June 18, 2024

To whom it may concern:

Company Name:	INFOCOM CORPORATION
Representative:	Jun Kuroda, President and CEO
(Code: 4348	Prime Market of the Tokyo Stock Exchange)
Contact:	Hiroshi Imafuku, Corporate Communications General Manager
	(Tel: 03-6866-3160)

Notice Concerning Announcement of Opinion Regarding the Tender Offer for the Shares, Etc. of the Company by BXJC II Holding KK

INFOCOM CORPORATION (the "Company") hereby announces that at the meeting of its Board of Directors held today, it passed a resolution to approve a tender offer by BXJC II Holding KK (the "Offeror") for the Company's common stock (the "Company's Stock") and Stock Acquisition Rights (as defined in "(2) Stock acquisition rights" in "2. Purchase price" below; hereinafter the same) (the "Tender Offer") and to recommend its shareholders to tender their Company's Stock in the Tender Offer, and to leave it to the holders of the Stock Acquisition Rights (the "Stock Acquisition Right Holders") to decide whether or not to tender their Stock Acquisition Rights in the Tender Offer.

The resolution of the Board of Directors described above was adopted on the assumption that the Offeror intends to make the Company its wholly-owned subsidiary through the Tender Offer and a series of procedures planned thereafter (for details, please refer to "(I) Outline of the Tender Offer" in "(2) Basis of, and reasons for the opinion on the Tender Offer" in "3. Details and basis of, and reasons for the opinion on the Tender Offer" below), and that the Company's Stock will be delisted.

1. Outline of the Tender Offer

(1)	Name	BXJC II Holding KK
(2)	Address	1-4, Toranomon 5-chome, Minato-ku, Tokyo
(3)	Name and title of the representative	Atsuhiko Sakamoto, Representative Director
(4)	Description of business	To acquire and hold shares of the Company, and to control and manage its business activities
(5)	Share capital	1 yen
(6)	Date of establishment	May 13, 2024

(7)	Major shareholders and ownership ratios (as of June 18, 2024)	BXJC I Holding KK	100%
(8)	Relationship between the Company and the Offeror		
	Capital relationship	N/A	
	Personnel relationship	N/A	
	Business relationship	N/A	
	Status as related party	N/A	

2. Purchase price

(1) 6,060 yen per share of the Company's Stock

(2) Stock acquisition rights (stock acquisition rights in A through H below are collectively referred to as the "Stock Acquisition Rights"):

A Stock acquisition rights issued based on the resolution of the Company's board of directors meeting held on May 9, 2013 (the "FY 2013 Stock Acquisition Rights") (exercise period: from June 1, 2013 to May 31, 2043): 1 yen per stock acquisition right;

B Stock acquisition rights issued based on the resolution of the Company's board of directors meeting held on May 15, 2014 (the "FY 2014 Stock Acquisition Rights") (exercise period: from June 7, 2014 to June 6, 2044): 1 yen per stock acquisition right;

C Stock acquisition rights issued based on the resolution of the Company's board of directors meeting held on May 19, 2015 (the "FY 2015 Stock Acquisition Rights") (exercise period: from June 10, 2015 to June 9, 2045): 1 yen per stock acquisition right;

D Stock acquisition rights issued based on the resolution of the Company's board of directors meeting held on May 20, 2016 (the "FY 2016 Stock Acquisition Rights") (exercise period: from June 14, 2016 to June 13, 2046): 1 yen per stock acquisition right;

E Stock acquisition rights issued based on the resolution of the Company's board of directors meeting held on May 19, 2017 (the "FY 2017 Stock Acquisition Rights") (exercise period: from June 13, 2017 to June 12, 2047): 1 yen per stock acquisition right;

F Stock acquisition rights issued based on the resolution of the Company's board of directors meeting held on May 18, 2018 (the "FY 2018 Stock Acquisition Rights") (exercise period: from June 12, 2018 to June 11, 2048): 1 yen per stock acquisition right;

G Stock acquisition rights issued based on the resolution of the Company's board of directors meeting held on May 20, 2019 (the "FY 2019 Stock Acquisition Rights") (exercise period: from June 12, 2019 to June 11, 2049): 1 yen per stock acquisition right; and

H Stock acquisition rights issued based on the resolution of the Company's board of directors meeting held on May 20, 2020 (the "FY 2020 Stock Acquisition Rights") (exercise period: from June 12, 2020 to June 11, 2050): 1 yen per stock acquisition right.

3. Details and basis of, and reasons for the opinion on the Tender Offer

(1) Details of the opinion on the Tender Offer

At the meeting of its Board of Directors held today, the Company passed a resolution to approve the Tender Offer and to recommend its shareholders to tender their Company's Stock in the Tender Offer, and to leave it to the Stock Acquisition Right Holders to decide whether or not to tender their Stock Acquisition Rights in the Tender Offer based on the basis and reasons stated in "(2) Basis of, and reasons for the opinion on the Tender Offer" below.

The resolution of the Board of Directors described above was adopted in the manner described in "(V) Unanimous approval of all disinterested directors of the Company and the opinion of all disinterested auditors of the Company that they have no objection" in "(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests."

(2) Basis of, and reasons for the opinion on the Tender Offer

In this "(2) Basis of, and reasons for the opinion on the Tender Offer," the descriptions regarding the Offeror are based on the explanations received from the Offeror.

(I) Outline of the Tender Offer

According to the Offeror, the Offeror is a joint-stock company established on May 13, 2024 for the principal purpose of holding all of the Company's Stock listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the "TSE") (including the Company's restricted stock granted to the Company's directors (excluding outside directors) and executive officers as restricted stock-based compensation (the "Restricted Stock") and the Company's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding treasury shares held by the Company and the Non-Tendered Shares (as defined below; hereinafter the same)) and the Stock Acquisition Rights through the Tender Offer, and controlling and managing the Company's business activities. As of today, all of issued and outstanding shares of the Offeror are held by BXJC I Holding KK (the "Offeror's Parent Company"; hereinafter the same), all of whose issued and outstanding shares are indirectly held by funds managed, advised, or operated by Blackstone (as defined below; hereinafter the same). As of today, Blackstone, the Offeror's Parent Company, or the Offeror do not hold any share of the Company's Stock or Stock Acquisition Rights.

According to the Offeror, Blackstone Inc. (including its affiliates and other affiliated entities, "Blackstone") was founded in 1985 and is one of the world's largest alternative investment management company. Blackstone manages assets with total equity of approximately 165 trillion yen as of May 11, 2024 (Note: 1 U.S. Dollar = 150 yen; hereinafter the same). Blackstone's investment management business includes private equity funds, real estate funds, hedge fund solutions, credit-related investments, and closed-end mutual funds. The private equity fund, which is the investor in the Transaction (as defined below), manages approximately 47 trillion yen globally at 126 portfolio companies (as of December 31, 2023) , which is one of the largest in the world. In addition, the Blackstone's private equity team has offices worldwide, including six (6) Asian and Oceanian bases in Tokyo, Singapore, Mumbai, Shanghai, Sydney, and Seoul, and these offices are not divided into regional funds (e.g. North America, Europe, Asia, Japan), and acting as a single team enables Blackstone to collaborate closely and globally. Blackstone focuses on companies with high competitiveness, growth potential, and the ability to create added value, conducts investment activities with the aim of achieving further growth by flexibly and intensively providing Blackstone's global network and various management resources as needed to the strong foundation of these companies. In Japan, since the opening of our Tokyo office in 2007, Blackstone have invested more than 2 trillion yen in business investment and real estate investment through May 11, 2024. Blackstone has built a track record in these areas, such as the capital participation to AYUMI Pharmaceutical

Corporation in March 2019, the acquisition of Takeda Consumer Healthcare Company Limited (currently Alinamin Pharmaceutical Co., Ltd.) in March 2021, and the acquisition of Sony Payment Services Inc. with Sony Bank Inc. in January 2024. In addition, on May 13, 2024, Blackstone announced that it intended to commence a tender offer for shares of I'rom Group Co., Ltd., a major provider of clinical trial business support, to take the company private.

According to the Offeror, Blackstone has designated media and IT services sectors, in which the Company operates, as high priority investment areas. Blackstone has made thematic investments in the media field, focusing on the growth potential of video IP (intellectual property), music IP, and digital content. Blackstone co-founded Candle Media with former executives of Walt Disney Company to provide a platform for acquiring companies with IP, operating globally, and helping to maximize IP value across multiple channels. Furthermore, in the field of IT services, Blackstone has made more than 10 investments in the Asia-Pacific region. Blackstone supports growth by strengthening digital solutions through M&As, expanding sales into Blackstone's portfolio, and securing engineering resources through offshoring.

According to the Offeror, on June 18, 2024, the Offeror decided to implement the Tender Offer as part of a series of transactions (the "Transaction") for the purpose of having the Company's Stock go private by acquiring all of the Company's Stock (including the Restricted Stock and the Company's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding treasury shares held by the Company and the Non-Tendered Shares) and the Stock Acquisition Rights.

According to the Offeror, on June 18, 2024, the Offeror entered into a basic transaction agreement (the "Basic Transaction Agreement") with TEIJIN LIMITED, the Company's parent company ("TEIJIN"), in which it agreed not to tender all of the Company's Stock held by TEIJIN (31,760,000 shares; Shareholding Ratio (Note 1): 57.65%; the "Non-Tendered Shares") in the Tender Offer and, as described in "(5) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below, agreed to sell the Non-Tendered Shares in response to the repurchase of the Company's Stock with respect to the Non-Tendered Shares (the "Company's Stock Repurchase;" and the price per share (before the Share Consolidation (as defined below)) at which the Company's Stock Repurchase will be made is hereinafter referred to as the "Company's Stock Repurchase Price") expected to be made by the Company after a series of procedures to make the Offeror and TEIJIN the sole shareholders of the Company (the "Squeeze-Out Procedures") following the consummation of the Tender Offer taking effect. For the details of the Basic Transaction Agreement, see "(1) Basic Transaction Agreement" under "4. Material agreements relating to the Tender Offer" below.

(Note 1) "Shareholding Ratio" refers to the ratio (rounded to the second decimal place; hereinafter the same applies in the calculation of the Shareholding Ratio) of the number of shares to the number of shares (55,091,718 shares; the "Total Number of Shares after Consideration of Dilutive Shares") obtained by deducting the number of treasury shares held by the Company as of March 31, 2024 (2,714,682 shares) from the total number of issued and outstanding shares of the Company as of March 31, 2024 (57,600,000 shares), both as stated in the "Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)" published by the Company on April 25, 2024 (the "Company's Summary Securities Report") the reminder of which is 54,885,318 shares, then adding the number of the Company's Stock (206,400 shares) underlying the total number of the Stock Acquisition Rights (516 units) (Note 2), remaining as of March 31, 2024.

(Note 2) The table below shows the breakdown of the Stock Acquisition Rights (516 units) and the number of the Company's Stock underlying the Stock Acquisition Rights.

Name of Stock Acquisition Rights	Number as of March 31, 2024 (units)	Number of Underlying Company's Stock (shares)
FY 2013 Stock Acquisition Rights	53	21,200
FY 2014 Stock Acquisition Rights	74	29,600
FY 2015 Stock Acquisition Rights	94	37,600
FY 2016 Stock Acquisition Rights	76	30,400

FY 2017 Stock Acquisition Rights	74	29,600
FY 2018 Stock Acquisition Rights	56	22,400
FY 2019 Stock Acquisition Rights	44	17,600
FY 2020 Stock Acquisition Rights	45	18,000
Total	516	206,400

According to the Offeror, the Transaction intends to: (i) conduct the Tender Offer; (ii) upon consummation of the Tender Offer, if the Offeror fails to acquire all of the Company's Stock (including the Restricted Stock and the Company's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Company and the Non-Tendered Shares) during the course of the Tender Offer, make the Offeror and TEIJIN the sole shareholders of the Company through the Share Consolidation (as defined in "(5) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below; hereinafter the same) to be made by the Company; (iii) for the purposes of securing funds to implement the Company's Stock Repurchase and securing a distributable amount to implement the Company's Stock Repurchase, cause the Offeror to provide the Company with funds to be appropriated to the consideration for the Company's Stock Repurchase (the "Funding") and cause the Company to reduce the amounts of stated capital and capital reserve of the Company ((Note 3); the "Capital Reduction") pursuant to Article 447, Paragraph (1) and Article 448, Paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act"); and (iv) cause the Company to implement the Company's Stock Repurchase conditional upon consummation of the Tender Offer and the Share Consolidation taking effect. Ultimately, the Transaction intends to cause the Offeror to make the Company a wholly-owned subsidiary. For the details of theShare Consolidation, see "(5) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below.

(Note 3) According to the Offeror, upon the Capital Reduction, the amounts of stated capital and capital reserve of the Company will be reduced and transferred to other capital surplus or other retained earnings.

According to the Offeror, in the Tender Offer, the minimum number of tendered shares to be purchased has been set at 5,036,700 shares (Shareholding Ratio: 9.14%), and if the total number of the shares, etc. tendered in the Tender Offer (the "Tendered Shares") is less than the minimum number of tendered shares to be purchased (5,036,700 shares), the Offeror will purchase none of the Tendered Shares. Meanwhile, with the intention of acquiring all of the Company's Stock (including the Restricted Stock and the Company's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding treasury shares held by the Company and the Non-Tendered Shares) and the Stock Acquisition Rights in the Tender Offer and having the Company's Stock go private, the Offeror has not set the maximum number of tendered shares to be purchased in the Tender Offer, and if the total number of the Tendered Shares is no less than the minimum number of tendered shares to be purchased (5,036,700 shares), the Offeror will purchase all of the Tendered Shares. The minimum number of tendered shares to be purchased (5,036,700 shares) has been set at the number of shares (5,036,700 shares) obtained by deducting the number of treasury shares held by the Company as of March 31, 2024 (2,714,682 shares) from the total number of issued and outstanding shares of the Company as of March 31, 2024 (57,600,000) shares, both as stated in the Company's Summary Securities Report, the remainder of which is 54,885,318 shares, then multiplied by two-thirds (2/3) with fractions less than 1 unit (100 shares) being rounded up, the product of which is 36,590,300 shares, then added by the number of the Company's Stock (206,400 shares) underlying the Stock Acquisition Rights remaining as of March 31, 2024 (516 units) as reported by the Company, the sum of which is 36,796,700 shares, and then deducting the number of the Non-Tendered Shares (31,760,000 shares) from such sum. While the Transaction is intended to have the Company's Stock go private, such minimum number of tendered shares to be purchased (5,036,700 shares) has been set so that, given that the Stock Acquisition Rights have been granted to the directors and executive officers of the Company as stock options and one of the conditions for the exercise of the

Stock Acquisition Rights is that the Stock Acquisition Rights may be exercised only during a period of 5 years (for FY 2013 to FY 2018 Stock Acquisition Rights) or 10 years (for FY 2019 to FY 2020 Stock Acquisition Rights) from the day following the date on which they lost all of the positions of director or executive officer of the Company, subsidiaries of the Company, or affiliates of the Company, while even if the Tendered Shares include the Stock Acquisition Rights and the Offeror is to acquire such Stock Acquisition Rights through the Tender Offer (the "Acquisition of Stock Acquisition Rights"), it is necessary to avoid the situation where the Offeror is unable to exercise such Stock Acquisition Rights and acquire the Company's Stock, resulting in the Offeror being unable to secure the voting rights of the Company's Stock with respect to the Stock Acquisition Rights acquired after the consummation of the Tender Offer and to secure two-thirds (2/3) or more of the total number of voting rights of all shareholders of the Company, and because a special resolution of the shareholders meeting as provided in Article 309, Paragraph (2) of the Companies Act is a requirement for implementing the Share Consolidation, even if the Acquisition of Share Acquisition Rights is to be implemented, the Offeror and TEIJIN will ensure the ownership of two-thirds (2/3) or more of the total number of voting rights of the Company's shareholders.

In addition, according to the Offeror, the Offeror intends to fund the settlement of the Tender Offer by receiving a provision of up to 142,000,000,000 yen in funds from the Offeror's Parent Company (the "Parent's Contribution") upon consummation of the Tender Offer and, subject to the consummation of the Tender Offer, intends to receive the Parent's Contribution no later than the business day immediately prior to the settlement commencement date of the Tender Offer.

According to the Offeror, if, upon consummation of the Tender Offer, the Offeror is unable to acquire all of the Company's Stock (including the Restricted Stock and the Company's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Company and the Non-Tendered Shares) through the Tender Offer, the Offeror will, after consummation of the Tender Offer, request the Company to implement the Squeeze-Out Procedures.

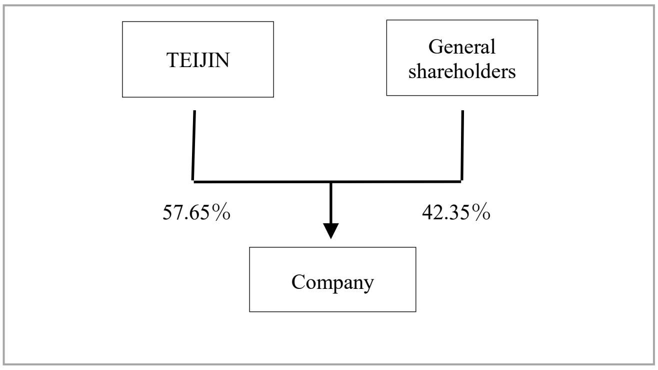
In addition, according to the Offeror, it is intended that after the Squeeze-Out Procedures, the Company's Stock Repurchase will be implemented with respect to the Non-Tendered Shares and the Offeror will be made the sole shareholder of the Company. Considering that a provision on the exclusion of deemed dividends from gross profits set forth in the Corporation Tax Act (Act No. 34 of 1965, as amended) is likely to be applied to TEIJIN on the Company's Stock Repurchase, both the maximization of the purchase price per share of the Company's Stock in the Tender Offer (the "Tender Offer Price") and the fairness among shareholders can be achieved by increasing the allocation to minority shareholders of the Company, the Offeror has decided to implement the Company's Stock Repurchase. Based on discussions and negotiations with the Company and TEIJIN, the Offeror has made a calculation, so that (i) the after-tax amount of proceeds to be received by TEIJIN when the Company's Stock Repurchase is implemented is almost equivalent to (ii) the after-tax amount that would be obtained when TEIJIN accepts the Tender Offer. As a result, the Offeror has determined to set the Tender Offer Price at 6,060 yen per share and the Company's Stock Repurchase Price at 4,231 yen per share.

According to the Offeror, the following is a rough illustration of the structure of the Transaction.

<Illustration of the Structure of the Transaction>

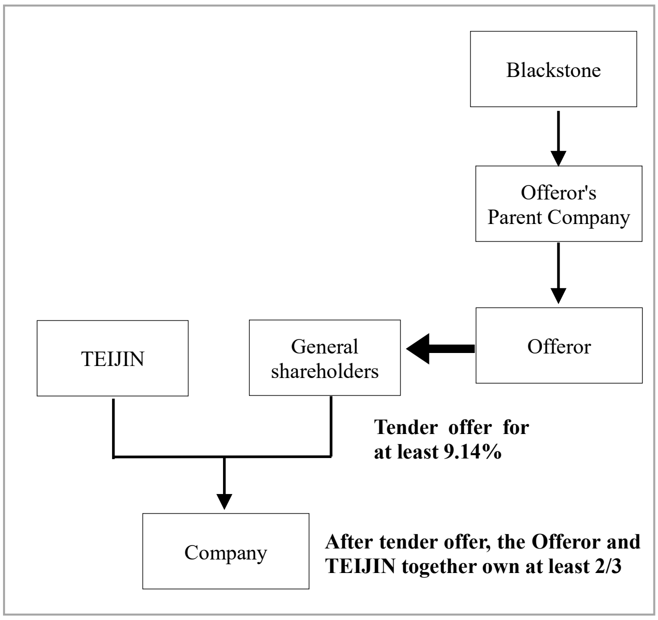
I. Current situation (as of June 19, 2024)

- As of today, TEIJIN holds 31,760,000 shares of the Company's Stock (Shareholding Ratio: 57.65%) and other general shareholders hold 23,125,318 shares of the Company's Stock (Shareholding Ratio: 41.98%) and 516 units of the Stock Acquisition Rights (the number of the Company's Stock underlying the Stock Acquisition Rights: 206,400 shares (Shareholding Ratio: 0.37%)).



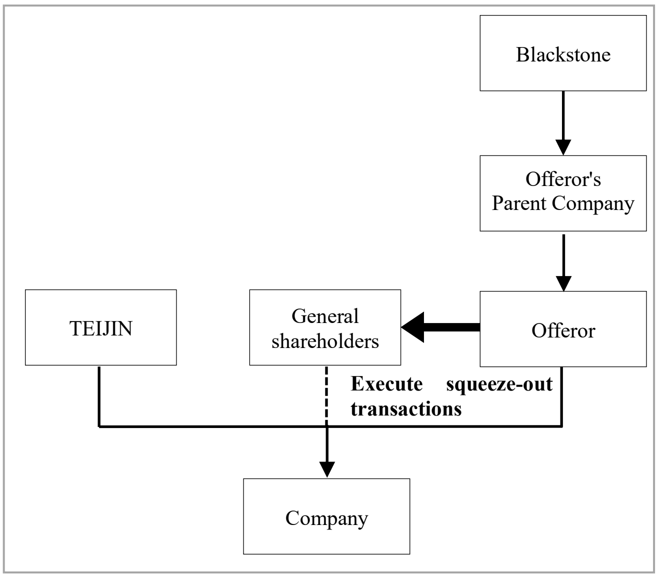
II. Tender offer and procurement of funds for the settlement thereof by the Offeror (before early August 2024)

- According to the Offeror, the Offeror will carry out the Tender Offer for all of the Company's Stock and the Stock Acquisition Rights except for the Non-Tendered Shares and the treasury shares held by the Company.
- According to the Offeror, the Offeror plans to settle the Tender Offer with the funds procured through the Parent's Contribution.



