The total number of authorized shares) Article 5 The total number of authorized shares is <u>32</u> .
(Share unit number) Article 6 Share unit number of the Company is 100 shares.	(Deleted)
Article <u>7</u> (Article omitted)	Article <u>6</u> (As is)
(Base date) Article 8 <u>The Company is a shareholder that has a voting right described or recorded in the final list of shareholders as of March 31 every year and that may exercise the right at an ordinary general shareholders' meeting for the business year.</u>	(Deleted)
2. <u>When necessary other than prescribed in the preceding paragraph, the Company may announce in advance and temporarily determine a base date based on resolutions by the board meeting.</u>	
Articles <u>9</u> to <u>14</u> (Articles omitted)	Articles <u>7</u> to <u>12</u> (As is)
(e-provision measures) Article 15 <u>In convening general shareholders' meetings, the Company takes e-provision measures concerning information including reference documents related to general shareholders' meetings.</u>	(Deleted)
2. <u>With regard to some ordinances of the Ministry of Justice out of e-provision measure items, the Company does not describe them in written notices issued to shareholders who have requested written issuance by the base date of the voting right.</u>	
Articles <u>16</u> to <u>50</u> (Articles omitted)	Articles <u>13</u> to <u>47</u> (As is)