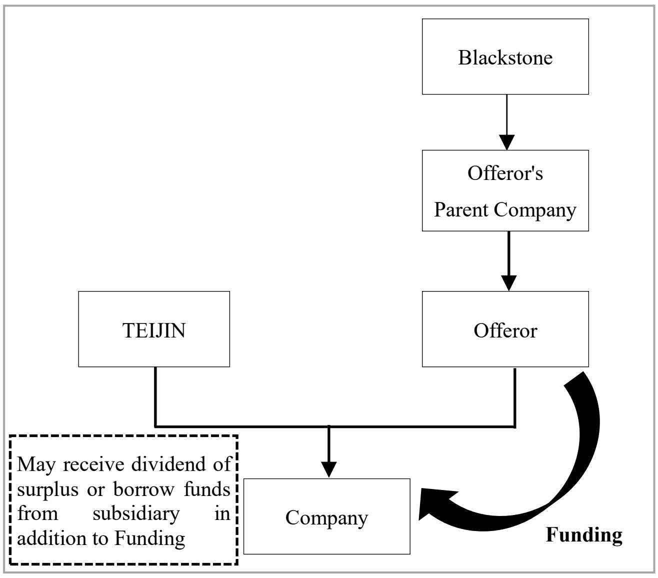
III. Squeeze-out using share consolidation (before early October 2024)

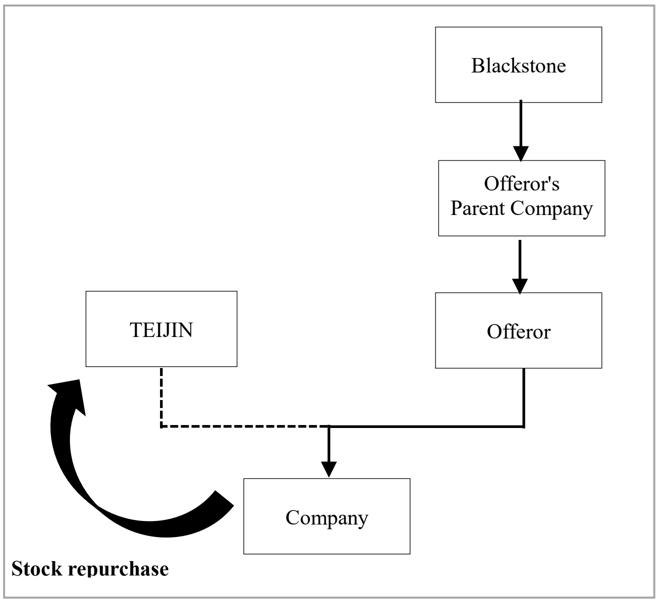
- According to the Offeror, if the Offeror fails to acquire all of the Company's Stock (including the Restricted Stock and the Company's Stock issued upon exercise of the Stock Acquisition Rights but not including the treasury shares held by the Company and Non-Tendered Shares) following the consummation of the Tender Offer, the Offeror will request the Company to make the Offeror and TEIJIN the sole shareholders of the Company by carrying out the Share Consolidation.
- According to the Offeror, the Share Consolidation is expected to take effect after approved at the Extraordinary Shareholders' Meeting (as defined in "(5) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below) to be held after the consummation of the Tender Offer.
- In respect of the Restricted Stock, the allotment agreement for the Restricted Stock provides that if, during the transfer restriction period, the consolidation of shares (limited to cases where such consolidation of shares results in the allotee of the Restricted Stock holding only a fraction of less than one share of the Restricted Stock) is conducted, the Company shall acquire, without consideration, on the business day immediately preceding the effective date of such consolidation of shares, all of the Restricted Stock for which the restriction on transfer has not been lifted. Hence, the Company resolved at the meeting of the board of directors held today to enter into an amendment to the allotment agreement (the "Amendment Agreement") with the holders of the Restricted Stock in order for the Share Consolidation to cover the Restricted Stock under which Amendment Agreement, if, during the transfer restriction period, the consolidation of shares (limited to cases where such consolidation of shares results in the allotee of the Restricted Stock holding only a fraction of less than one share of the Restricted Stock) is conducted, the Company shall acquire, without consideration, the number of the Restricted Stock for which the restriction on transfer has not been lifted as of the business day immediately preceding the effective date of such consolidation of shares in proportion to the service period. Therefore, the number of the Restricted Stock in proportion to the service period will be subject to the Share Consolidation.



IV. Stock repurchase by the Company from TEIJIN, and funding to the Company from the Offeror and capital reduction by the Company for the purposes of securing funds for stock repurchase and securing the distributable amount for stock repurchase, etc. (before early October 2024)

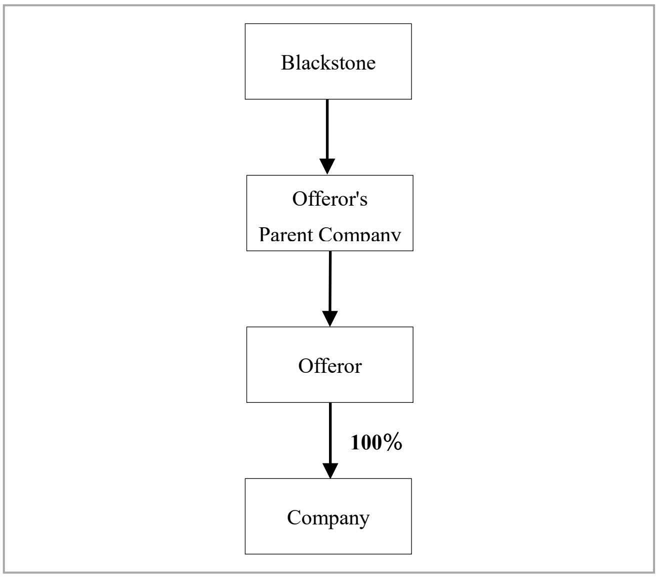
- According to the Offeror, in consideration of the amount of cash required for the Company's Stock Repurchase and the level of cash and deposits owned by the Company and cash and deposits required for its business operation, the Offeror plans to, as the Funding, finance the Company, provide the Company with loans, or undertake corporate bonds of the Company (or any combination thereof) as funds for the Company's Stock Repurchase, and the Company will appropriate the funds to some of the payment to be made to TEIJIN upon the Company's Stock Repurchase.
- According to the Offeror, the Offeror plans to promptly carry out the Capital Reduction of the Company to secure the distributable amount required for the Company's Stock Repurchase.
- According to the Offeror, the Offeror expects an extraordinary shareholders' meeting at which a proposal regarding the Capital Reduction, Funding and the Company's Stock Repurchase is to be discussed will be held after the Share Consolidation has taken effect and TEIJIN and the Offeror have become the sole shareholders of the Company.
- According to the Offeror, after the completion of the Tender Offer, the Share Consolidation, the Funding and the Capital Reduction, the Company will acquire all of the Company's Stock then owned by TEIJIN (Non-Tendered Shares) through the Company's Stock Repurchase.





V. After the Transaction (after early October 2024)

- According to the Offeror, after the Transaction, the Offeror will hold all of the issued shares in the Company (except for the treasury shares held by the Company).



(II) Background and purposes of the Offeror's Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer

(i) Business environment surrounding the Company etc.

The Company was established as Nissho-Iwai Computer Systems Inc. by separating the Information System

Division of Nissho-Iwai Corporation (currently known as Sojitz Corporation) in February 1983 and incorporating it as a subsidiary of Nissho-Iwai Corporation with the capital of 50 million yen. It changed the tradename to Nissho-Iwai Infocom Systems Inc. in June 1987, to Nissho-Iwai Infocom Inc. in April 1999, and to INFOCOM CORPORATION, the current tradename, in April 2000. After merging with Teijin System Technology, Ltd., a subsidiary of TEIJIN, in April 2001, the Company registered its stock as an over-the-counter traded stock of the Japan Securities Dealers Association in March 2002, canceled its over-the-counter registration with the Japan Securities Dealers Association in December 2004, listed its stock on the JASDAQ Securities Exchange, Inc. (the "JSE"), listed its stock on the JASDAQ Market of Osaka Securities Exchange, Co., Ltd. (the "OSE") in April 2010 following the merger of the JSE and the OSE, listed its stock on the JASDAQ Market (Standard) of the OSE in October 2010 following the integration of the Hercules Market of the OSE, the JASDAQ Market of the OSE, and the NEO Market of the OSE, listed its stock on the JASDAQ Market (Standard) of the TSE in July 2013 following the integration of the spot markets of the OSE and the TSE; and changed its listing market to the First Section of the TSE in November 2018, then in April 2022, the Company moved to the Prime Market of the TSE as a result of the reclassification of the TSE markets. As of today, the Company is listed on the Prime Market of the TSE.

As of today, the Company's group which consists of the Company and its 12 consolidated subsidiaries (the "Company Group"), operates electronic comic distribution services for smartphones for general consumers, and operates IT services such as planning, development, operation, and management of information systems for companies, pharmaceutical and medical institutions, nursing care providers, the public, and educational and research institutions. Furthermore, the Company Group has set the corporate philosophy that it "contributes to social innovations through technological advancements," and is practicing integrated group management in accordance with the following 5 management policies: "Reach for higher corporate value through sustainable profit growth," "Management with compliance as the norm," "Respond quickly to changes in markets and advancements in technology," "Provide fulfilling work and foster employee talents," and "Contribute to a better society through co-creation and ICT."

In the opinion of the Company regarding the business environment surrounding the Company Group, the economic outlook remained uncertain due to factors such as rising commodity prices while the movement restrictions were relaxed in the second half of the fiscal 2023 and socioeconomic activities were in the process of normalization despite the repeated expansion and contraction of COVID-19. The e-book market started to recover due to the reduction of the impact of pirated websites, but the growth has been moderating due to the stay-home special demand caused by COVID-19 coming to an end. In the IT-related market, while the cloud market is driving growth, traditional IT businesses are growing moderately.

Under such circumstances, the Company Group released the details of its 3-year mid-term management plan ("Mid-term Management Plan") for the period from the fiscal 2023 to the fiscal 2025 on May 16, 2023. In the Mid-term Management Plan, under the slogan "United Innovation 'value co-creation and beyond,'" the Company Group regards those three years as a period to realize the evolution to a company group that is required by society, and it is implementing the growth strategy. The Company Group is steadily implementing the Mid-term Management Plan aiming to become a service company that provides new value through collaboration between ICT and real business.

(ii) Discussions between the Offeror, and the Company and TEIJIN, process of decision-making by the Offeror

According to the Offeror, Blackstone aims to help companies having high competitiveness, growth potential, and ability to create added value achieve further growth by flexibly and intensively proving them with the global network and various management resources of Blackstone, and it exchanged information on new investment opportunities in its proposal activities aimed at exploring opportunities of investment in companies, including those other than the Company. As part of the above proposal activities, Blackstone made a preliminary proposal to TEIJIN in January 2024.

Under such circumstance, on February 28, 2024, Blackstone received from Nomura Securities Co., Ltd. ("Nomura Securities"), TEIJIN's financial advisor, the "Notice Concerning the First Bidding Process" (the "First Process Letter") in connection with transfer of the Company's Stock owned by TEIJIN.

The background of the commencement by TEIJIN of the bidding process to solicit 100% acquisition of the Company's Stock (the "Bidding Process”) and the background of establishment of the Special Committee (defined in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Company" below) by the Company are descried in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Company" below.

According to the Offeror, in early March 2024, Blackstone appointed Goldman Sachs Japan Co., Ltd. ("Goldman Sachs Japan") as a financial advisor that is independent of Blackstone, the Offeror, the Offeror's Parent Company, the Company and TEIJIN (collectively "Tender Offer Related Parties"), and Anderson Mōri & Tomotsune ("AMT") as a legal advisor that is independent of the Tender Offer Related Parties, and performed analyses based on public information with regard to the growth potential and profitability of the Company's Digital Entertainment Business and Business Solution Business as well as a cooperation plan with Blackstone. As a result, Blackstone concluded that while the Digital Entertainment Business has led the Company's growth based on a strong electronic comics platform and the Business Solution Business supported the Company's business performance as a stable business, and recognizes that both businesses are in a stage where further investment will be required in the future, and Blackstone can contribute to the Company's business vision over the medium- to long-term by leveraging Blackstone's global investment experience and network, collaborating with portfolio companies, and sharing best practices.

According to the Offeror, based on such discussions, Blackstone decided to participate in the first bidding process for the Transaction (the "First Bidding Process") and submitted to Nomura Securities on March 21, 2024 a letter of intent (the "First Letter of Intent") regarding its intention to take the Company's Stock private through a tender offer, the purchase price in the Tender Offer, the outline of the structure, and the outline of the assumed schedule. In the First Letter of Intent, Blackstone proposed the same structure as the Tender Offer, the Squeeze-Out Procedures, and the Company's Stock Repurchase from the viewpoint of maximization of shareholder value and smooth execution of the transaction.

Thereafter, in late March 2024, TEIJIN received letters of intent from several candidates in the Bidding Process, including Blackstone (the "Candidate(s)"). TEIJIN carefully examined the content of the letters of intent and selected several candidates that passed the First Bidding Process. The Company was notified by TEIJIN of the said several candidates and the commencement of the second bidding process (the "Second Bidding Process").

According to the Offeror, thereafter, on April 1, 2024, Blackstone was notified by Nomura Securities that it was allowed to participate in the Second Bidding Process and had the opportunity to participate in the Second Bidding Process. For approximately 7 weeks from April 1 through May 17, 2024, Blackstone conducted further analysis and examination, including calculation of the corporate value and a cooperation plan after the Transaction, by reviewing the business plan of the Company, assessing synergies associated with the acquisition of the Company's Stock and disadvantages associated with taking Target's Stock private, through full-scale due diligence on the Company's business, finance and legal affairs, interviews with the Company's management team, and interviews with working-level employees.

According to the Offeror, as a result of such examination, Blackstone submitted to TEIJIN a letter of intent (the "Second Letter of Intent"), taking into account the results of the due diligence conducted from April 1 to May 17, 2024, on May 17, 2024, including the statement that (i) the Tender Offer Price shall be 5,570 yen (which reflected a premium of 49.33% (rounded to 2 decimal places; hereinafter the same in calculation of premiums) over the closing price (3,730 yen) of the Company’s Stock on the Prime Market of the TSE as of May 16, 2024, which is the business day preceding the date of the proposal, 85.54% over the simple average closing price (3,002 yen) (rounded to the nearest whole yen; hereinafter the same in calculation of simple average closing prices) for the 1 month until such date, 104.40% over the simple average closing price (2,725 yen) for the 3 months until such date, and 116.73% over the simple average closing price (2,570 yen) for the 6 months until such date), and (ii) the purchase price per Stock Acquisition Right in the Tender Offer (the "Stock Acquisition Right Purchase Price") shall be 1 yen.

According to the Offeror, thereafter, Blackstone negotiated with TEIJIN on the contents of the Basic Transaction Agreement and the Transition Service Agreement (reverse TSA) (defined in "(2) Transition Service Agreement (reverse TSA)" in "4. Material agreements relating to the Tender Offer" below; hereinafter the same) submitted together with the Second Letter of Intent, and other terms and conditions of the Transaction. Blackstone also continued after May 17, 2024 to examine the possibility of enhancement of the corporate value of the Company in the medium- to long-term through the Transaction, and made a written proposal to TEIJIN on the 30th day of the same month comprehensively taking into account such examination and the competitive situation in the Second Bidding Process, to set the Tender Offer Price at 6,060 yen (which reflected a premium of 33.19% over the closing price (4,550 yen) of the Company's Stock on the Prime Market of the TSE as of May 29, 2024, which is the business day preceding the date of the proposal, 66.58% over the simple average closing price (3,638 yen) for the 1 month until such date, 102.20% over the simple average closing price (2,997 yen) for the 3 months until such date, and 124.78% over the simple average closing price (2,696 yen) for the 6 months until such date).

According to the Offeror, on the same day, Blackstone was informed by TEIJIN that it had selected Blackstone as a final purchaser candidate who submitted the best Second Letter of Intent including the tender offer price, and would commence discussions and examinations towards implementation of the Transaction including the Company's Stock Repurchase, and Blackstone entered into a memorandum of understanding concerning granting of an exclusive negotiation right.

According to the Offeror, thereafter, as TEIJIN and the Company accepted the Second Letter of Intent, the Offeror decided on June 18, 2024 to carry out the Tender Offer, entered into the Basic Transaction Agreement with TEIJIN, and agreed with TEIJIN to set the Tender Offer Price at 6,060 yen, the Stock Acquisition Right Purchase Price at 1 yen, and the Company's Stock Repurchase Price at 4,231 yen.

According to the Offeror, the Tender Offer Price of 6,060 yen reflected a premium of 177.35% over the closing price (2,185 yen) of the Company's Stock on the Prime Market of the TSE as of March 8, 2024, which is considered not to have been affected by the speculative report by Mergermarket (after the closing of the market on March 8, 2024) concerning sale of the Company's Stock by TEIJIN, 168.50% over the simple average closing price (2,257 yen) for the 1 month until such date, 155.27% over the simple average closing price (2,374 yen) for the 3 months until such date, and 142.69% over the simple average closing price (2,497 yen) for the 6 months until such date. Also, the Tender Offer Price of 6,060 yen reflected a premium of 103.29% over the closing price (2,981 yen) of the Company's Stock on the Prime Market of the TSE as of May 9, 2024, which is considered not to have been affected by the speculative report by Bloomberg (after the closing of the market on May 9, 2024) concerning sale of the

Company's Stock by TEIJIN, 119.17% over the simple average closing price (2,765 yen) for the 1 month until such date, 132.18% over the simple average closing price (2,610 yen) for the 3 months until such date, and 140.38% over the simple average closing price (2,521 yen) for the 6 months until such date.

According to the Offeor, the structure remained unchanged from the First Letter of Intent and the Second Letter of Intent and the same structure as the Tender Offer, Squeeze-Out Procedures, and the Company's Stock Repurchase was agreed between the Offeror and TEIJIN.

(iii) Management policy after the Tender Offer

According to the Offeror, Blackstone aims to help companies having high competitiveness, growth potential, and ability to create added value achieve further growth by flexibly and intensively proving them with the global network and various management resources of Blackstone, and after carrying out the Transaction and taking the Company's Stock private, the Offeror plans to provide the Company with Blackstone's accumulated knowledge on enhancement of the value of investee companies, networks, funds, etc. and to promote initiatives to maximize the potential value of the Company's business.

According to the Offeror, the Offeror understands that the Company's Internet business has driven the growth of the Company based on its strong electronic comics platform. In terms of profitability, Blackstone understands that the business has maintained a stable profit margin, capitalizing on the strong support and loyalty from women in their 30s and above in particular. Meanwhile, the Offeror recognizes that the competitive environment in the electronic comic market has continued to intensify and that, in order to achieve medium- to long-term growth, it is necessary to increase lifetime value by further utilizing customer data and to differentiate the Company's Internet business through original works and works that are distributed exclusively. Blackstone plans to leverage the know-how and network of Candle Media, which is an existing investee of Blackstone, to provide support for accelerating the overseas expansion of Company's contents and the 360-degree monetization of IPs (intellectual property).

According to the Offeror, the Offeror recognizes that in the Company's IT services business, although both sales and profit have remained generally flat over the past several years, it has established a positioning with a high market share in all markets including the introduction and sale of ERP "GRANDIT" and the department system for hospitals such as radiation information systems (RIS). In order to achieve high growth in the future, Blackstone is also considering launching new businesses and M&A on a certain scale, as well as maximizing sales and profits from existing businesses.

According to the Offeror, the Offeror expects that the current employees of the Company will continue to engage in their work after the consummation of the Transaction, and does not intend to change the structure of its day-to-day operations, and plans to implement measures to retain and motivate the employees of the Company Group.

According to the Offeror, the Offeror expects that the Company’s management team will continue to play a leading role in the business operation. However, it intends to decide on the recruitment of additional management personnel necessary for the growth of its business in consultation with the Company. In addition, the Offeror intends to dispatch directors from Blackstone and appoint several directors from outside using the network of Blackstone for the purpose of supporting the medium- to long-term growth of the Company as a shareholder. No other matters have been assumed as of today in relation to the Company's management structure, management policy, etc. and such matters will be discussed and deliberated between the Offeror and the Company after the consummation of the Tender Offer.

According to the Offeror, Blackstone intends to mobilize its domestic and overseas networks and various management support resources to support the growth of the Company Group.

According to the Offeror, regarding the impact of the Company ceasing to be a subsidiary of TEIJIN after the

Transaction, Blackstone has confirmed through the information disclosed in the Bidding Process and interviews with the Company's executives that the Company is more independent than TEIJIN, and Blackstone believes that the business operation of the Company will not be affected after the Transaction. Also, it is possible to fully assist the securing of human resources by the Company (prevention of loss of talent and new recruitment) by leveraging Blackstone's achievements and know-how. It is important to emphasize the Company's potential for future growth and the degree of discretion granted to individuals in the hiring process, and Blackstone believes that such a presentation will be more feasible through measures taken after taking the Company's Stock private

In addition, during the First Bidding Process, the Second Bidding Process, the subsequent discussions and negotiations, the Offeror received an explanation from the Company that the Company, which operates the Digital Entertainment Business and the Business Solution Business in an integrated manner, has increased its corporate value by leveraging the synergies between the two businesses, such as utilizing "B to C" know-how and IT human resources, conducting AI-based marketing, building infrastructure for business expansion, and attracting and exchanging excellent human resources, and that the Company is concerned that the separation of the two businesses following the Transaction will result in a loss of the synergies between the two businesses, which will decrease its corporate value. In view of the foregoing, the Offeror has undertaken that the Company’s Digital Entertainment Business and Business Solution Business will not be separated without the consent of the Company’s management for a period of, in principle, two years after the Transaction, and the Offeror's Parent Company and the Company have entered into an agreement dated June 18, 2024 concerning the prohibition, etc. of business splits, which includes such an undertaking (for details, please refer to "(3) Agreement on prohibition, etc. of business splits" in "4. Material agreements relating to the Tender Offer" below).

In addition, in the transition service agreement (reverse TSA) entered into among the Company, the Offeror and TEIJIN regarding the IT services provided by the Company to TEIJIN (for details, please refer to "(2) Transition Service Agreement (reverse TSA)" in "4. Material agreements relating to the Tender Offer"), the Offeror has agreed in principle that the Company's Digital Entertainment Business and Business Solution Business will not be separated for two years, based on discussions and negotiations among the three parties.

According to the Offeror, Blackstone's basic policy is to re-list the Company's Stock after the Company's business has grown and its corporate value has been enhanced through the Transaction.

(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Company

In light of the business environment described in "(II) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer", the Company has considered measures to maximize its corporate value from the medium- to long-term perspective.

Under such circumstances, in late July 2022, the Company was notified by TEIJIN, the parent company of the Company (number of shares held: 31,760,000 shares, shareholding ratio: 57.65%) concerning the positioning of the Company among TEIJIN, its subsidiaries and affiliates (the "TEIJIN Group"), that TEIJIN formally commenced to consider keeping approximately 34% of the Company's Stock on a voting right basis and selling the remaining portion to a third party due to the need for business portfolio reform. However, in early October 2022, the Company was notified by TEIJIN that TEIJIN would like to postpone the consideration of selling a portion of the Company's Stock held by TEIJIN for the time being due to the deterioration of TEIJIN's business performance. As a side note, at that time, the plan for TEIJIN to retain approximately 34% of the Company's Stock on a voting right basis, and transfer the remaining shares to a third party was unchanged. Thereafter, in mid-September 2023, the Company was notified by TEIJIN that since TEIJIN was unable to find a synergy to enhance the value of both the Company and TEIJIN in the future despite continued examination of synergies between TEIJIN and the Company since 2022, TEIJIN intended to sell all of the Company's Stock held by it to a third party for the market price of the Company's Stock with a certain premium added thereto with the aim to maximize the sale price due to the need for business portfolio reform. In response, the Company confirmed to TEIJIN whether the transactions contemplated by TEIJIN, including the sale of the Company's Stock, would involve taking Company's Stock private, and TEIJIN explained that it expected to conduct the transactions involving taking the Company's Stock private through a tender offer for the Company's Stock by a third party and a series of subsequent transactions. Based on such notice and explanation, the Company carefully examined TEIJIN's intention and assumptions, and communicated its initial view in late September 2023 to TEIJIN that it could not agree to undertake the discussions on transactions that would involve taking Company's Stock private at that time as it considered that it should respect TEIJIN's intention to sell the Company's Stock whereas the Company would need to fully examine the impact of delisting of the Company's Stock on the corporate value of the Company.

Nevertheless, since the Company believed that it should respect TEIJIN's intention to sell all of the Company's Stock as described above, the Company, in early October 2023, appointed BEYOND ARCH PARTNERS Co., Ltd. ("BAP") as a financial advisor and a third-party valuator independent of the Tender Offer Related Parties, and TMI Associates as a legal advisor independent of the Tender Offer Related Parties, respectively, to examine various capital policies of the Company, including consideration of the method of selling the Company's Stock held by TEIJIN, and then commenced specific consideration, including acquisition of all of the Company's Stock held by TEIJIN by means of stock repurchase. In addition, in parallel with the implementation of such consideration, the Company also commenced to search for providers of capital funds as it would need a large amount of funds and distributable amount if it were to acquire all of the Company's Stock held by TEIJIN by means of stock repurchase. In order to fully carry out such consideration and search for fund providers, in early October 2023, the Company requested TEIJIN to allow a consideration period of approximately 1 month in the Company before the commencement of the Bidding Process, and TEIJIN responded that it would accept the request.

The Company then concluded that it is appropriate to consider its capital policy on the assumption of maintaining the listing of the Company's Stock, at least at the stage when the Company had not received any specific proposal regarding a tender offer, etc. for the Company's Stock by a third party as contemplated by TEIJIN. Also, as a result of interviews with several prospective fund providers, the Company received from the prospective fund providers (the "Prospective Preferred Share Underwriter(s)") an initial proposal in early November 2023 for a scheme in which the Company issues preferred shares to the Prospective Preferred Share Underwriters in order to secure the funds and distributable amount of the Company to the level necessary to repurchase all of the Company's Stock held by TEIJIN and then repurchases all of the Company's Stock held by TEIJIN by way of a self-tender offer (the "Self TOB Scheme"). The Company then proposed to TEIJIN in early November 2023 the Self TOB Scheme as a means by which TEIJIN would sell all of the Company's Stock held by it. However, in late November 2023, the Company received a response from TEIJIN that it believed that the Bidding Process was desirable from the perspective of the corporate value of the Company and the common interest of shareholders as well as on the ground that it may be difficult for TEIJIN to fulfill its responsibility to the shareholders since, in the case of the Self TOB Scheme, it is highly likely that the tender offer price for the Company's Stock would be an amount discounted from the market price and that would not satisfy the maximization of the sale price of the Company's Stock, and that may make the feasibility of the transaction unstable as a counter offer with higher purchase price may be made after the commencement of the self-tender offer.

However, the Company decided to go through due diligence by the Prospective Preferred Share Underwriters on business, finance and accounting, tax, and legal affairs from January to February 2024 since it believed at that time that they should undertake the consideration of the Self TOB Scheme as the Self TOB Scheme was more likely to increase the corporate value of the Company over the medium- to long-term, and that the Self TOB Scheme was in line with the TEIJIN's intention in terms of selling of all of the Company's Stock held by TEIJIN.

The Company had continued discussions with TEIJIN on options including the Self TOB Scheme and the Tender Offer in order to maximize the interests of shareholders of both companies. In mid-January 2024, the Company was notified by TEIJIN that it had decided to commence the Bidding Process and also received an explanation from TEIJIN that it had received several offers for acquisition of the Company which could be a so-called "bona fide offer" set out in the "Guidelines for Corporate Takeovers" (the "Corporate Takeover Guidelines") released by the Ministry of Economy, Trade and Industry on August 31, 2023. Accordingly, in early February 2024, the Company responded to TEIJIN that it would continue careful consideration of how to respond to the Bidding Process by TEIJIN at the board of directors of the Company while its view remained unchanged that maintaining the listing of the Company's Stock may lead to enhancement of the corporate value of the Company in the medium- to long-term. Since the Company was expected to receive offers including taking the Company's Stock private from the Candidates, the Company determined that, in light of the Corporate Takeover Guidelines and from the viewpoint of sincere consideration while ensuring the fairness and transparency of the consideration process by the Company, it should consider (i) not only proposals for taking Company's Stock private, (ii) but also measures to enhance the corporate value of the Company (the "Corporate Value Enhancement Measures ") on the assumption of maintaining the listing of the Company's Stock, and (iii) the Self TOB Scheme. Furthermore, when the Company repurchases the Company's Stock from TEIJIN, such repurchase of the Company's Stock would fall under a transaction with the controlling shareholder as set forth in the Securities Listing Regulations of the TSE, it is hence necessary to obtain an "opinion on such transaction being not disadvantageous to the minority shareholders" from a person who does not have any interest in the controlling shareholder. As such, by the resolution at the board of directors meeting held on February 28, 2024, the Company established a special committee (the "Special Committee," for details of the Special Committee's activities, see "(IV) Establishment of independent special committee at the Company and procurement of written report from the said committee" in "(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below) consisting of Mr. Kazuhiko Fujita (independent outside director), Mr. Kazuhiko Tsuda (independent outside director), and Ms. Kiyo Morikawa (independent outside auditor) and consulted with the Special Committee on the Items for Advice (defined in "(IV) Establishment of independent special committee at the Company and procurement of written report from the said committee" in "(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below). Each member of the Special Committee is not a related party of any of the Tender Offer Related Parties and does not have any material interest in the Transactions including the Tender Offer.

Thereafter, the Company was notified by TEIJIN that after it had confirmed to the several candidates their interests through Nomura Securities and then it would commence the First Bidding Process for a total of 13 companies consisting of several operating companies and several investment companies including Blackstone in late February 2024. After that, in late March 2024, TEIJIN received letters of intent from several candidates, carefully examined the content of the letters of intent, and selected several candidates which passed the First Bidding Process. The Company was notified by TEIJIN of such several candidates and the commencement of the Second Bidding Process.

Thereafter, from late March 2024 to mid-May 2024, the Company went through due diligence on business, finance and accounting, tax, legal affairs, and IT conducted by several candidates.

Furthermore, the Company negotiated with the Prospective Preferred Share Underwriters on the terms and conditions for the issuance of preferred shares after it went through the due diligence from January to February 2024. The Company received final legally binding offers (the "Self TOB Scheme Final Offer") from the Prospective Preferred Share Underwriters in mid-May 2024 and made a legally binding offer regarding the Self TOB Scheme to TEIJIN in late May 2024.

After that, in late May 2024, the Company was notified by TEIJIN that it had received final offers from several candidates and that Blackstone had been selected as a final candidate. The Company also received the Blackstone's final offer (the "Offeror's Final Offer") and final offers of the other candidates. The Company's proposal for the Self TOB Scheme was not selected from the perspective of maximizing the common interests of the shareholders of both TEIJIN and the Company, etc., given the large difference between the selling price of the Company’s Stock included in the Offeror's Final Offer and the maximum limit set on the number of shares to be purchased.

The Company carefully compared and examined the Offeror’s Final Offer and the Self TOB Scheme Final Offer, and comprehensively considered them from the perspectives of, for example, the total stock value, the financial soundness of the Company after the Transaction, the direction of the business strategy after the Transaction including the possibility of the business split, synergistic effects, treatment of employees. On May 28, 2024, the Company determined that the Self TOB Scheme would not succeed unless TEIJIN tendered its Company's Stock in the self-tender offer by the Company, and the feasibility of it was low as TEIJIN had no intention to do so, and that the offer to the Company contained in the Offeror’s Final Offer may be an option to satisfactorily achieve the enhancement of the corporate value of the Company by leveraging the management support provided by the Offeror to the fullest extent although there would be some issues to be discussed between the Company and the Offeror from the perspective of the financial soundness after the Transaction and the possibility of business split of the Company. The Company thus concluded that it would be desirable to select the Offeror which made an offer including the highest tender offer price among the prices presented by each candidate at that time as a final candidate and to continue discussions on the remaining issues between the Company and the Offeror. Then, on May 30, 2024, the Company received a notice from TEIJIN stating that TEIJIN had received a proposal to set the Tender Offer Price at 6,060 yen, in which the Offeror had taken into account the overall competitive situation in the Second Bidding Process, and that TEIJIN's decision to select the Offeror as the final candidate would not change. In light of such notice, the Company decided to continue discussions with Blackstone, as the Company's conclusion remained the same that it was desirable to continue to consider and discuss matters that should be discussed between the Company and Blackstone

The Offeror understood that it may be possible to achieve both maximization of the tender offer price and the fairness among shareholders by increasing dividends to the minority shareholders of the Company, taking into account the fact that the provision for exclusion of deemed dividends from gross profits under the Corporate Tax Act was expected to apply to TEIJIN in relation to the Company's Stock Repurchase. Based on such understanding, the Offeror calculated that (i) the after-tax proceeds of TEIJIN if the Company's Stock Repurchase was carried out would be approximately equal to (ii) the after-tax proceeds to be obtained if TEIJIN accepted the Tender Offer. As a result of the calculation, decided to set the Tender Offer Price at 6,060 yen per share and the Company's Stock Repurchase Price at 4,231 yen per share. With respect to the Tender Offer Price, no candidate presented terms that were more favorable to the shareholders of the Company than those presented by the Offeror.

Subsequently, the Company identified the following as the issues requiring discussion with Blackstone: (i) the financial soundness of the Company after the Transaction; (ii) the possibility of a business split of the Company; (iii) the conclusion of a Transition Service Agreement (Reverse TSA) between the Company, the Offeror and TEIJIN regarding the development, operation and maintenance of IT systems used by TEIJIN and the TEIJIN Group and (iv) the handling of the Stock Acquisition Rights issued by the Company to its officers and director, and has held discussions with Blackstone and TEIJIN.

Specifically, with respect to the (i) financial soundness of the Company after the Transaction above, the Company received an explanation from TEIJIN that, although the Company is expected to bear a financial burden as the Company's cash and deposits held by the Company Group are expected to be used to cover the acquisition costs in the Company's Stock Repurchase and the Company will, in effect, be responsible for the borrowings under the LBO Loan, there would be no particular adverse impact on the Company's business operations and that it would be possible to consider additional investment or other support if necessary. Upon receiving such explanation and after reconsidering the matter, the Company needed to consider the Company's regular repayments or liquidity on hand after the Transaction is implemented and requested TEIJIN to reduce the Company's Stock Repurchase Price. However, the Company received a response from TEIJIN that it could not accept such request. Subsequently, based on this response, the Company held further discussions and confirmed the Company's financial plan, and concluded that the financial burden arising from the implementation of the Transaction would not have a material adverse effect on the Company's business, in part because the ratio of equity contributions to debt contributions itself is appropriate and an additional investment by Blackstone could be expected in the event of additional funding needs.

With respect to the (ii) possibility of a business split of the Company above, the Company has entered into an agreement dated today with the parent company of the Offeror on prohibition of business split, etc., containing a provision that the separation of the Company's Internet business and IT services business shall not be implemented for a period of two years after the Transaction in principle unless the consent of the Company’s management is obtained (for details, please refer to “(3) Agreement on prohibition, etc. of business splits” in “4. Material agreements relating to the Tender Offer” below).

With respect to the (iii) Transition Service Agreement (Reverse TSA) above, because there is a risk that it would be difficult to maintain the system to provide development, operation and maintenance services for the TEIJIN Group if the Company's Stock goes private or if the Internet business and the IT service business of the Company are separated as a result of the implementation of the Transaction, it was necessary to conclude a Transition Service Agreement (Reverse TSA) which takes such risk into consideration, and the Company, Blackstone and TEIJIN have held repeated discussions and reached an agreement on the contents of the agreement (for details, please refer to "(2) Transition Service Agreement (Reverse TSA)" in "4. Material agreements relating to the Tender Offer" below).

With respect to the (iv) Stock Acquisition Rights issued to the Company's officers and employees above, the exercise condition of the Stock Acquisition Rights is that the grantee must retire from the Company, and thus the design of the stock acquisition rights is similar to a retirement benefit plan. Then, the Company and Blackstone have held discussions on the risk that the implementation of the Transaction may encourage the Company's officers and employees to retire, and Blackstone has responded that it is considering issuing new stock acquisition rights that are economically equivalent or superior to the Stock Acquisition Rights issued by the Company, and thus the Company believes that the said risk can be mitigated.

As the disadvantages of taking the Company's Stock private, in addition to the above-mentioned items discussed with Blackstone, it is expected that, in general terms, the Company's credibility with its business partners will deteriorate. However, Blackstone believes the Company has maintained and earned trust from its business partners through its business activities, and therefore, the impact of taking Company's Stock private on the Company's relationships with its business partners will be limited, and the Company believes the same way.

In addition, based on the following points, the Company's board of directors has determined that other terms and conditions of the Tender Offer are reasonable for the shareholders of the Company and that the Tender Offer provides a reasonable opportunity for the shareholders of the Company to sell their shares.

(a) The Tender Offer Price is the highest price offered by each candidate in the Second Bidding Process and has been further increased from the price originally offered by the Offeror in the Second Letter of Intent as a result of the Offeror's comprehensive consideration of the competitive conditions in the Second Bidding Process and other factors.

(b) The Tender Offer Price exceeds the upper limit of the range of the average market share price method in the calculation results of the share value of the Company's Stock in the share valuation report prepared by BAP (the "Share Valuation Report (BAP)"), and exceeds the median of the range of the calculation results based on the discounted cash flow method (the "DCF method").

(c) The Tender Offer Price exceeds the upper limit of the range of the average market share price method and the DCF method in the calculation results of the share value of the Company's Stock in the share valuation report prepared by PwC Advisory LLC ("PwC") (the "Share Valuation Report (PwC)").

(d) The Tender Offer Price respectively includes a 177.35% premium on the closing price (2,185 yen) of the Company's Stock on the Prime Market of the TSE as of March 8, 2024 where it is considered that the market price of the Company's Stock was not affected by the speculative report by Mergermarket (after the closing of the market on March 8, 2024), a 168.50% premium on the simple average closing price (2,257 yen) for the past one month up to March 8, 2024), a 155.27% premium on the simple average closing price (2,374 yen) for the past three months up to March 8, 2024), a 142.69% premium on the simple average closing price (2,497 yen) for the past six months up to March 8, 2024, and thus the Tender Offer Price is considered to include a considerable premium compared to recent similar cases (the average of the level of premium in 91 cases of other tender offers conducted for the purpose of taking listed companies private in Japan that were announced on or after June 28, 2019, the date of publication of "Guidelines Concerning Fair M&A Practices - Toward Enhancing Corporate Value and Securing Shareholder Benefits" issued by the Ministry of Economy, Trade and Industry, and consummated by June 14, 2024 were as follows: a 49.94% premium on the closing price on the business day prior to the date of announcement; a 52.67% premium on the simple average closing price for the past one month up to the date of announcement; a 54.99% premium on the simple average closing price for the past three months up to the date of announcement; and a 56.57% premium on the simple average closing price for the past six months up to the date of announcement).

(e) Measures to ensure the fairness of the Tender Offer as described in "(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below, have been taken and the interests of the Company's minority shareholders are considered to be taken into consideration.

Based on the above, at a meeting of the Company's board of directors held on June 18, 2024, the Company's directors who participated in the deliberation and resolution (of the seven directors excluding Mr. Naohiko Moriyama, who was absent from the meeting of board of directors, four directors excluding Mr. Norihiro Takehara, Mr. Jun Kuroda and Mr. Mototaka Kuboi) unanimously resolved to support the Tender Offer and to recommend that the Company's shareholders tender their shares in the Tender Offer. In addition, with respect to the Share Acquisition

Rights, the Company resolved to leave the decision as to whether to tender the Share Acquisition Rights in the Tender Offer to the Share Acquisition Right Holders as the Share Acquisition Right Purchase Price is set at 1 yen.

For details of the decision-making process leading to the above resolution by the board of directors, please refer to "(V) Unanimous approval of all disinterested directors of the Company and the opinion of all disinterested auditors of the Company that they have no objection" in "(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below.

(3) Matters concerning calculation

(I) Procurement of a share valuation report from an independent third-party valuator retained by the Company

(i) Name of the third-party valuator and relationship with the Company and the Offeror

(A) Procurement of a share valuation report from BAP

In expressing the Company’s opinion regarding the Tender Offer, in order to ensure the fairness of the decision-making process of the Company regarding the Tender Offer Price presented by the Offeror, the Company requested BAP, the Company’s financial advisor and third-party valuator independent of the Tender Offer Related Parties, to conduct the calculation of the share value of the Company's Stock and accompanying financial analysis, and obtained the Share Valuation Report (BAP). BAP is not the Tender Offer Related Parties, and does not have any material interest in relation to the Transaction, including the Tender Offer. Further, although the remuneration to BAP includes a part of a contingency fee to be paid on the condition that the Transaction is publicly announced, etc., it is not a contingency fee for the content of the opinion expressed and the consummation or failure of the Transaction. The Company determined that, taking into account the general practice in similar transactions and the appropriateness of the remuneration system that imposes a certain amount of the financial burden on the Company if the Transaction is not consummated, the inclusion of such renumeration does not mean that BAP is considered to have material interest that differs from the minority shareholders with respect to the consummation or failure of the Transaction, and does not negate BAP's independence. In addition, as there are no issues with the independence and expertise of BAP, the Special Committee, after approving BAP as the third-party valuator of the Company, confirmed that the Special Committee may also receive professional advice from BAP as necessary.

Since the Company and the Offeror believe that measures have been taken to ensure the fairness of the Tender Offer Price and to avoid conflicts of interests (in particular, the measures set out below under "(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests") and that due consideration has been given to the interests of the Company’s minority shareholders, the Company has not obtained an opinion on the fairness of the Tender Offer Price (fairness opinion) from BAP.

(B) Procurement of a share valuation report from PwC

In expressing the Company’s opinion regarding the Tender Offer, in order to exercise further caution with regard to ensuring the fairness of the decision-making process of the Company regarding the Tender Offer Price presented by the Offeror, the Company requested PwC, a third-party valuator independent of the Tender Offer Related Parties, to conduct the calculation of the share value of the Company's Stock and accompanying financial analysis, and obtained the Share Valuation Report (PwC) on June 17, 2024. PwC is not a related party of the Tender Offer Related Parties, and does not have any material interest between the Tender Offer Related

Parties in relation to the Transaction, including the Tender Offer. Further, the remuneration to PwC does not include a contingency fee to be paid on the condition of the public announcement of the Transaction. In addition, as there are no issues with the independence and expertise of PwC, the Special Committee, after approving PwC as the third-party valuator of the Company, confirmed that the Special Committee may also receive professional advice from PwC as necessary.

Since the Company and the Offeror believe that measures have been taken to ensure the fairness of the Tender Offer Price and to avoid conflicts of interests (in particular, the measures set out below under "(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests") and that due consideration has been given to the interests of the Company’s minority shareholders, the Company has not obtained an opinion on the fairness of the Tender Offer Price (fairness opinion) from PwC.

(ii) Overview of calculation

(A) Overview of calculation by BAP

BAP received explanation from the Company's management regarding the current situation and future prospects of the Company's business and other information in order to gather and consider the information necessary for the calculation of the share value of the Company's Stock, and calculated the share value of the Company's Stock based on such information. After considering the calculation method to be used in the Tender Offer, BAP, based on its view that it is appropriate to evaluate the Company's Stock from a multifaceted perspective under the assumption that the Company's Stock is a going concern, adopted the following calculation methods respectively, to calculate the share value of the Company's Stock: the average market share price method since the Company's Stock is listed on the Prime Market of the TSE and there is a market share price for the shares of the Company's Stock; and the DCF method to reflect the status of future business activities in the calculation.

The range of the value per share of the Company's Stock calculated by BAP based on each of the above methods is as follows.

Average market share price method:	From 2,185 yen to 2,497 yen
DCF method:	From 4,943 yen to 6,200 yen

Under the average market share price method, the reference date is set at March 8, 2024 where it is considered that the market price of the Company's Stock was not affected by the speculative report by Mergermarket (after the closing of the market on March 8, 2024), and the per-share value of the Company's Stock was calculated to range from 2,185 yen to 2,497 yen, based on the following prices of the Company's Stock on the Prime Market of the TSE: the closing price on the reference date (2,185 yen); the simple average of the closing prices for the past one month up to the reference date (2,257 yen); the simple average of the closing prices for the past three months up to the reference date (2,374 yen); and the simple average of the closing prices for the past six months up to the reference date (2,497 yen). In adopting the average market share price method, the share value of the Company's Stock was calculated by referring to the simple average of the closing prices over multiple periods to level out short-term share price fluctuations.

Under the DCF method, the sum-of-the-parts analysis was performed to calculate the value of the Group's businesses by classifying them into the Internet business and the IT services business. The Company's corporate value and the share value of the Company's Stock are calculated by discounting the free cash flow expected to be generated by each of the Internet business and the IT services business of the Company in and after the fiscal year ended March 2025 at a certain discount rate to the present value, based on the Company's earnings forecasts, which takes into consideration various factors such as financial forecasts based on the business plan prepared by the Company for the period from the fiscal year ending March 2025 to the fiscal year ending March 31, 2030 (TEIJIN is not involved in the preparation of the business plan; the same applies hereinafter) and publicly disclosed information. Using this method, the per-share value of the Company's Stock was calculated to range from 4,943 yen to 6,200 yen. The discount rate is the Weighted Average Cost of Capital (WACC), and the Internet business adopted a rate ranging from 5.3% to 6.3% and the IT services business adopted a rate ranging from 5.8% to 6.8%. The perpetual growth rate method is used to calculate the going concern value, and the perpetual growth rate is set to range from 0.0% and 0.5% for the Internet business and -0.25% and 0.25% for the IT services business under the perpetual growth rate method.

The financial forecasts based on the said business plan, which BAP used as a basis for the calculation under the DCF method, are as follows. In addition, although the said business plan does not assume the execution of the Transaction, it includes fiscal years in which a significant increase in profit is expected for each of the figures of the financial forecasts compared to the respective previous fiscal years. Specifically, in the fiscal years ending March 31, 2026 and 2028, in the IT services business, the Company expects a significant increase in profit as follows, as a result of, in the healthcare field, further development of solutions for large hospitals by leveraging the strength of the existing large hospital customer and data base as well as expansion into the pharmaceutical industry by utilizing data, and in the service business field, accelerating sales expansion of cloud-based ERP services: operating income of 3.7 billion yen for the year ending March 2026 (an increase of approximately 48% over the previous year), free cash flow of 2.8 billion yen for the year ending March 2026 (an increase of approximately 68% over the previous year), and free cash flow of 4.2 billion yen for the year ending March 2028 (an increase of approximately 45% over the previous year). The Company has judged synergistic effects between the Internet business and IT services business are included in the respective financial forecast figures.

Digital Entertainment Business (Unit: 100 million yen)

	Fiscal year ending March 2025	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Sales	622	716	807	900	1,016	1,105
Opera	8	8	9	1	1	1

ting income	5	8	7	07	34	66
EBITDA	87	91	100	109	136	168
Free Cash Flow	60	65	71	78	97	118

Business Solution Business (Unit: 100 million yen)

	Fiscal year ending March 2025	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Sales	289	319	340	362	392	422
Operating income	25	37	46	55	63	73
EBITDA	39	52	61	70	79	89
Free Cash	1	2	2	4	4	4

Flow	7	8	9	2	7	6

Although the Share Acquisition Rights are included in the scope of the Tender Offer, the Company has not obtained a valuation report or a fairness opinion regarding the Share Acquisition Right Purchase Price from BAP.

(Note) In calculating the share value of the Company's Stock, in principle, BAP has adopted the information provided by the Company and publicly disclosed information as is, assuming that all such materials and information are accurate and complete and that there are no facts undisclosed to BAP that could have a material impact on the calculation of the share value of the Company's Stock, and has not independently verified their accuracy or completeness. In addition, it is assumed that the information regarding the Company's financial projections (including business plans and other information) have been reasonably prepared based on the best estimates and judgment of the Company's management available at the time of calculation. Further, BAP has not conducted any independent evaluation and assessment of the assets and liabilities of the Company and its affiliates (including off-the-book assets and liabilities and other contingent liabilities), nor has it requested any third party to conduct an evaluation or assessment therefor. The calculation of the share value of the Company's Stock by BAP reflects the above information up to June 17, 2024.

(B) Overview of calculation by PwC

PwC received explanation from the Company's management regarding the current situation and future prospects of the Company's business and other information in order to gather and consider the information necessary for the calculation of the share value of the Company's Stock, and calculated the share value of the Company's Stock based on such information. After considering the calculation method to be used in the Tender Offer, PwC, based on its view that it is appropriate to evaluate the Company's Stock from a multifaceted perspective under the assumption that the Company's Stock is a going concern, adopted the following calculation methods respectively, to calculate the share value of the Company's Stock: the market share price basis method since the Company's Stock is listed on the Prime Market of the TSE and there is a market share price for the shares of the Company's Stock; and the DCF method to reflect the status of future business activities in the calculation.

The range of the value per share of the Company's Stock calculated by PwC based on each of the above methods is as follows.

Market share price basis method (1): From 2,185 yen to 2,526 yen

Market share price basis method (2): From 2,993 yen to 5,740 yen

DCF method: From 4,856 yen to 5,708 yen

Under the market share price basis method (1), the reference date is set at March 8, 2024 where it is considered that the market price of the Company's Stock was not affected by the speculative report by Mergermarket, and the per-share value of the Company's Stock was calculated to range from 2,185 yen to 2,526 yen, based on the following prices of the Company's Stock on the Prime Market of the TSE: the closing price on the reference date (2,185 yen); the simple average of the closing prices for the past one month, three months, and six months, up to the reference date (for the one month: 2,257 yen; for the 3 months: 2,374 yen; for the six months: 2,497 yen (rounded to the nearest whole number; the same applies to the calculation of simple average of closing prices and volume-weighted average closing prices in this "(B) Overview of calculation by PwC")); and the volume-weighted average closing prices for the past one month, three months, and six months, up to the reference date (for the one month: 2,256 yen; for the three months: 2,366 yen; for the six months: 2,526 yen). Under the market share price basis method (2), the reference date is set at June 17, 2024, which is the business day immediately preceding the date of the announcement of the Tender Offer, and the per-share value of the Company's Stock was calculated to range from 2,993 yen to 5,740 yen, based on the following prices of the Company's Stock on the Prime Market of the TSE: the closing price on the reference date (5,740 yen); the simple average of the closing prices for the past one month, three months, and six months, up to the reference date (for the one month: 4,903 yen; for the 3 months: 3,557 yen; for the six months: 2,993 yen); and the volume-weighted average closing prices for the past one month, three months, and six months, up to the reference date (for the one month: 5,002 yen; for the three months: 4,296 yen; for the six months: 3,763 yen).

Under the DCF method, the sum-of-the-parts analysis was performed to calculate the value of the Group's businesses by classifying them into the Internet business and the IT services business. The Company's business value and the share value of the Company's Stock are calculated by discounting the free cash flow expected to be generated by the Company in and after the fiscal year ended March 2025 at a certain discount rate to the present value, based on the Company's earnings forecasts, which takes into consideration various factors such as financial forecasts based on the business plan prepared by the Company for the period from the fiscal year ending March 2025 to the fiscal year ending March 2030 and publicly disclosed information. Using this method, the per-share value of the Company's Stock was calculated to range from 4,856 yen to 5,708 yen. The discount rate is the Weighted Average Cost of Capital (WACC), and the Internet business adopted a rate ranging from 6.7% to 7.7% and the IT services business adopted a rate ranging from 6.9% to 7.9%. The perpetual growth rate method is used to calculate the going concern value, and the perpetual growth rate is set to 1.5% under the perpetual growth rate method.

The financial forecasts based on the said business plan prepared by the Company, which PwC used as a basis for the calculation under the DCF method, are as follows. In addition, although the said business plan does not assume the execution of the Transaction, it includes fiscal years in which a significant increase or decrease is expected for each of the financial forecast figures compared to the respective previous fiscal years. Specifically, in the fiscal years ending March 31, 2026 and 2028, in the IT services business, the Company expects a significant increase in profit as follows, as a result of, in the healthcare field, further development of solutions for large hospitals by leveraging the strength of the existing large hospital customer and data base as well as expansion into the pharmaceutical industry by utilizing data, and in the service business field, accelerating sales expansion of cloud-based ERP services: operating income of 3.7 billion yen for the year ending March 2026 (an increase of approximately 48% over the previous year), free cash flow of 2.8 billion yen for the year ending March 2026 (an increase of approximately 68% over the previous year), and free cash flow of 4.2 billion yen for the year ending March 2028 (an increase of approximately 45% over the previous year). The Company has judged that synergistic effects between the Internet business and IT services business are included in the respective financial forecast figures.

Digital Entertainment Business (Unit:100 million yen)

	Fiscal year ending March 2025	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Sales	622	716	807	900	1,016	1,105
Operating income	85	88	97	107	134	166
EBITDA	87	91	100	109	136	168
Free Cash Flow	55	63	70	77	98	121

Business Solution Business (Unit: 100 million yen)

	Fiscal year ending March 2025	Fiscal year ending March 2026	Fiscal year ending March 2027	Fiscal year ending March 2028	Fiscal year ending March 2029	Fiscal year ending March 2030
Sales	289	319	340	362	392	422
Operating income	25	37	46	55	63	73
EBITDA	39	52	63	73	81	91
Free Cash Flow	16	28	29	42	46	53

Although the Share Acquisition Rights are included in the scope of the Tender Offer, the Company has not obtained a valuation report or a fairness opinion regarding the Share Acquisition Right Purchase Price from PwC.

(Note) In calculating the share value of the Company's Stock, in principle, PwC has adopted the information provided by the Company and publicly disclosed information as is, assuming that all such materials and information are accurate and complete and that there are no facts undisclosed to PwC that could have a material impact on the calculation of the share value of the Company's Stock, and has not independently verified their accuracy or completeness. In addition, it is assumed that the information regarding the Company's financial projections (including business plans and other information) have been reasonably prepared based on the best estimates and judgment of the Company's management available at the time of calculation. Further, PwC has not conducted any independent evaluation and assessment of the assets and liabilities of the Company and its affiliates (including off-the-book assets and liabilities and other contingent liabilities), nor has it requested any third party to conduct an evaluation or assessment therefor. The calculation of the share value of the Company's Stock by PwC reflects the above information up to June 17, 2024.

(II) Procurement of a share valuation report from an independent third-party valuator retained by the Offeror

(i) Company's Stock

In determining the Tender Offer Price, based on materials regarding financial information disclosed by the Company, the results of the due diligence conducted on the Company from April 1, 2024 to May 17, 2024, the financial conditions of business and conditions of legal affairs of the Company, and the results of discussions and negotiations with the Company and TEIJIN regarding the Tender Offer Price, the Offeror ultimately determined the Tender Offer Price to be 6,060 yen on June 18, 2024.

The Tender Offer Price (6,060 yen) respectively includes a 5.57% premium on the closing price (5,740 yen) of the Company's Stock on the Prime Market of the TSE as of June 17, 2024, i.e. the business day immediately prior to the date of announcement of the Tender Offer, a 23.60% premium on the simple average closing price (4,903 yen) for the past one month up to the same day, a 70.37% premium on the simple average closing price (3,557 yen) for the past three months up to the same day, and a 102.47% premium on the simple average closing price (2,993 yen) for the past six months up to the same day.

In addition, the Tender Offer Price of 6,060 yen respectively includes a 177.35% premium on the closing price (2,185 yen) of the Company's Stock on the Prime Market of the TSE as of March 8, 2024 where it is considered that the market price of the Company's Stock was not affected by the speculative report by MergerMarket regarding the sale of the Company's Stock by TEIJIN (after the closing of the market on March 8, 2024), a 168.50% premium on the simple average closing price (2,257 yen) for the past one month up to the same day, a 155.27% premium on the simple average closing price (2,374 yen) for the past three months up to the same day, a 142.69% premium on the simple average closing price (2,497 yen) for the past six months up to the same day.

Also, the Tender Offer Price of 6,060 yen is calculated by adding a premium of 103.29% on the closing price (2,981 yen) of the Company's Stock on the Prime Market of the TSE as of May 9, 2024 where it is considered that the price of the Company's Stock was not affected by the speculative report by Bloomberg regarding the sale of the Company's Stock by TEIJIN (after the closing of the market on May 9, 2024), a 119.17% premium on the simple average closing price (2,765 yen) for the past one month up to the same day, a 132.18% premium on the simple average closing price (2,610 yen) for the past three months up to the same day, a 140.38% premium on the simple average closing price (2,521 yen) for the past six months up to the same day.

The Offeror has not obtained a share valuation report from a third-party valuator, since it determined the Tender Offer Price through discussions and negotiations with the Company and TEIJIN, while comprehensively taking into consideration the above factors, such as whether the Company supports the Tender Offer and the prospects of consummation of the Tender Offer.

(ii) Stock Acquisition Rights

The Stock Acquisition Rights were granted to the directors and the executive officers of the Company as stock options. As one of the conditions for exercising the rights is that they may only be exercised within 5 years (FY 2013 Stock Acquisition Rights – FY2018 Stock Acquisition Rights) or 10 years (FY 2019 Stock Acquisition Rights – FY 2020 Stock Acquisition Rights) from the day following the date on which the directors and executive officers of the Company, its subsidiaries, or its affiliates ceased to hold any of their positions, even if the Offeror acquires the Stock Acquisition Rights, it will not be able to exercise these rights. Therefore, the Offeror determined the Stock Acquisition Right Purchase Price to be 1 yen on June 18, 2024.

The Offeror has not obtained a valuation report from a third party valuator in determining the Stock Acquisition Right Purchase Price.

(4) Possibility of delisting and reason therefor

The Company's Stock is listed on the Prime Market of the TSE as of today, however, the Offeror has not set the maximum number of tendered shares to be purchased in the Tender Offer, and therefore, the Company's Stock may be delisted through the prescribed procedures in accordance with the TSE's criteria for delisting depending on the results of the Tender Offer.

Also, even if such criteria are not met as at the time of consummation of the Tender Offer, if the Squeeze-Out Procedures described in "(5) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" above are implemented after the consummation of the Tender Offer as scheduled, the Company's Stock may be delisted through the prescribed procedures in accordance with the TSE's criteria for delisting. After the delisting of the Company's Stock, the shares of the Company's Stock may no longer be traded on the Prime Market of the TSE.

(5) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")

As described in "(I) Outline of the Tender Offer" in "(2) Basis of, and reasons for the opinion on the Tender Offer" above, if the Offeror is unable to acquire all shares of the Company's Stock (including the Restricted Stock and the Company's Stock to be delivered upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Company and the Non-Tendered Shares) and the Stock Acquisition Rights by the Tender Offer, the Offeror plans to implement the Squeeze-Out Procedures for the purpose of making the Offeror and TEIJIN the sole shareholders of the Company and taking the Company's Stock private, by the following method after the consummation of the Tender Offer.

Specifically, the Offeror plans to request the Company, promptly after the completion of settlement of the Tender Offer, to hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting"), at which the items for resolution shall include the implementation of consolidation of the shares of the Company's Stock (the "Share Consolidation") pursuant to Article 180 of the Companies Act, and on condition that the Share Consolidation takes effect, partial amendment of the articles of incorporation to abolish the provision concerning share units. The Offeror and TEIJIN plan to vote in favor of each of the above proposals at the Extraordinary Shareholders' Meeting. In addition, as of today, the Extraordinary Shareholders' Meeting is planned to be held around early September, 2024.

If the proposal for the Share Consolidation is approved, then on the date on which the Share Consolidation takes effect, the Company's shareholders will hold the shares of the Company's Stock in the number corresponding to the ratio of the Share Consolidation approved at the Extraordinary Shareholders' Meeting. If any fraction of a share less than one share is generated from the Share Consolidation, an amount of money obtained by selling to the Company or the Offeror the shares of Company's Stock equivalent to the total number of such fractional shares (any fractional shares less than one share created by aggregating those fractional shares shall be discarded; the same applies hereinafter) shall be delivered to the Company's shareholders for whom a fraction of less than one share is generated, in accordance with the procedures stipulated in Article 235 of the Companies Act and other relevant laws and regulations.

With respect to the sale price of the shares of the Company's Stock equivalent to such total number of fractional shares, it is scheduled that this price shall be set in such a way so that, as a result of selling these shares, the amount of money to be delivered to the shareholders of the Company who did not tender in the Tender Offer (excluding the Offeror, TEIJIN, and the Company) shall be the same as the price that shall be obtained by multiplying the Tender Offer Price by the number of the shares of the Company's Stock held by such shareholders. After the above process, the Offeror intends to request the Company to file a petition to obtain permission for voluntary sale to the court. In addition, although the ratio of the consolidation of the shares of the Company's Stock has not yet been determined as of today, the Offeror plans to request the Company to determine the number of the shares of the Company's Stock held by the Company's shareholders who did not tender in the Tender Offer (excluding the Offeror, TEIJIN, and the Company) to be a fraction of less than one share, so that the Offeror and TEIJIN will hold all of the shares of the Company's Stock (excluding treasury shares held by the Company).

The provisions of the Companies Act that protect the rights of the minority shareholders in connection with the Share Consolidation stipulate that when fractional shares of less than one share are created as a result of the Share Consolidation, the Company's shareholders (excluding the Offeror, TEIJIN, and the Company) may request the Company to purchase all fractional shares that they hold at a fair price and that they may file with the court a petition to determine the price of the shares of the Company's Stock pursuant to Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations.

As described above, in the Share Consolidation, the number of shares of the Company's Stock held by the Company's shareholders who did not tender their shares in the Tender Offer (excluding the Offeror, TEIJIN, and the Company) is expected to be fractions of less than one share, and therefore, the Company's shareholders who oppose to the Share Consolidation (excluding the Offeror, TEIJIN, and the Company) may file the above petition. If such petition is filed, the purchase price of the shares of the Company's Stock will ultimately be determined by the court.

In respect of the Restricted Stock, the allotment agreement for the Restricted Stock provides that if, during the transfer restriction period, the consolidation of shares (limited to cases where such consolidation of shares results in the allotee of the Restricted Stock holding only a fraction of less than one share of the Restricted Stock) is conducted, the Company shall acquire, without consideration, on the business day preceding the effective date of such consolidation of shares, all of the Restricted Stock for which the restriction on transfer has not been lifted as of the same day. However, the Company plans to execute the Amendment Agreement with each holder of the Restricted Stock and therefore, in the Squeeze-out Procedures, the number of the Restricted Stock corresponding to the service period will also be subject to the Share Consolidation. In addition, if the Offeror is unable to acquire all of the Stock

Acquisition Rights in the Tender Offer and the Stock Acquisition Rights remain unexercised, the Offeror plans to request the Company to acquire the Stock Acquisition Rights, recommend that the Stock Acquisition Right Holders release the Stock Acquisition Rights, and implement other reasonable procedures necessary to execute the Transaction, or the Offeror plans to implement such procedures, however, the details have not yet been determined as of today. The Company intends to cooperate if such request is received.

With respect to the above procedures, the method and timing of implementation may change, depending on the situations such as amendments, effectuation, and interpretation by the authorities of relevant laws and regulations. Even in such case, the method of finally delivering money to the Company's shareholders who did not tender in the Tender Offer (excluding the Offeror, TEIJIN, and the Company) will be adopted, and in such case, the amount of money to be delivered to each such shareholder will be calculated to be equal to the Tender Offer Price multiplied by the number of the shares of the Company's Stock held by each such shareholder.

The Company will promptly announce the specific procedures and timing of implementation in the above cases as soon as they are determined upon discussion between the Offeror and the Company. The Tender Offer is not a solicitation for the Company's shareholders to vote in favor of the proposals at the Extraordinary Shareholders' Meeting. The shareholders of the Company and Stock Acquisition Right Holders are requested to confirm with professionals, such as tax accountants, at their responsibility concerning tax treatment for tendering in the Tender Offer or in the procedures above.

(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests

As of today, the Offeror does not hold any shares of the Company's Stock or the Stock Acquisition Rights, and the Tender Offer does not constitute a transaction by the controlling shareholder. In addition, it is not expected that all or a part of the management of the Company will invest directly or indirectly in the Offeror, and the Transaction, including the Tender Offer, does not constitute so-called management buyout transaction. However, given that (i) the Offeror has entered into the Basic Transaction Agreement with TEIJIN, the Company's parent company, in which it agreed not to tender the Non-Tendered Shares in the Tender Offer and to sell the Non-Tendered Shares in accordance with the Company's Stock Repurchase after the Share Consolidation takes effect, (ii) the Offeror intends to take the Company's Stock private, making the Offeror and TEIJIN the sole shareholders of the Company, and (iii) the Company will implement the Company's Stock Repurchase, in which it will acquire the Non-Tendered Shares, the Offeror and the Company implemented the measures below to ensure fairness of the Tender Offer, to eliminate arbitrariness in decision-making concerning the Transaction, and to ensure fairness, transparency, and objectiveness in the decision-making process, and to avoid doubts of conflicts of interest.

As described in "(2) Outline of the Tender Offer" above, TEIJIN, the Company's parent company, holds 31, 760,000 shares of the Company's Stock (shareholding ratio: 57.65%), and the Offeror believes that setting a minimum number of tendered shares to be purchased by the so-called "Majority of Minority" in the Tender Offer would destabilize the consummation of the Tender Offer, which in turn might not serve the interests of minority shareholders who wish to tender in the Tender Offer, and therefore, it will not set a minimum number of tendered shares to be purchased by the so-called "Majority of Minority" in the Tender Offer. However, the Offeror believes that due consideration was given to the interests of the Company's minority shareholders, given that the measures below have been taken.

In addition, among the descriptions below, the descriptions of the measures implemented by the Offeror are based on the explanation received from the Company.

(I) Implementation of bidding procedures

According to the explanation of TEIJIN, as described in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Company" under "(2) Basis of, and reasons for the opinion on the Tender Offer" above, TEIJIN, through Nomura Securities, commenced the First Bidding Process targeting multiple candidates including Blackstone in late February 2024, after approaching multiple candidates to participate in the bidding process. In late March 2024, TEIJIN received letters of intent from multiple candidates including Blackstone. TEIJIN carefully considered the contents of such letters of intent and selected multiple candidates to be approached to participate in the Second Bidding Process. Subsequently, TEIJIN commenced the Second Bidding Process in late March 2024, and after due diligence regarding the Company was performed by multiple candidates, in late May 2024, TEIJIN received final proposals from multiple candidates, and discussed the contents of the proposals with multiple candidates. As a result of comprehensive consideration of the contents of the proposals and the discussions, TEIJIN came to the conclusion that Blackstone would be the optimum buyer. With respect to the Tender Offer Price, no candidate presented more favorable terms for the Company's shareholders compared to the terms presented by Blackstone.

(II) Procurement of a share valuation report from an independent third-party valuator retained by the Company

In expressing the Company’s opinion regarding the Tender Offer, in order to ensure the fairness of the decision-making process of the Company regarding the Tender Offer Price presented by the Offeror, the Company requested BAP, a financial advisor and third-party valuator independent of the Tender Offer Related Parties, to conduct the calculation of the share value of the Company's Stock and accompanying financial analysis, and obtained the Share Valuation Report (BAP).

BAP is not a related party of the Tender Offer Related Parties, and does not have any material interest in relation to the Transaction, including the Tender Offer. Further, although the remuneration to BAP includes a part of a contingency fee to be paid on the condition that the Transaction is publicly announced, etc., it is not a contingency fee for the content of the opinion expressed and the consummation or failure of the Transaction. The Company determined that, taking into account the general practice in similar transactions and the appropriateness of the remuneration system that imposes a certain amount of the financial burden on the Company if the Transaction is not consummated, the inclusion of such renumeration does not mean that BAP is considered to have material interest that differs from the minority shareholders with respect to the consummation or failure of the Transaction, and does not negate BAP's independence.

In addition, as there are no issues with the independence and expertise of BAP, the Special Committee, after approving BAP as the third-party valuator of the Company, confirmed that the Special Committee may also receive professional advice from BAP as necessary. For the overview of the Share Valuation Report (BAP), please refer to "(I) Procurement of a share valuation report from an independent third-party valuator retained by the Company" under "(3) Matters concerning calculation" above.

In addition, in expressing the Company’s opinion regarding the Tender Offer, in order to exercise further caution with regard to ensuring the fairness of the decision-making process of the Company regarding the Tender Offer Price presented by the Offeror, the Company requested PwC, a third-party calculation agent independent of the Tender Offer Related Parties, to conduct the calculation of the share value of the Company's Stock and accompanying financial analysis, and obtained the Share Valuation Report (PwC) dated June 17, 2024.

PwC is not a related party of the Tender Offer Related Parties, and does not have any material interest between the Company, the Offeror, and TEIJIN in relation to the Transaction, including the Tender Offer. In addition, the remuneration to PwC for the Transaction does not include a contingency fee to be paid on the condition of the consummation or failure, etc. of the Transaction. For the overview of the Share Valuation Report (PwC), please refer to "(I) Procurement of a share valuation report from an independent third-party valuator retained by the Company" under "(3) Matters concerning calculation" above.

(III) Procurement of advice from an independent law firm by the Company

The Company appointed TMI Associates as its legal advisor independent of the Tender Offer Related Parties in order to ensure the fairness and appropriateness of the decision-making process of the Company's board of directors regarding the Transaction, including the Tender Offer, and has received legal advice regarding the method and process of decision-making of the Company's board of directors regarding the Transaction, including the Tender Offer, and other points to be noted in connection with decision-making regarding the Transaction. TMI Associates is not a related party of the Tender Offer Related Parties and has no material interest in connection with the Transaction. With respect to the renumeration to TMI Associates, it is only paid an hourly fee regardless of whether the Transaction is consummated, and its fee does not include a contingency fee conditioned on the announcement or consummation of the Transaction. In addition, as there are no issues with the independence and expertise of TMI Associates, the Special Committee, after approving TMI Associates as the Company's legal advisor, confirmed that the Special Committee may also receive professional advice from TMI Associates as necessary.

(IV) Establishment of independent special committee at the Company and procurement of written report

(i) Background of establishment

In mid-January 2024, the Company was notified by TEIJIN to the effect that the Bidding Process was commenced. Subsequently, since it was expected that the Company will receive a proposal including a proposal to take the Company's Stock private from the Candidates, based on the Guidelines for Corporate Takeovers, and from the perspective of conducting sincere consideration while ensuring the fairness and transparency of the consideration process, the Company determined that it should consider (i) not only the proposal to take the Company's Stock private, but also (ii) the Corporate Value Enhancement Measures and (iii) the Self TOB Scheme, and, based on the resolution at the board of directors meeting held on February 28, 2024, the Company established the Special Committee consisting of the following three members (the members of the Special Committee have not been changed since its establishment): Mr. Kazuhiko Fujita (the Company's outside director); Mr. Kazuhiko Tsuda (the Company's outside director); and Ms. Kiyo Morikawa (the Company's outside auditor). The Company consulted with the Special Committee (a) with regard to making a proposal or recommendation to the board of directors on (i) the proposal to take the Company's Stock private, (ii) the Corporate Value Enhancement Measures, or (iii) the Self TOB Scheme, whichever is desirable, after comparing and considering which action would be desirable from the viewpoint of ensuring or enhancing corporate value and thus the common interests of shareholders (the “Items for Advice (1)”), (b) in the case it is determined in (a) that the proposal to take the Company's Stock private is the most desirable, with regard to making a proposal or recommendation to the board of directors on whether the Company's board of directors should approve the proposal to take the Company's Stock private, after considering from the viewpoint as to whether the proposal ensures or enhances the corporate value of the Company and thus the common interests of shareholders (including (I) the reasonableness of the purpose of the proposal to take the Company's Stock private, (II) the appropriateness of the terms and conditions of the proposal to take the Company's Stock private, (III) the fairness of the procedures of the proposal to take the Company's Stock private, and (IV) whether or not it would be disadvantageous to minority shareholders for the Company's board of directors to decide to implement the proposal to take the Company's Stock private in light of the factors in (I) through (III) above and other factors) (the "Items for Advice (2)"), and (c) in the case it is determined in (a) that the Self TOB Scheme is the most desirable, with regard to making a proposal or recommendation to the board of directors on whether the Company's board of directors should approve the Self TOB Scheme, after considering from the viewpoint as to whether the proposal ensures or enhances the corporate value of the Company and thus the common interests of shareholders (including whether or not the acquisition of treasury shares would be disadvantageous to minority shareholders (including the necessity to issue class shares, the appropriateness of the issuance of class shares, and execution of a tender agreement with TEIJIN)) (together with the Items for Advice (1) and Items for Advice (2), the "Items for Advice"). Each member of the Special Committee is not a related party of any of the Tender Offer Related Parties and does not have any material interest in the Transactions including the Tender Offer.

The Company's board of directors has resolved that (I) the utmost respect shall be paid to the Special Committee's opinions in making a decision on (i) the proposal to take the Company's Stock private, (ii) the Corporate Value Enhancement Measures, or (iii) the Self TOB Scheme, and (II) in negotiating the terms and conditions for (i) to (iii) with relevant parties such as the Candidates and TEIJIN, the Company shall report to the Special Committee the status thereof in a timely manner, and receive the Special Committee's opinions, instructions, and requests in important phases.

As for the remuneration of the members of the Special Committee, only a fixed amount of remuneration is paid regardless of the content of the written report, and no contingency fee conditioned on the consummation, etc. of the Transaction is adopted.

(ii) Background of consideration

The Special Committee met a total of 26 times during the period from March 6, 2024 to June 14, 2024, and carefully discussed and considered the Items for Advice through deliberations and decision-making, etc. via e-mail, etc. even between each meeting of the Special Committee.

In addition, the Special Committee received legal advice from TMI Associates, a legal advisor to the Company, regarding measures to ensure the fairness of the Transaction and to avoid conflicts of interest, and other matters relating to the Transaction in general, in light of TMI Associates' independence and expertise.

The Special Committee also received explanations from BAP, a financial advisor to the Company, at the Company's request, and discussed and considered the policy for negotiations with the Offeror, in light of BAP's independence and expertise.

Further, the Special Committee conducted interviews with the Company, the candidates who participated in the Bidding Process including Blackstone, and TEIJIN, and held a question-and-answer session, in order to consider the significance and benefits of each proposal to have the Company's Stock go private, the Corporate Value Enhancement Measures, and the Self TOB Scheme, and their impact on the Company's businesses.

The Special Committee also received timely reports from the Company on the background and details of discussions and negotiations regarding the Transaction among the Company, the Offeror and TEIJIN, and discussed them at meetings of the Special Committee and was substantially involved in the negotiation process with the

Offeror.

(iii) Details of decision

Based on the above circumstances, the Special Committee, after carefully conducting exhaustive considerations and discussions on the Items for Advice, submitted the written report (the "Report") containing the following summary to the Company's board of directors on June 17, 2024, with the unanimous consent of all members.

I Opinions of the Special Committee

1. The Items for Advice (i)

As a result of the comparison and consideration of the proposal to have the Company's Stock go private, the Corporate Value Enhancement Measures and the Self TOB Scheme, the implementation of the Transaction is most desirable for the Company, and contributes to ensuring or enhancing the corporate value of the Company and thus the common interests of shareholders.

2. The Items for Advice (ii)

(1) The purpose of the Transaction is reasonable;

(2) The terms and conditions of the Transaction is appropriate;

(3) The procedures for the Transaction are fair; and

(4) It cannot be said that it would be disadvantageous to minority shareholders of the Company for the Company's board of directors to decide to conduct the Transaction in light of the written report to the Items for Advice (i), the factors in (1) through (3) above and other factors.

II Reasons for opinions

1. Reasonableness of the purpose of the Transaction

(1) Overview of the purpose of the Transaction

The Special Committee has conducted interviews with the Company, the Offeror and Blackstone with respect to the specific details of the purpose of the Transaction and the corporate value of the Company expected to be enhanced by the Transaction as described in "(II) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer by the Offeror, and management policy after the Tender Offer" and "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Company" under "(2) Basis and reasons for opinions on the Tender Offer."

(2) Impact of business separation

The Company, which operates the Digital Entertainment Business and the Business Solution Business in an integrated manner, has increased its corporate value by leveraging the synergies between the two businesses, such as utilizing "B to C" know-how and IT human resources, conducting AI-based marketing, building infrastructure for business expansion, and attracting and exchanging excellent human resources, and that the Company is concerned that the synergies between the two businesses will be lost due to the separation of the two businesses after the Transaction, which will decrease its corporate value.

In this regard, the Offeror's Parent Company and the Company will, based on the discussions and negotiations between them, execute an agreement concerning the prohibition of business separation, which includes an undertaking that the Offeror's Parent Company shall not, in principle, conduct a corporate reorganization act (including, but not limited to, mergers, company splits, business transfers and share transfers; the "Divestiture") that will separate the Digital Entertainment Business and Business Solution Business from the Company Group for a period of two years after the Transaction.

In addition, in the Transition Service Agreement (Reverse TSA) entered into among the Company, the Offeror and TEIJIN regarding the IT services provided by the Company to TEIJIN, the Offeror has agreed in principle that it will not engage in the Divestiture for two years after the completion of the Transaction, based on discussions and negotiations among the three parties, and the Offeror also intends to state in the Tender Offer Statement that it will not engage in the Divestiture.

Based on the above, there is no specific concern that the implementation of the Transaction will result in a business separation that will immediately affect the business of the Company.

(3) Impact of having the Company's Stock go private

Since the Transaction is premised on having the Company's Stock go private, the Special Committee has also examined whether or not there would be any impact on the Company's corporate value if the Company's Stock is taken private, including the following points.

- The Company's mid-term vision is to become a service company and to co-create value, and it is strongly promoting co-creation with real business operators and co-creation with other business operators to create new businesses. It is essential to secure talented human resources that form the basis of this, but if the Company's Stock is taken private, is there any possibility that this may have an impact on securing talented human resources, searching for collaborative partners and promoting the business?
- As an IT services and software company, the recruitment and retention of competent human resources is fundamental to the Company's management, and the Company's human resources recruitment and retention strategy is currently working because it is a listed company with a strong performance record. Is there any possibility that having the Company's Stock go private may have an impact on the recruitment and retention of human resources?
- In general, is there any possibility that the transparency of business operations may be impaired compared to a listed company, which may affect the relationship with existing business partners?

With respect to this, the Offeror does not plan on making any particular changes to the structure of the day-to-day business operations, assuming that the current employees of the Company will continue to be engaged even after the implementation of the Transaction. The Offeror believes it is possible to fully assist the securing of human resources by the Company by leveraging Blackstone's achievements and know-how, and plans to implement measures for the retention and keeping motivation of the Company Group's human resources.

Furthermore, the Offeror is expected to seek subcontract system engineering services to collaborate with, reinforce the recruitment of project manager-level personnel by utilizing stock options, and utilize offshoring, etc. in order to stably secure engineering resources in the IT services industry where companies are competing for talented personnel. Furthermore, in the relationship with the Company's business partners, the Company can minimize the impact of having the Company's Stock go private on the its relationships with its business partners by providing them with thorough explanations, and such impact can also be expected to be minimized by thorough explanations provided by the Offeror.

In addition, Blackstone has indicated that it expects the re-listing of the Company as a method of exit after the end of the period of investments in the Company, which also takes into account to a certain extent concerns about having the Company's Stock go private.

Based on the above, it cannot be said that having the Company's Stock go private through the Transaction will have a material adverse effect on the Company's business.

(4) Financial burdens from LBO loans

Blackstone intends to procure the funds necessary for the Transaction through equity contributions and borrowings, it expected to use approximately 40 billion yen in cash and deposits held by the Company, in addition to approximately 155 billion yen in equity contributions and approximately 80 billion yen in borrowings.

In accordance with such expectation, there is a need to examine the regular repayments or liquidity on hand, and the Company has approached TEIJIN regarding the reduction of the Target's Stock Repurchase Price, but received TEIJIN's response that it cannot accept the proposal.

In addition, following discussions between the Company and Blackstone based on the Company's financing plan, (i) Blackstone responded with respect to the 80 billion yen in borrowings that it is at a level that ensures its financial soundness and at a level where there are no problems without any changes from the perspective of optimizing capital efficiency. (ii) With regard to liquidity on hand, Blackstone responded that it expects to be able to increase its commitment line to meet its flexible financing needs, in addition to securing the necessary cash on hand.

In the course of again reviewing the matter based on the above results, the Company confirmed its financial plan, and taking into account the circumstances that the ratio of equity contributions to borrowings is appropriate, and an additional investment by Blackstone can be expected in the event of further funding needs, the Company has concluded that the financial burden of implementing the Transaction will not have a material adverse effect on the Company's business.

(5) Summary

Based on the factors in (1) through (4) above, the Special Committee has concluded, after careful discussions and considerations, that the Transaction is deemed to contribute to the enhancement of the Company's corporate value and the purpose of the Transaction is reasonable.

2． Appropriateness of the terms and conditions of the Transaction

(1) Appropriateness of the price

(i) Tender Offer Price

The Tender Offer Price is considered appropriate from the following points:

- The Tender Offer Price is the highest price presented in the Bidding Process for which leaves no doubt on transparency and fairness.
- According to the share valuation report obtained by the Company from BAP, a third-party valuator

independent of the Tender Offeror Related Parties, the per-share value of the Company's Stock ranges from 2,185 yen to 2,497 yen according to the market price method and from 4,943 yen to 6,200 yen according to the DCF method. The Tender Offer Price exceeds the upper limit of the calculation results based on the market price method and the median of the calculation results based on the DCF method.

The Special Committee received explanations on the selection of the valuation method and the basis for the calculation of the discount rate, etc. with respect to the calculation method, etc. used in the valuation of the share value, and conducted a question-and-answer session and considered the results. As a result, the Special Committee did not find any unreasonable points in light of general valuation practices.

In addition, with respect to the Company's business plan, which is used as the basis for BAP's calculation using the DCF method, the Special Committee has also confirmed the method and process of the preparation thereof (including the fact that no party having an interest in the Transaction was involved in the preparation of the business plan) and its contents (including that the business plan is not based on excessively conservative estimates), and it has approved the reasonableness of the business plan.

- In addition, in order to exercise further caution with regard to ensuring the fairness of the decision-making process of the Company regarding the Tender Offer Price presented by the Offeror, the Company obtained a share valuation report from PwC, a third-party valuator independent of the Tender Offer Related Parties. According to the share valuation report obtained from PwC, the per share value of the Company's Stock ranges from 2,185 yen to 2,526 yen according to the market price method (i), from 2,993 yen to 5,740 yen according to the market price method (ii) and from 4,856 yen to 5,708 yen according to the DCF method, and the Tender Offer Price by the Offeror exceeds the upper limit of the calculation results based on the market price method (i), the market price method (ii) and the DCF method.

  The Special Committee did not find any unreasonable points in the calculation method, etc. used by PwC to value the shares in light of general valuation practices.

  In addition, with respect to the Company's business plan, which is used as the basis for PwC's calculation using the DCF method, the Special Committee has also confirmed the method and process of the preparation thereof (including the fact that no party having an interest in the Transaction was involved in the preparation of the business plan) and its contents (including that the business plan is not based on excessively conservative estimates), and it has approved the reasonableness of the business plan.

- In addition, the Tender Offer Price (6,060 yen) represents a premium of 177.35% (rounded to the second decimal place) on the closing price of 2,185 yen of the Company's Stock on the Prime Market of the TSE as of March 8, 2024, where it is considered that the market price of the Company's Stock was not affected by speculative report by Mergermarket (after the close of the market on March 8, 2024) regarding TEIJIN's sale of the Company's Stock, and thus the Tender Offer Price is considered to include a considerable premium compared to recent similar cases (of the cases announced on or after June 28, 2019, which is the release date of the "Fair M&A Guidelines - Enhancing Corporate Value and Securing Shareholders' Interests" by the Ministry of Economy, Trade and Industry, and closed before June 14, 2024, the mean of the premiums in 91 cases which aimed at taking listed company in Japan private is 49.9% on the closing price on the business day preceding the date of the announcement, 52.7% on the average closing price for the past one month up to the date of announcement, 55.0% on the average closing price for the past three months up to the date of announcement, and 56.6% on the average closing price for the past six months up to the date of announcement).

- Furthermore, the Tender Offer Price (6,060 yen) exceeds 4,455 yen, the highest price of the Company's Stock since the Company's listing to the reference date.

(ii) Stock Acquisition Right Purchase Price

Since all of the Stock Acquisition Rights have been granted to the directors and executive officers of the Company as stock options and the condition for the exercise of the Stock Acquisition Rights is that the Stock Acquisition Rights may be exercised only during a period of 5 years (for FY 2013 Stock Acquisition Rights to FY 2018 Stock Acquisition Rights) or 10 years (for FY 2019 Stock Acquisition Rights to FY 2020 Stock Acquisition Rights) from the day following the date on which they lost all of the positions of director or executive officer of the Company, subsidiaries of the Company, or affiliates of the Company, it is understood that the Offeror is unable to exercise the Stock Acquisition Rights even if it acquires them, and thus it is reasonable to set the Stock Acquisition Right Purchase Price at 1 yen for each of the Stock Acquisition Rights.

(2) Consideration to be delivered in procedures after the Tender Offer

If the Offeror is unable to acquire all of the Company's Stock (including the Restricted Stock and the Company's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Company and the Company's Stock held by TEIJIN) and the Stock Acquisition Rights through the Tender Offer, it plans to conduct the Squeeze-Out Procedures, and minority shareholders who did not tender their shares in the Tender Offer will ultimately receive cash in the Squeeze-Out Procedures. The amount of money to be delivered under the Squeeze-Out Procedures will be calculated to be the same as the Tender Offer Price multiplied by the number of the Company's Stock held by such shareholders, and this fact will be clearly stated in the press release, etc. regarding the Tender Offer.

The Company plans to conduct the Company's Stock Repurchase after the completion of the Squeeze-Out Procedures, and the after-tax proceeds to be received by TEIJIN when it tenders its shares in the Tender Offer is to be set at an amount almost equivalent to the amount of after-tax proceeds when TEIJIN accepts the purchase price of the Company's Stock Repurchase, taking into account that a provision on the exclusion of deemed dividends from gross profits set forth in the Corporation Tax Act is likely to be applied to TEIJIN on Company's Stock Repurchase, and this fact will be clearly stated in the press release, etc. regarding the Tender Offer.

According to the terms and conditions set forth above, TEIJIN is expected to receive substantially the same benefits from the Transaction as the minority shareholders of the Company (i.e., TEIJIN alone will not receive relatively larger benefits from the Transaction than the minority shareholders of the Company), and therefore, the Transaction as a whole is considered to be a reasonable scheme designed to secure the interests of the minority shareholders of the Company.

(3) Summary

Based on the above points, the Special Committee has concluded, after careful discussions and considerations, that the terms and conditions of the Transaction including the Tender Offer Price are reasonable.

3. Fairness of the procedures for the Transaction

(1) Implementation of the Bidding Process

The Transaction will be conducted by the Offeror, which was selected following TEIJIN's comprehensive consideration of the proposals and discussions after the receipt by TEIJIN in the Bidding Process of the proposals to have the Company's Stock go private from the candidates who participated in the Bidding Process (the "Candidate(s)") and discussions with several Candidates regarding the content of their proposals. In addition, since there were no Candidates offering terms more favorable to the minority shareholders of the Company than those offered by the Offeror in the Bidding Process, no circumstances have been identified that call into question the transparency or fairness of the Bidding Process.

Given the foregoing, it can be concluded that the market check is functioning properly.

(2) Establishment of the Special Committee

The Company established the Special Committee as soon as the Company was informed by TEIJIN that it had commenced the Bidding Process. In addition, the Company has resolved to respect the recommendations of the Special Committee to the greatest extent possible after the Special Committee has been given the authority to appoint advisors. Also, there are no issues with the Special Committee's independence, its composition in terms of expertise and attributes, its advisors, or its internal review system.

(3) Method of consideration by the Company

In considering the Transaction, the Company has carefully reviewed and discussed the appropriateness of the terms and conditions of the Transaction and the fairness of a series of procedures for the Transaction from the viewpoint of enhancing the corporate value of the Company and thus the common interests of its shareholders, while obtaining advice and opinions from BAP, a financial advisor and a third-party valuator, and TMI Associates, a legal advisor, both of which are independent of the Tender Offer Related Parties.

The Special Committee has confirmed that there is no question as to the independence and expertise of TMI Associates and BAP, and has approved them to act as a legal advisor or a financial adviser and a third-party valuator of the Company. It has also been confirmed that the Special Committee may seek, and has sought, professional advice and opinions from TMI Associates and BAP as appropriate.

(4) Establishment of an independent review system in the Company

With a view to eliminating structural conflicts of interest, the Company has established a system within the Company to review, negotiate, and make decisions with respect to the Transaction in a position independent of the Tender Offer Related Parties.

(5) No involvement of parties with a special interest in the negotiation and decision-making processes for the Transaction

None of the directors who are reviewing and negotiating the Transaction from the standpoint of the Company includes any person with a special interest in the Transaction nor are there any facts that would cause any person to presume that TEIJIN, the Candidates, or any other person with a special interest in the Transaction has improperly influenced the Company in the course of the discussion, consideration, and negotiation of the Transaction.

From the viewpoint of avoiding any suspicion of conflict of interest and ensuring the fairness of the Transaction, Mr. Naohiko Moriyama, a director of the Company who concurrently serves as a director and senior managing executive officer of TEIJIN, and Mr. Akio Nakaishi, an auditor of the Company who concurrently serves as an auditor of TEIJIN, did not participate in any deliberations concerning the consideration of the Transaction at any meeting of the board of directors of the Company, nor did they participate in the consideration of the Transaction from the standpoint of the Company or in any discussions and negotiations concerning the Transaction with the Offeror and TEIJIN. In addition, among the officers of the Company, Mr. Norihiro Takehara, Chairman, Mr. Jun Kuroda, President and CEO, and Mr. Mototaka Kuboi, Director and CSRO, are expected to execute the Amendment Agreement, in relation to the Restricted Stock. Therefore, from the viewpoint of avoiding any suspicion of conflict of interest and ensuring the fairness of the Transaction, they have not participated in any deliberations concerning the Transaction, etc. at the Company's board of directors meeting, nor have they participated in any discussions or negotiations with the Offeror and TEIJIN concerning the Transaction, etc. from the standpoint of the Company since the possibility to enter into the Amendment Agreement arose.

(6) Implementation of other measures to ensure fairness of the Transaction

(i) Majority-of-minority condition

A so-called majority-of-minority condition is not expected to be a condition for the consummation of the Tender Offer.

The mere fact that a majority-of-minority condition has not been imposed should not be taken as an indication that necessary measures to ensure fairness have not been taken for the following reasons: if a majority-of-minority condition is imposed, the consummation of the Tender Offer may become uncertain and such a condition may not contribute to the interests of the public shareholders who wish to tender their shares in the Tender Offer; and, in the Tender Offer, appropriate measures to ensure fairness have been taken and the interests of the public shareholders of the Company have been sufficiently taken into account.

(ii) Securing objective conditions to ensure fairness of the Tender Offer

The Offeror intends to set the Tender Offer Period at 30 business days, which is longer than the minimum period prescribed by laws and regulations (20 business days). It is believed that the Offeror has thereby ensured that the Company's shareholders and the Stock Acquisition Right Holders will have an opportunity to make an appropriate decision on whether to tender in the Tender Offer, and that persons other than the Offeror (a "Counter Offeror") have the opportunity to purchase the Company's Stock and Stock Acquisition Rights.

In addition, neither the Offeror nor the Company has entered into any agreement that would restrict any such Counter Offeror from contacting the Company, including any agreement that contains a transaction protection clause prohibiting the Company from contacting the Counter Offeror.

By thus providing the opportunity for a counter-purchase, the fairness of the Tender Offer is ensured.

(7) Summary

As a result of the Special Committee's careful discussions and consideration of the Transaction in light of the foregoing, the Special Committee has concluded that appropriate measures have been taken to ensure the fairness of the Transaction and that the procedures for the Transaction are fair.

4. Comparative review

(1) Proposals to have the Company's Stock go private

Although TEIJIN received two proposals from other candidates to have the Company's Stock go private in addition to the Offeror's Final Offer in the Bidding Process, the Offeror's Final Offer is the most desirable among the proposals to have the Company's Stock go private from the viewpoint of ensuring or enhancing the corporate value of the Company and thus the common interests of its shareholders for the following reasons:

- In the first place, since TEIJIN selected the Offeror as the final candidate in the Bidding Process, it was not likely for TEIJIN, the parent company of the Company, to accept the proposals to have the Company's Stock go private other than the Offeror's Final Offer, and therefore those proposals were not feasible;
- None of the proposals to have the Company's Stock go private offered a price higher than the Tender Offer Price for the Company's Stock offered in the Offeror's Final Offer;
- One of the proposals to have the Company's Stock go private, other than the Offeror's Final Offer, which proposed to separate the Company's Internet business and IT services business after having the Company's Stock go private failed to eliminate the concerns raised in "(2) Impact of business separation" under "1. Reasonableness of the purpose of the Transaction;" and
- Although another proposal to have the Company's Stock go private, other than the Offeror's Final Offer, proposed not to separate the Company's Internet business and IT services business for a certain period after having the Company's Stock go private, it was determined after consideration within the Company that the measures indicated in the Offeror's Final Offer would better contribute to enhancing the corporate value of the Company;

(2) Self TOB Scheme

Although the Company proposed the Self TOB Scheme to TEIJIN, the Offeror's Final Offer is more desirable than the Self TOB Scheme from the viewpoint of ensuring or enhancing the corporate value of the Company and thus the common interests of its shareholders for the following reasons:

- Since TEIJIN attached the highest importance to maximizing the selling price of the Company's Stock held by it in the Bidding Process, TEIJIN informed the Company that it did not intend to adopt the Self TOB Scheme because of the large difference between the repurchase price of the Company's Stock in the Self TOB Scheme and the selling price of the Company's Stock offered in the Offeror's Final Offer, and therefore the Self TOB Scheme was not feasible;
- The advantage of the Self TOB Scheme was that, by maintaining the listing of the Company's Stock, there would be no impact of having the Company's Stock go private. However, the impact of having the Company's Stock go private following the Transaction is limited, as described in "(3) Impact of having the Company's Stock go private" under "1. Reasonableness of the purpose of the Transaction;" and
- As stated above, the Offeror's Final Offer provides the public shareholders with an opportunity to sell their shares at a higher price, as it offers a higher price and does not set the maximum number of tendered shares to be purchased.

(3) Corporate Value Enhancement Measures

Although the Special Committee also considered the Corporate Value Enhancement Measures other than the Self TOB Scheme on the assumption that the Company's Stock would continue to be listed, the Offeror's Final Offer is more desirable than the Corporate Value Enhancement Measures from the viewpoint of ensuring or enhancing the corporate value of the Company and thus the common interests of its shareholders for the following reasons:

- TEIJIN intends to sell the Company's Stock. Since TEIJIN selected the Offeror as the final candidate in the Bidding Process, TEIJIN had no intention to adopt the Corporate Value Enhancement Measures, and therefore the Corporate Value Enhancement Measures were not feasible;
- The advantage of the Corporate Value Enhancement Measures was that, by maintaining the listing of the Company's Stock, there would be no impact of having the Company's Stock go private. However, the impact of having the Company's Stock go private following the Transaction is limited, as described in "(3) Impact of having the Company's Stock go private" under "1. Reasonableness of the purpose of the Transaction;" and
- As stated above, the Offeror's Final Offer provides the public shareholders with an opportunity to sell their shares at a reasonable price, as it offers a price within the ranges of the share value calculated by valuators and does not set the maximum number of tendered shares to be purchased.

(4) Summary

Based on (1) to (3) above, the Offeror's Final Offer is the most desirable among the proposals to have the Company's Stock go private, the Corporate Value Enhancement Measures, and the Self TOB Scheme, from the viewpoint of ensuring or enhancing the corporate value of the Company and thus the common interests of its shareholders. In addition, the Transaction will be based on the terms and conditions determined by the Offeror following the discussions and negotiations among the Offeror, TEIJIN, and the Company after the Offeror was selected as the final candidate in the Bidding Process. In light of the foregoing, it has been concluded that conducting the Transaction would be the most desirable for the Company and would ensure or enhance the corporate value of the Company and thus the common interests of its shareholders.

5. Whether the decision by the Company's board of directors to express its opinion in favor of the Tender Offer and to recommend the shareholders of the Company that they tender their shares in the Tender Offer, etc., as well as the decision to conduct the Transaction is disadvantageous to the minority shareholders

The Special Committee has carefully considered 1. through 4. above and other relevant matters, and has concluded that it would not be disadvantageous to the minority shareholders of the Company for the Company's board of directors to decide to conduct the Transaction by the Offeror (including to approve the Tender Offer and to decide to recommend to the shareholders of the Company that they tender their shares in the Tender Offer and to leave the decision as to whether to tender the Share Acquisition Rights in the Tender Offer to the Share Acquisition Right Holders).

(V) Unanimous approval of all disinterested directors of the Company and the opinion of all disinterested auditors of the Company that they have no objection

Based on the contents of the Share Valuation Report (BAP), the Share Valuation Report (PwC), legal advice received from TMI Associates, the contents of discussions held between the Offeror and TEIJIN in relation to the Transaction, and other relevant materials, the Company carefully deliberated and considered the purpose of the Transaction and its terms and conditions with the utmost respect to the content of the Report obtained from the Special Committee. As a result, as described in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Company" under "(2) Basis of, and reasons for the opinion on the Tender Offer" above, on June 18, 2024, the Company's directors who participated in the deliberation and resolution (four of the seven directors in total (which do not include Mr. Naohiko Moriyama who was absent from the meeting), excluding Mr. Norihiro Takehara, Mr. Jun Kuroda, and Mr. Mototaka Kuboi) unanimously resolved, as the opinion of the Company, to support the Tender Offer, as well as recommend that the Company's shareholders tender in the Tender Offer, and to leave the decision on whether or not to tender the Share Acquisition Rights in the Tender Offer to the Share Acquisition Right Holders.

In addition, the acquisition of the Stock Acquisition Rights by way of transfer is subject to approval of the Company's board of directors. The Company resolved at the meeting of the board of directors held today to comprehensively approve the transfer by the Stock Acquisition Right Holders of their Stock Acquisition Rights by tendering them in the Tender Offer on the condition of consummation of the Tender Offer.

Among the eight directors of the Company, as Mr. Naohiko Moriyama concurrently serves as a director and senior managing executive officer of TEIJIN, from the viewpoint of avoiding any suspicion of conflict of interest between TEIJIN and the Company's minority shareholders and ensuring the fairness of the Transaction, he did not participate in any deliberations or resolutions concerning the consideration of the Transaction at the abovementioned board of directors meeting, nor did he participate in the consideration of the Transaction or any discussions and negotiations concerning the Transaction with the Offeror and TEIJIN from the standpoint of the Company. In addition, among the eight directors of the Company, Mr. Norihiro Takehara, Mr. Jun Kuroda, and Mr. Mototaka Kuboi plan to enter into the Amendment Agreement, from the viewpoint of avoiding any suspicion of conflict of interest and ensuring the fairness of the Transaction, they have not participated in any deliberations concerning the Transaction, etc. at the Company's board of directors, nor have they participated in any discussions or negotiations with the Offeror and TEIJIN concerning the Transaction, etc. from the standpoint of the Company since the possibility to enter into the Amendment Agreement arose.

Furthermore, among the four auditors of the Company, three auditors of the Company who participated in the deliberations and resolutions stated that they had no objection. Mr. Akio Nakaishi, an auditor of the Company, concurrently serves as an auditor of TEIJIN. Therefore, from the viewpoint of avoiding any suspicion of conflict of interest and ensuring the fairness of the Transaction, he did not participate in any deliberations concerning the consideration of the Transaction at the abovementioned board of directors meeting and refrained from expressing his opinion.

(VI) Securing objective conditions to ensure fairness of the Tender Offer

The Offeror has set the Tender Offer Period at 30 business days, which is a relatively long period compared to the minimum period prescribed by laws and regulations, which is 20 business days. By setting a relatively long Tender Offer Period compared to the minimum period prescribed by laws and regulations, the Offeror has ensured that the Company's shareholders and the Stock Acquisition Right Holders will have an opportunity to make an appropriate decision on whether to tender in the Tender Offer, and by ensuring that persons other than the Offeror have the opportunity to purchase the Company's Stock and Stock Acquisition Rights, it has taken into consideration that the fairness of the Tender Offer is ensured.

4. Material agreements relating to the Tender Offer

(1) Basic Transaction Agreement

The Offeror entered into the Basic Transaction Agreement with TEIJIN, the Company's parent company as of June 18, 2024.

In the Basic Transaction Agreement, the Offeror and TEIJIN have mainly agreed (i) on the implementation of the Tender Offer by the Offeror, (ii) not to tender all of the Company's Stock held by TEIJIN in the Tender Offer, (iii) to exercise all of their voting rights, as a shareholder in the Company in favor of the proposal to implement the Share Consolidation at the Extraordinary Shareholders' Meeting and fulfill any and all actions necessary for the Squeeze-Out Procedures, and (iii) that TEIJIN will sell all of the Company's Stock held by it in response to the Company's Stock Repurchase to be carried out by the Company after the Squeeze-Out Procedures take effect.

Furthermore, with regard to (ii) not to tender all of the Company's Stock held by TEIJIN in the Tender Offer, the Offeror and TEIJIN have agreed in the Basic Transaction Agreement as follows in relation to counteroffer from third parties:

(a) In the event that an offer, proposal or public announcement, etc. (which must be made without TEIJIN violating (c) below, collectively referred to as "Counteroffer") is made by a person other than the Offeror for the acquisition of the Company's Stock at the consideration for acquisition equivalent to 5% or more in excess of the Tender Offer Price after the execution of the Basic Transaction Agreement and before the last day of the Tender Offer Period, TEIJIN may request the Offeror to discuss the increase of the Tender Offer Price and the Company's Stock Repurchase Price up until the noon of the last day of the Tender Offer Period.

(b) (i) if the Offeror fails to lawfully increase the Tender Offer Price to an amount exceeding the amount equivalent to the consideration for acquisition in the Counteroffer by the earlier of the date on which 5 business days have elapsed from the date on which the Offeror was requested to have consultation or the business day immediately preceding the last day of the Tender Offer Period, (the "End Date of Counteroffer Consideration Period"), or (ii) if the Offeror fails to lawfully increase the Company's Stock Repurchase Price such that the total amount of the after-tax proceeds to be paid to TEIJIN pursuant to the Squeeze-Out Procedures and the Company's Stock Repurchase exceeds the amount equivalent to the consideration for acquisition to be paid to TEIJIN by accepting the Counteroffer (the after-tax proceeds if the consideration is money) by the End Date of Counteroffer Consideration Period, or (iii) if TEIJIN reasonably determines that not accepting the Counteroffer may constitute violation of the duty of care of a good manager of TEIJIN's directors, TEIJIN may decide to accept the Counteroffer. If TEIJIN decides to accept the Counteroffer in accordance with this paragraph, it shall promptly notify the Offeror.

(c) until the End Date of Counteroffer Consideration Period, TEIJIN shall not: (i) enter into any agreement with any person other than Offeror in connection with any transaction that substantially conflicts with the Tender Offer or makes it difficult to consummate the Tender Offer; (ii) provide to any person other than Offeror any information regarding the Company or any other information in connection with such transaction; (iii) if TEIJIN or the Company has any undertaking from any third party other than the Offeror, agree to exempt it or implement such action; or (iv) take any action that conflicts with or makes difficult the implementation of the Tender Offer including any offer or solicitation of an offer for such transaction or any discussions or negotiations relating to such transaction. Provided, however, that if a person other than the Offeror makes a Counteroffer without TEIJIN violating this paragraph, TEIJIN shall not be precluded from accepting the Counteroffer in accordance with (b), from providing information, having discussions, having negotiations or making agreements with the person who made the Counteroffer in relation to the Counteroffer, or from taking any other actions that conflict with or make difficult the implementation of the Tender Offer. However, TEIJIN shall provide the Offeror the same information as that provided to the person who made the Counteroffer as soon as practically possible to the extent permitted by laws and regulations.

(d) Up until the End Date of Counteroffer Consideration Period, if TEIJIN receives a Counteroffer from a person other than the Offeror or becomes aware of a Counteroffer, it shall notify the Offeror of that effect and the details of the Counteroffer (to the extent that TEIJIN actually owns it and is able to notify it) as soon as practically possible. Provided, however, that this shall not apply if the details of the Counteroffer are publicly announced.

(2) Transition Service Agreement (Reverse TSA)

The Company entered into a transition service agreement (the "Transition Service Agreement" (Reverse TSA)) with the Offeror and TEIJIN, the Company's parent company, as of June 18, 2024, with regard to the IT services, etc. provided by the Company to the TEIJIN Group for the purpose of smooth and continuous operation of the TEIJIN Group

In the Transition Service Agreement (Reverse TSA), the Offeror, the Company, and TEIJIN have mainly agreed that (i) the Company continues to perform the duties relating to the project of the development, etc. of IT systems for the TEIJIN Group, (ii) to the Company continues to perform the duties relating to the operation and maintenance of the IT systems of the TEIJIN Group, (iii) that the Company allows the TEIJIN Group to use certain assets or takes actions necessary for TEIJIN to use them.

In addition, the Offeror has agreed that the Offeror shall not conduct any Divestiture that will result in the Internet business or the IT services business of the Company Group being separated from the Company Group nor shall, cause the Company Group to conduct any Divestiture, for a period until 2 years have elapsed from the date on which the Company has become a wholly-owned subsidiary of the Offeror. (However, this shall not apply in cases where the Offeror, the Company and TEIJN consider that the corporate value of the Company Group would be materially damaged if the Divestiture is not conducted due to a major change in the business environment or other reasons.

(3) Agreement on prohibition, etc. of business splits

The Company entered into a written agreement on the prohibition, etc. of business splits (the "Agreement") containing the following summary between the Offeror's Parent Company as of June 18, 2024.

(a) The Offeror's Parent Company shall not conduct any Divestiture that will result in the Internet business or the IT services business of the Company Group being separated from the Company Group (including the Offeror) nor shall, cause the Company Group to conduct any Divestiture, for a period until 2 years have elapsed from the date on which the Company has become a wholly-owned subsidiary of the Offeror. (However, this shall not apply in cases where the Offeror and the Company reasonably consider that the corporate value of the Company Group would be materially damaged if the Divestiture is not conducted due to a major change in the business environment or other reasons.

(b) The Offeror intends to re-list the Company's Stock on the stock market as a method of exit of all or part of the Company's Stock after the end of the investment period.

(c) The Offeror's Parent Company represents and warrants that the matters set forth in the letter of intent, etc. provided by the Offeror to the Company and the Company's Special Committee in connection with the consideration and discussion of the Transaction are true and accurate, do not contain any false statements, and do not lack any matters that would be material to the Company's consideration of the Transaction or necessary to avoid misleading the Company.

(d) In the event of a breach by the Offeror's Parent Company of its representations and warranties under (c) above or a breach by the Offeror's Parent Company of its obligations hereunder, if the Company incurs any expense, loss, or damage as a result of such breach, the Offeror's Parent Company shall indemnify the Company for such damage, etc.

5. Details of the profit sharing by the Offeror or its specially related parties

Not applicable.

6. Policy on the response to the basic policy concerning control of company

Not applicable.

7. Questions to the Offeror

Not applicable.

8. Request for extension of Tender Offer Period

Not applicable.

9. Future prospects

Please refer to "(II) Background and purposes of the Offeror’s Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer" of "(2) Basis of, and reasons for the opinion on the Tender Offer", "(4) Possibility of delisting and reason therefor" and "(5) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" in "3. Contents of and grounds and reasons for the opinion concerning the Tender Offer" above.

10. Transactions, etc. with controlling shareholders

(1) Applicability of a transaction with controlling shareholders, etc. and compliance with guidelines concerning minority shareholders protection policy

TEIJIN is the parent company of the Company, holding 31,760,000 shares of the Company (Shareholding Ratio: 57.65%), and since the Offeror has entered into the Basic Transaction Agreement with TEIJIN and the Tender Offer will be implemented on the assumption that the Offeror will acquire the Company’s Stocks from TEIJIN, the Company has determined that its expression of opinion regarding the Tender Offer falls under a transaction with controlling shareholders, etc.

In the “Guidelines concerning Minority Shareholders Protection Policy in Conducting Transactions with Controlling

Shareholders, etc.” of the Corporate Governance Report published on November 28, 2023, it was stated that “the prices and other terms and conditions of the transaction were determined after deliberation by the board of directors with discussion and review taking into account market prices and other factors by a special committee consisting of independent outside directors, which was established for the purpose of protecting the interests of minority shareholders and ensuring fairness and impartiality to shareholders, and then submitted to the board of directors”.

In order to ensure that the acquisition of treasury shares from TEIJIN in the Transaction will not be a transaction that would disadvantage minority shareholders, the Company has taken measures as stated in “(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests” in “3. Details and basis of, and reasons for the opinion on the Tender Offer” above, and therefore the Company believes that the Company is in compliance with the said guidelines.

(2) Matters concerning measures to ensure the fairness and measures to avoid conflict of interests

Please refer to “(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests” in “3. Details and basis of, and reasons for the opinion on the Tender Offer” above.

(3) Summary of opinion obtained from a person who has no interest in controlling shareholders regarding the fact that the transaction, etc. is not disadvantageous to minority shareholders

As described in “(IV) Establishment of independent special committee at the Company and procurement of written report” in “(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests” in “3. Details and basis of, and reasons for the opinion on the Tender Offer” above, the Company has obtained from the Special Committee, which is independent of any of the Tender Offer Related Parties, a written report dated June 17, 2024, to the effect that it would not be disadvantageous to the minority shareholders of the Company for the Company's board of directors to decide on the implementation of the Transaction conducted by the Offeror (including to unanimously resolve to support the Tender Offer, as well as to recommend that the Company's shareholders tender in the Tender Offer, and to leave the decision on whether or not to tender the Share Acquisition Rights in the Tender Offer to the Share Acquisition Right Holders).

11. Others

(1) Announcement of "Notification Regarding Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend) and Abolition of Shareholder Benefit Plan"

The Company resolved at its board of directors meeting held today to revise the interim dividend and year-end dividend for the fiscal year ending March 2025 announced by the Company on April 25, 2024, and not to pay dividends with record dates of September 30, 2024 (end of the second quarter) and March 31, 2025 (year-end), as well as to abolish the shareholder benefit plan from the fiscal year ending March 31, 2025, subject to the consummation of the Tender Offer.

For details, please refer to the "Notification Regarding Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend) and Abolition of Shareholder Benefit Plan" announced by the Company today.

End

(Reference) "Notice Concerning Commencement of Tender Offer for Shares, Etc. of INFOCOM CORPORATION

(Securities Code: 4348) by BXJC II Holding KK " dated June 18, 2024

June 18, 2024

To whom it may concern:

Company Name:	BXJC II Holding KK
Representative:	Atsuhiko Sakamoto, Representative Director

Notice Concerning Commencement of Tender Offer for Shares, Etc. of INFOCOM CORPORATION (Securities Code: 4348)

BXJC II Holding KK (the "Offeror") hereby announces that it has decided today to acquire the Shares, Etc. of INFOCOM CORPORATION (Securities Code: 4348; the "Target"), which are listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the "TSE"), through tender offer (the "Tender Offer") pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act") as described below.

1. Purposes of the Tender Offer

(1) Outline of the Tender Offer

The Offeror is a joint-stock company established on May 13, 2024 for the principal purpose of holding all of the Target's Stock listed on the Prime Market of the TSE (including the Target's restricted stock granted to the Target's directors (other than outside directors) and executive officers as restricted stock-based compensation (the "Restricted Stock") and the Target's Stock to be issued upon exercise of the Stock Acquisition Rights (as defined in "(II) Stock acquisition rights" of "(2) Class of Shares to be Purchased " of "2. Overview of the Tender Offer"), but excluding treasury shares held by the Target and the Non-Tendered Shares (as defined below; hereinafter the same)) and the Stock Acquisition Rights through the Tender Offer, and controlling and managing the Target's business activities. As of today, all of the issued and outstanding shares of the Offeror are held by BXJC I Holding KK (the "Offeror's Parent Company"), all of which are indirectly held by funds managed, advised, or operated by Blackstone (as defined below; hereinafter the same). As of today, Blackstone, the Offeror's Parent Company, or the Offeror do not hold any share of the Target's Stock or Stock Acquisition Rights.

Blackstone Inc. (including its affiliates and other affiliated entities, "Blackstone") was founded in 1985 and is one of the world's largest alternative investment management company. Blackstone manages assets with total equity of approximately 165 trillion yen as of May 11, 2024 (Note: 1 U.S. Dollar = 150 yen; hereinafter the same). Blackstone's investment management business includes private equity funds, real estate funds, hedge fund solutions, credit-related investments, and closed-end mutual funds. The private equity fund, which is the investor in the Transaction (as defined below), manages approximately 47 trillion yen globally at 126 portfolio companies (as of December 31, 2023), which is one of the largest in the world. In addition, the Blackstone's private equity team has offices worldwide, including six (6) Asian and Oceanian bases in Tokyo, Singapore, Mumbai, Shanghai, Sydney, Seoul and these offices are not divided into regional funds (e.g. North America, Europe, Asia, Japan, etc.), and acting as a single team enables Blackstone to collaborate closely and globally. Blackstone focuses on companies with high competitiveness, growth potential, and the ability to create added value, conducts investment activities with the aim of achieving further growth by flexibly and intensively providing Blackstone's global network and various management resources as needed to the strong foundation of these companies. In Japan, since the opening of our Tokyo office in 2007, Blackstone have invested more than 2 trillion yen in business investment and real estate investment through May 11, 2024. Blackstone has built a track record in these areas, such as the capital participation to AYUMI Pharmaceutical Corporation in March 2019, the acquisition of Takeda Consumer Healthcare Company Limited (currently Alinamin Pharmaceutical Co., Ltd.) in March 2021, and the acquisition of Sony Payment Services Inc. with Sony Bank Inc. in January 2024. In addition, on May 13, 2024, Blackstone announced that it intended to commence a tender offer for shares of I'rom Group Co., Ltd., a major provider of clinical trial business support, to take the company private.

Blackstone has designated media and IT services sectors, in which the Target operates, as high priority investment areas. Blackstone has made thematic investments in the media field, focusing on the growth potential of video IP (intellectual property), music IP, and digital content. On Candle Media, a platform for acquiring companies with IP, which was co-founded by Blackstone and the former executives of Walt Disney, Blackstone operates its business globally, and helps to maximize IP value across multiple channels. Furthermore, in the field of IT services, Blackstone has made more than 10 investments in the Asia-Pacific region, supporting growth of these companies by strengthening digital solutions through M&As, expanding sales into Blackstone's portfolio, and securing engineering resources through offshoring.

On June 18, 2024, the Offeror decided to implement the Tender Offer as part of a series of transactions (the "Transaction") for the purpose of having the Target's Stock go private by acquiring all of the Target's Stock (including the Restricted Stock and the Target's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding treasury shares held by the Target and the Non-Tendered Shares) and the Stock Acquisition Rights.

On June 18, 2024, the Offeror entered into a basic transaction agreement (the "Basic Transaction Agreement") with TEIJIN LIMITED ("TEIJIN"), the Target's parent company, in which it agreed not to tender all of the Target's Stock held by TEIJIN (31,760,000 shares; Shareholding Ratio (Note 1): 57.65%; the "Non-Tendered Shares") in the Tender Offer and, as described in "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below, agreed to sell the Non-Tendered Shares in response to the repurchase of the Target's Stock with respect to the Non-Tendered Shares (the "Target's Stock Repurchase;" and the price per share (before the Share Consolidation (as defined below)) at which the Target's Stock Repurchase will be made is hereinafter referred to as the "Target's Stock Repurchase Price") expected to be made by the Target after a series of procedures to make the Offeror and TEIJIN the sole shareholders of the Target (the "Squeeze-Out Procedures") following the consummation of the Tender Offer taking effect. For the details of the Basic Transaction Agreement, see "(I) Basic Transaction Agreement" under "(6) Material agreements relating to the Tender Offer" below.

(Note 1) "Shareholding Ratio" refers to the ratio (rounded up to the second decimal place; hereinafter the same applies in the calculation of the Shareholding Ratio) of the number of shares to the number of shares (55,091,718 shares; the "Total Number of Shares after Consideration of Dilutive Shares") obtained by deducting the number of treasury shares held by the Target as of March 31, 2024 (2,714,682 shares) from the total number of issued and outstanding shares as of March 31, 2024 (57,600,000 shares), both as stated in the "Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)" published by the Target on April 25, 2024 (the "Target's Summary Securities Report"), the remainder of which is 54,885,318 shares, then adding the number of the Target's Stock (206,400 shares) underlying the total number of the Stock Acquisition Rights (516 units) (Note 2), remaining as of March 31, 2024 as reported by the Target on June 14, 2024.

(Note 2) The table below shows the breakdown of the Stock Acquisition Rights (516 units) and the number of the Target's Stock underlying the Stock Acquisition Rights.

Name of Stock Acquisition Rights	Number as of March 31, 2024 (units)	Number of Underlying Target's Stock (shares)
FY 2013 Stock Acquisition Rights	53	21,200
FY 2014 Stock Acquisition Rights	74	29,600
FY 2015 Stock Acquisition Rights	94	37,600
FY 2016 Stock Acquisition Rights	76	30,400
FY 2017 Stock Acquisition Rights	74	29,600
FY 2018 Stock Acquisition Rights	56	22,400

FY 2019 Stock Acquisition Rights	44	17,600
FY 2020 Stock Acquisition Rights	45	18,000
Total	516	206,400

The Transaction consists of 4 steps: (i) conduct the Tender Offer; (ii) upon consummation of the Tender Offer, if the Offeror fails to acquire all of the Target's Stock (including the Restricted Stock and the Target's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Target and the Non-Tendered Shares) during the course of the Tender Offer, make the Offeror and TEIJIN the sole shareholders of the Target through the Share Consolidation (as defined in "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below; hereinafter the same) to be made by the Target (iii) for the purposes of securing funds to implement the Target's Stock Repurchase and securing a distributable amount to implement the Target's Stock Repurchase, cause the Offeror to provide the Target with funds to be appropriated to the consideration for the Target's Stock Repurchase (the "Funding") and cause the Target to reduce the amounts of stated capital and capital reserve of the Target ((Note 3); the "Capital Reduction") pursuant to Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act"); and (iv) cause the Target to implement the Target's Stock Repurchase conditional upon consummation of the Tender Offer and the Share Consolidation taking effect. Ultimately, the Transaction intends to cause the Offeror to make the Target its wholly-owned subsidiary. For the details of the Share Consolidation, see "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below.

(Note 3) Upon the Capital Reduction, the amounts of stated capital and capital reserve of the Target will be reduced and transferred to other capital surplus or other retained earnings.

In the Tender Offer, the minimum number of tendered shares to be purchased has been set at 5,036,700 shares (Shareholding Ratio: 9.14%), and if the total number of the shares, etc. Tendered in the Tender Offer (the “Tendered Shares”) is less than the minimum number of tendered shares to be purchased (5,036,700 shares), the Offeror will purchase none of the Tendered Shares. Meanwhile, with the intention of acquiring all of the Target’s Stock (including the Restricted Stock and the Target’s Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding treasury shares held by the Target and the Non-Tendered Shares) and the Stock Acquisition Rights in the Tender Offer and having the Target’s Stock go private, the Offeror has not set the maximum number of tendered shares to be purchased in the Tender Offer, and if the total number of the Tendered Shares is no less than the minimum number of tendered shares to be purchased (5,036,700 shares), the Offeror will purchase all of the Tendered Shares. The minimum number of tendered shares to be purchased (5,036,700 shares) has been set at the number of shares (5,036,700 shares) obtained by deducting the number of treasury shares held by the Target as of March 31, 2024 (2,714,682 shares) from the total number of issued and outstanding shares of the Target as of March 31, 2024 (57,600,000) shares, both as stated in the Target’s Summary Securities Report, the remainder of which is 54,885,318 shares, then multiplied by two-thirds (2/3) with fractions less than 1 unit (100 shares) being rounded up, the product of which is 36,590,300 shares, then added by the number of the Target's Stock (206,400 shares) underlying the Stock Acquisition Rights remaining as of March 31, 2024 (516 units) as reported by the Target on June 14, 2024, the sum of which is 36,796,700 shares, and then deducting the number of the Non-Tendered Shares (31,760,000 shares) from such sum. While the Transaction is intended to have the Target’s Stock go private, such minimum number of tendered shares to be purchased (5,036,700 shares) has been set so that, given that the Stock Acquisition Rights have been granted to the directors and executive officers of the Target as stock options and one of the conditions for the exercise of the Stock Acquisition Rights is that the Stock Acquisition Rights may be exercised only during a period of 5 years (for FY 2013 Stock Acquisition Rights to FY 2018 Stock Acquisition Rights) or 10 years (for FY 2019 Stock Acquisition Rights to FY 2020 Stock Acquisition Rights) from the day following the date on which they lost all of the positions of director or executive officer of the Target, subsidiaries of the Target, or affiliates of the Target, while even if the Tendered Shares include the Stock Acquisition Rights and the Offeror is to acquire such Stock Acquisition Rights through the Tender Offer (the “Acquisition of Stock Acquisition Rights”), it is necessary to avoid the situation where the Offeror is unable to exercise such Stock Acquisition Rights and acquire the Target’s Stock, resulting in the Offeror being unable to secure the voting rights of the Target’s Stock with respect to the Stock Acquisition Rights acquired after the consummation of the Tender Offer and to secure two-thirds (2/3) or more of the total number of voting rights of all shareholders of the Target, and because a special resolution of the shareholders meeting as provided in Article 309, Paragraph 2 of the Companies Act is a requirement for implementing the Share Consolidation, even if the Acquisition of Share Acquisition Rights is to be implemented, the Offeror and TEIJIN will ensure the ownership of two-thirds (2/3) or more of the total number of voting rights of the Target’s shareholders.

In addition, the Offeror intends to fund the settlement of the Tender Offer by receiving a provision of up to 142,000,000,000 yen in funds from the Offeror’s Parent Company (the “Parent’s Contribution”) upon consummation of the Tender Offer and, subject to the consummation of the Tender Offer, intends to receive the Parent’s Contribution no later than the business day immediately prior to the settlement commencement date of the Tender Offer.

If, upon consummation of the Tender Offer, the Offeror is unable to acquire all of the Target’s Stock (including the Restricted Stock and the Target’s Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Target and the Non-Tendered Shares) through the Tender Offer, the Offeror will, after consummation of the Tender Offer, request the Target to implement the Squeeze-Out Procedures.

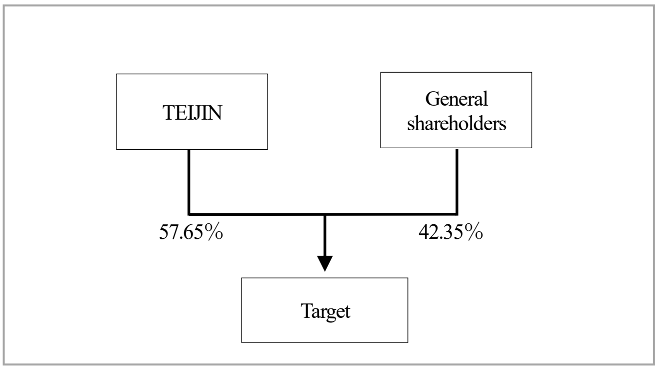
In addition, it is intended that after the Squeeze-Out Procedures, the Target’s Stock Repurchase will be implemented with respect to the Non-Tendered Shares and the Offeror will be made the sole shareholder of the Target. Considering that a provision on the exclusion of deemed dividends from gross profits set forth in the Corporation Tax Act (Act No. 34 of 1965, as amended) is likely to be applied to TEIJIN on the Target’s Stock Repurchase, both the maximization of the purchase price per share of the Target’s Stock in the Tender Offer (the "Tender Offer Price") and the fairness among shareholders can be achieved by increasing the allocation to minority shareholders of the Target, the Offeror has decided to implement the Target's Stock Repurchase. Based on discussions and negotiations with the Target and TEIJIN, the Offeror has made a calculation, so that (i) the after-tax amount of proceeds to be received by TEIJIN when the Target's Stock Repurchase is implemented is almost equivalent to (ii) the after-tax amount that would be obtained when TEIJIN accepts the Tender Offer. As a result, the Offeror has determined to set the Tender Offer Price at 6,060 yen per share and the Target's Stock Repurchase Price at 4,231 yen per share.

The following is a rough illustration of the structure of the Transaction.

<Illustration of the Structure of the Transaction>

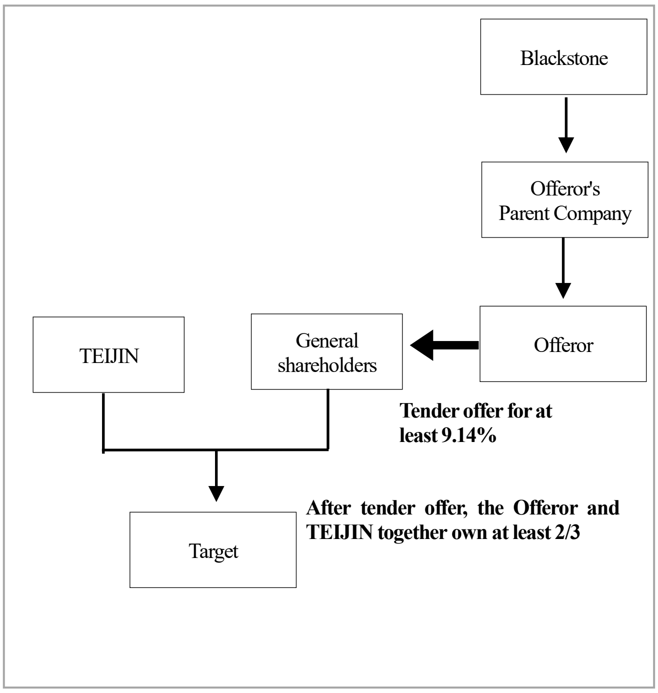
I. Current situation (as of June 18, 2024)

- As of today, TEIJIN holds 31,760,000 shares of the Target's Stock (Shareholding Ratio: 57.65%) and other general shareholders hold 23,125,318 shares of the Target's Stock (Shareholding Ratio: 41.98%) and 516 units of the Stock Acquisition Rights (the number of the Target's Stock underlying the Stock Acquisition Rights: 206,400 shares (Shareholding Ratio: 0.37%)).



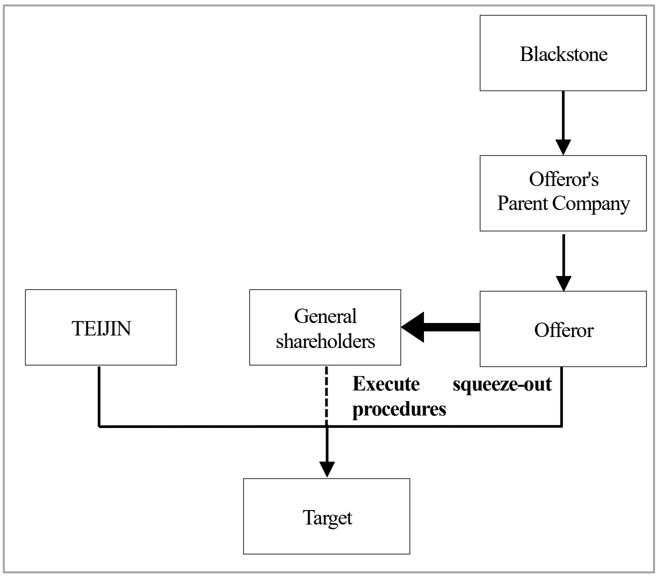
II. Tender offer and procurement of funds for the settlement thereof by the Offeror (before early August 2024)

- The Offeror will carry out the Tender Offer for all of the Target's Stock and the Stock Acquisition Rights except for the Non-Tendered Shares and the treasury shares held by the Target.
- The Offeror plans to settle the Tender Offer with the funds procured through the Parent's Contribution.



III. Squeeze-out using share consolidation (before early October 2024)

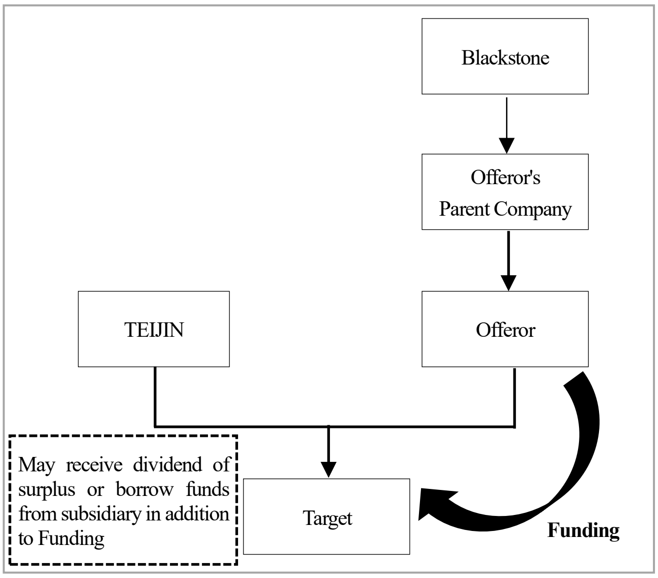
- If, following the consummation of the Tender Offer, the Offeror fails to acquire all of the Target's Stock (including the Restricted Stock and the Target's Stock issued upon exercise of the Stock Acquisition Rights but not including the treasury shares held by the Target and Non-Tendered Shares), the Offeror is to request the Target to make the Offeror and TEIJIN the sole shareholders of the Target by carrying out the Share Consolidation.
- The Share Consolidation is expected to take effect after the approval at the Extraordinary Shareholders' Meeting (as defined in "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below) to be held after the consummation of the Tender Offer.
- In respect of the Restricted Stock, the allotment agreement for the Restricted Stock provides that if, during the transfer restriction period, the consolidation of shares (limited to cases where such consolidation of shares results in the allotee of the Restricted Stock holding only a fraction of less than one share of the Restricted Stock) is conducted, the Target shall acquire, without consideration, on the business day immediately preceding the effective date of such consolidation of shares, all of the Restricted Stock for which the restriction on transfer has not been lifted as of the same day. Hence, the Target resolved at the meeting of the board of directors held on June 18, 2024 to enter into an amendment to the allotment agreement (the "Amendment Agreement") with the holders of the Restricted Stock in order for the Share Consolidation to cover the Restricted Stock under which Amendment Agreement, if, during the transfer restriction period, the consolidation of shares (limited to cases where such consolidation of shares results in the allotee of the Restricted Stock holding only a fraction of less than one share of the Restricted Stock) is conducted, the Target shall acquire, without consideration, the number of the Restricted Stock for which the restriction on transfer has not been lifted as of the business day immediately preceding the effective date of such consolidation of shares in proportion to the service period. Therefore, the number of the Restricted Stock in proportion to the service period will be subject to the Share Consolidation.

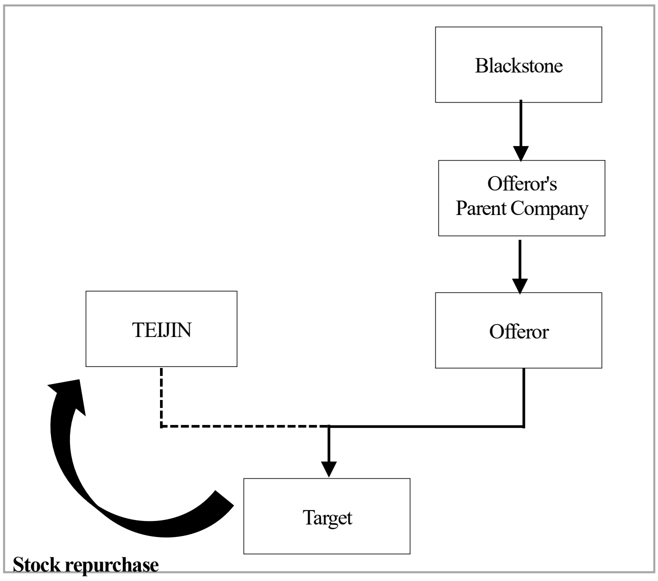


IV. Stock repurchase by the Target from TEIJIN, and funding to the Target from the Offeror and capital reduction by the Target for the purposes of securing funds for stock repurchase and securing the distributable amount for stock repurchase (before early October 2024)

- In consideration of the amount of cash required for the Target's Stock Repurchase and the level of cash and deposits owned by the Target and cash and deposits required for its business operation, the Offeror plans to, as the Funding, finance the Target, provide the Target with loans, or undertake corporate bonds of the Target (or any combination thereof) as funds for the Target's Stock Repurchase, and the Target will appropriate the funds to some of the payment to be made to TEIJIN upon the Target's Stock Repurchase.

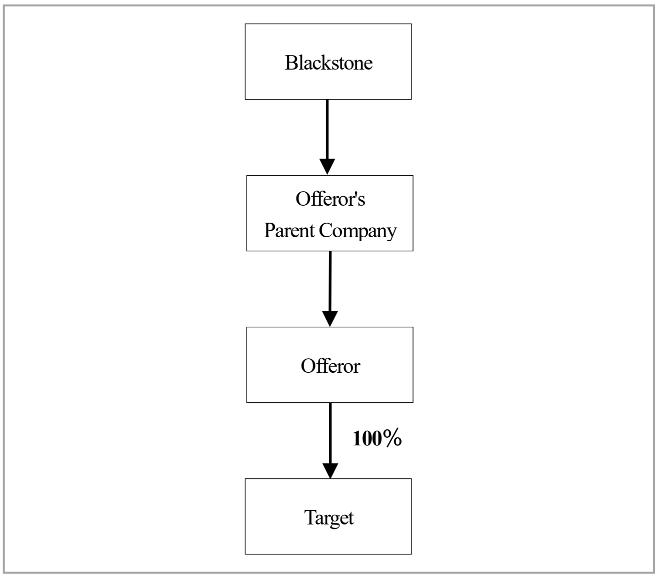
- The Offeror plans to promptly carry out the Capital Reduction of the Target to secure the distributable amount required for the Target's Stock Repurchase.
- The Offeror expects an extraordinary shareholders' meeting at which a proposal regarding the Capital Reduction, Funding and the Target's Stock Repurchase is to be resolved will be held (including by way of resolutions in writing) after the Share Consolidation has taken effect and TEIJIN and the Offeror have become the sole shareholders of the Target.
- After the completion of the Tender Offer, the Share Consolidation, the Funding and the Capital Reduction, the Target will acquire all of the Target's Stock then owned by TEIJIN (Non-Tendered Shares) through the Target's Stock Repurchase.





V. After the Transaction (after early October 2024)

- After the Transaction, the Offeror will hold all of the issued shares in the Target (except for the treasury shares held by the Target).



According to "Notice Concerning Announcement of Opinion Regarding the Tender Offer for Shares, Etc. of the Company by BXJC II Holding KK" published by the Target on June 18, 2024 (the "Target's Press Release"), the Target adopted at its board of directors meeting held on the said date a resolution to the effect that it shall express its opinion in favor of the Tender Offer, and that it shall recommend that its shareholders tender their shares in the Tender Offer and that it shall leave to the holders of the Stock Acquisition Rights (the "Stock Acquisition Right Holder(s)") the decision on whether or not to tender in the Tender Offer.

For details on the decision-making process of the board of directors of the Target, see the Target's Press Release and "(V) Unanimous approval of all disinterested directors of the Target and the opinion of all disinterested auditors of the Target that they have no objection" under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below.

(2) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer

Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer are as follows. The below descriptions of the Target are based on the information released by the Target, the Target's Press Releases, and the explanations received from the Target.

(I) Business environment surrounding the Target, etc.

The Target was established as Nissho-Iwai Computer Systems Inc. by separating the Information System Division of Nissho-Iwai Corporation (currently known as Sojitz Corporation) in February 1983 and incorporating it as a subsidiary of Nissho-Iwai Corporation with the capital of 50 million yen. It changed the tradename to Nissho-Iwai

Infocom Systems Inc. in June 1987, to Nissho-Iwai Infocom Inc. in April 1999, and to INFOCOM CORPORATION, the current tradename, in April 2000. After merging with Teijin System Technology, Ltd., a subsidiary of TEIJIN, in April 2001, the Target registered its stock as an over-the-counter traded stock of the Japan Securities Dealers Association in March 2002, canceled its over-the-counter registration with the Japan Securities Dealers Association in December 2004, listed its stock on the JASDAQ Securities Exchange, Inc. (the "JSE"), listed its stock on the JASDAQ Market of Osaka Securities Exchange, Co., Ltd. (the "OSE") in April 2010 following the merger of the JSE and the OSE, listed its stock on the JASDAQ Market (Standard) of the OSE in October 2010 following the integration of the Hercules Market of the OSE, the JASDAQ Market of the OSE, and the NEO Market of the OSE, listed its stock on the JASDAQ Market (Standard) of the TSE in July 2013 following the integration of the spot markets of the OSE and the TSE; and changed its listing market to the First Section of the TSE in November 2018, then in April 2022, the Target moved to the Prime Market of the TSE as a result of the reclassification of the TSE markets. As of today, the Target is listed on the Prime Market of the TSE.

As of today, Target's group which consists of the Target and the Target's 12 consolidated subsidiaries (the "Target Group"), operates electronic comic distribution services for smartphones for general consumers, and operates IT services such as planning, development, operation, and management of information systems for companies, pharmaceutical and medical institutions, nursing care providers, the public, and educational and research institutions. Furthermore, the Target Group has set the corporate philosophy that it "contributes to social innovations through technological advancements," and is practicing integrated group management in accordance with the following 5 management policies: "Reach for higher corporate value through sustainable profit growth," "Management with compliance as the norm," "Respond quickly to changes in markets and advancements in technology," "Provide fulfilling work and foster employee talents," and "Contribute to a better society through co-creation and ICT."

In the opinion of the Target regarding the business environment surrounding the Target Group, the economic outlook remained uncertain due to factors such as rising commodity prices while the movement restrictions were relaxed in the second half of the fiscal 2023 and socioeconomic activities were in the process of normalization despite the repeated expansion and contraction of COVID-19. The e-book market started to recover due to the reduction of the impact of pirated websites, but the growth has been moderating due to the stay-home special demand caused by COVID-19 coming to an end. In the IT-related market, while the cloud market is driving growth, traditional IT businesses are growing moderately.

Under such circumstances, the Target Group released the details of its 3-year mid-term management plan ("Mid-term Management Plan") for the period from the fiscal 2023 to the fiscal 2025 on May 16, 2023. In the Mid-term Management Plan, under the slogan "United Innovation 'value co-creation and beyond,'" the Target Group regards those 3 years as a period to realize the evolution to a company group that is required by society, and it is implementing the growth strategy. The Target Group is steadily implementing the Mid-term Management Plan aiming to become a service company that provides new value through collaboration between ICT and real business.

(II) Discussions between the Offeror, and the Target and TEIJIN, process of decision-making by the Offeror

Blackstone aims to help companies having high competitiveness, growth potential, and ability to create added value achieve further growth by flexibly and intensively proving them with the global network and various management resources of Blackstone's global network, and it exchanged information on new investment opportunities in its proposal activities aimed at exploring opportunities of investment in companies, including those other than the Target. As part of the above proposal activities, Blackstone made a preliminary proposal to TEIJIN in January 2024.

Under such circumstance, on February 28, 2024, Blackstone received from Nomura Securities Co., Ltd. ("Nomura Securities"), TEIJIN's financial advisor, the "Notice Concerning the First Bidding Process" (the "First Process Letter") in connection with transfer of the Target's Stock owned by TEIJIN.

The background of the commencement by TEIJIN of the bidding process to solicit 100% acquisition of the Target's Stock (the "Bidding Process") and the background of establishment of the Special Committee (defined in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target" below) by the Target are descried in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target" below.

In early March 2024, Blackstone appointed Goldman Sachs Japan Co., Ltd. ("Goldman Sachs Japan") as a financial advisor that is independent of Blackstone, the Offeror, the Offeror's Parent Company, the Target, and TEIJIN (collectively "Tender Offer Related Parties"), and Anderson Mōri & Tomotsune ("AMT") as a legal advisor that is independent of the Tender Offer Related Parties, and performed analyses based on public information with regard to the growth potential and profitability of the Target's Digital Entertainment Business and Business Solution Business as well as a cooperation plan with Blackstone. As a result, Blackstone concluded that while the Digital Entertainment Business has led the Target's growth based on a strong electronic comics platform and the Business Solution Business supported the Target's business performance as a stable business, both businesses are in a stage where further investment will be required in the future, and Blackstone can contribute to the Target's business vision over the medium- to long-term by leveraging Blackstone's global investment experience and network, collaborating with portfolio companies, and sharing best practices.

Based on such discussions, Blackstone decided to participate in the first bidding process for the Transaction (the "First Bidding Process") and submitted to Nomura Securities on March 21, 2024 a letter of intent (the "First Letter of Intent") regarding its intention to take the Target's Stock private through a tender offer, the purchase price in the Tender Offer, the outline of the structure, and the outline of the assumed schedule. In the First Letter of Intent, Blackstone proposed the same structure as the Tender Offer, the Squeeze-Out Procedures, and the Target's Stock Repurchase from the viewpoint of maximization of shareholder value and smooth execution of the transaction.

Thereafter, in late March 2024, TEIJIN received letters of intent from several candidates including Blackstone. TEIJIN carefully examined the content of the letters of intent and selected several candidates that passed the First Bidding Process. The Target was notified by TEIJIN of the said several candidates and the commencement of the second bidding process (the "Second Bidding Process").

Thereafter, on April 1, 2024, Blackstone was notified by Nomura Securities that it was allowed to participate in the Second Bidding Process and had the opportunity to participate in the Second Bidding Process. For approximately 7 weeks from April 1, 2024 through May 17, 2024, Blackstone conducted further analysis and examination, including calculation of the corporate value and a cooperation plan after the Transaction, by reviewing the business plan of the Target, assessing synergies associated with the acquisition of the Target's Stock and disadvantages associated with taking Target's Stock private, through full-scale due diligence on the Target's business, finance and legal affairs, interviews with the Target's management team, and interviews with working-level employees.

As a result of such examination, Blackstone submitted to TEIJIN a letter of intent (the "Second Letter of Intent"), taking into account the results of the due diligence conducted from April 1, 2024 to May 17, 2024, on May 17, 2024 including that (i) the Tender Offer Price shall be 5,570 yen (which reflected a premium of 49.33% (rounded up to 2 decimal places; hereinafter the same in calculation of premiums) over the closing price (3,730 yen) of the Target's Stock on the Prime Market of the TSE as of May 16, 2024, which is the business day preceding the date of the proposal, 85.54% over the simple average closing price (3,002 yen) (rounded up to the nearest whole yen; hereinafter the same in calculation of simple average closing prices) for the 1 month until such date, 104.40% over the simple average closing price (2,725 yen) for the 3 months until such date, and 116.73% over the simple average closing price (2,570 yen) for the 6 months until such date), and (ii) the purchase price per Stock Acquisition Right in the Tender Offer (the "Stock Acquisition Right Purchase Price") shall be 1 yen.

Thereafter, Blackstone negotiated with TEIJIN on the contents of the Basic Transaction Agreement and the Transition Service Agreement (Reverse TSA) (defined in "(II) Transition Service Agreement (Reverse TSA)" in "(6) Material agreements relating to the Tender Offer" below; hereinafter the same) submitted together with the Second Letter of Intent, and other terms and conditions of the Transaction. Blackstone also continued after May 17, 2024 to examine the possibility of enhancement of the corporate value of the Target in the medium- to long-term through the Transaction, and made a written proposal to TEIJIN on the 30th day of the same month comprehensively taking into account such examination and the competitive situation in the Second Bidding Process, to set the Tender Offer Price at 6,060 yen (which reflected a premium of 33.19% over the closing price (4,550 yen) of the Target's Stock on the Prime Market of the TSE as of May 29, 2024, which is the business day preceding the date of the proposal, 66.58% over the simple average closing price (3,638 yen) for the 1 month until such date, 102.20% over the simple average closing price (2,997 yen) for the 3 months until such date, and 124.78% over the simple average closing price (2,696 yen) for the 6 months until such date).

On the same day, Blackstone was informed by TEIJIN that it had selected Blackstone as a final purchaser candidate who submitted the best Second Letter of Intent including the tender offer price, and would commence discussions and examinations towards implementation of the Transaction including the Target's Stock Repurchase, and Blackstone entered into a memorandum of understanding concerning granting of an exclusive negotiation right.

Thereafter, as TEIJIN and the Target accepted the Second Letter of Intent, the Offeror decided on June 18, 2024 to carry out the Tender Offer, entered into the Basic Transaction Agreement with TEIJIN, and agreed with TEIJIN to set the Tender Offer Price at 6,060 yen, the purchase price per Stock Acquisition Right at 1 yen, and the Target's Stock Repurchase Price at 4,231 yen.

The Tender Offer Price of 6,060 yen reflected a premium of 177.35% over the closing price (2,185 yen) of the Target's Stock on the Prime Market of the TSE as of March 8, 2024, where it is considered that the stock price of the Target was not affected by the speculative report by Mergermarket (after the closing of the market on March 8, 2024) concerning sale of the Target's Stock by TEIJIN, 168.50% over the simple average closing price (2,257 yen) for the 1 month until such date, 155.27% over the simple average closing price (2,374 yen) for the 3 months until such date, and 142.69% over the simple average closing price (2,497 yen) for the 6 months until such date. Also, the Tender Offer Price of 6,060 yen reflected a premium of 103.29% over the closing price (2,981 yen) of the Target's Stock on the Prime Market of the TSE as of May 9, 2024, where it is considered that the stock price of the Target was affected by the speculative report by Bloomberg (after the closing of the market on May 9, 2024) concerning sale of the Target's Stock by TEIJIN, 119.17% over the simple average closing price (2,765 yen) for the 1 month until such date, 132.18% over the simple average closing price (2,610 yen) for the 3 months until such date, and 140.38% over the simple average closing price (2,521 yen) for the 6 months until such date.

The structure remained unchanged from the First Letter of Intent and the Second Letter of Intent and the same structure as the Tender Offer, Squeeze-Out Procedures, and the Target's Stock Repurchase was agreed between the Offeror and TEIJIN.

(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target

In light of the business environment described in "(I) Business environment surrounding the Target, etc.," the Target has considered measures to maximize its corporate value from the medium- to long-term perspective.

Under such circumstances, in late July 2022, the Target was notified by TEIJIN, the parent company of the Target (number of shares held: 31,760,000 shares, shareholding ratio: 57.65%) concerning the positioning of the Target in the TEIJIN and its subsidiaries and affiliates ("TEIJIN Group"), that TEIJIN formally commenced to consider keeping approximately 34% of the Target's Stock on a voting right basis and selling the remaining portion to a third party due to the need for business portfolio reform. However, in early October 2022, the Target was notified by TEIJIN that TEIJIN would like to postpone the consideration of selling a portion of the Target's Stock held by TEIJIN for the time being due to the deterioration of TEIJIN's business performance. As s side note, at that time, the plan that TEIJIN would keep holding approximately 34% of the Target's Stock on a voting right basis, and transfer the remaining shares to a third party was unchanged. Thereafter, in mid-September 2023, the Target was notified by TEIJIN that since TEIJIN was unable to find a synergy to enhance the value of both the Target and TEIJIN in the future despite continued examination of synergies between TEIJIN and the Target since 2022, TEIJIN intended to sell all of the Target's Stock held by it to a third party for the market price of the Target's Stock with a certain premium added thereto with the aim to maximize the sale price due to the need for business portfolio reform. In response, the Target confirmed to TEIJIN whether the transactions contemplated by TEIJIN, including the sale of the Target's Stock, would involve taking Target's Stock private, and TEIJIN explained that it expected to conduct the transactions involving taking the Target's Stock private through a tender offer for the Target's Stock by a third party and a series of subsequent transactions. Based on such notice and explanation, the Target carefully examined TEIJIN's intention and assumptions, and communicated its initial view in late September 2023 to TEIJIN that it could not agree to undertake the discussions on transactions that would involve taking Target's Stock private at that time as it considered that it should respect TEIJIN's intention to sell the Target's Stock whereas the Target would need to fully examine the impact of delisting of the Target's Stock on the corporate value of the Target.

Nevertheless, since the Target believed that it should respect TEIJIN's intention to sell all of the Target's Stock as described above, the Target, in early October 2023, appointed BEYOND ARCH PARTNERS Co., Ltd. ("BAP") as a financial advisor and a third-party valuator independent of the Tender Offer Related Parties, and TMI Associates as a legal advisor independent of the Tender Offer Related Parties, respectively, to examine various capital policies of the Target, including consideration of the method of selling the Target's Stock held by TEIJIN, and then commenced specific consideration, including acquisition of all of the Target's Stock held by TEIJIN by means of stock repurchase. In addition, in parallel with the implementation of such consideration, the Target also commenced to search for providers of capital funds as it would need a large amount of funds and distributable amount if it were to acquire all of the Target's Stock held by TEIJIN by means of stock repurchase. In order to fully carry out such consideration and search for fund providers, in early October 2023, the Target requested TEIJIN to allow a consideration period of approximately 1 month in the Target before the commencement of the Bidding Process, and TEIJIN responded that it would accept the request.

The Target then concluded that it is appropriate to consider its capital policy on the assumption of maintaining the listing of the Target's Stock, at least at the stage when the Target had not received any specific proposal regarding a tender offer, etc. for the Target's Stock by a third party as contemplated by TEIJIN. Also, as a result of interviews with several prospective fund providers, the Target received from the prospective fund providers (the "Prospective Preferred Share Underwriter(s)") an initial proposal in early November 2023 for a scheme in which the Target issues preferred shares to the Prospective Preferred Share Underwriters in order to secure the funds and distributable amount of the Target to the level necessary to repurchase all of the Target's Stock held by TEIJIN and then repurchases all of the Target's Stock held by TEIJIN by way of a self-tender offer (the "Self TOB Scheme"). The Target then proposed to TEIJIN in early November 2023 the Self TOB Scheme as a means by which TEIJIN would sell all of the Target's Stock held by it. However, in late November 2023, the Target received a response from TEIJIN that it believed that the Bidding Process was desirable from the perspective of the corporate value of the Target and the common interest of shareholders as well as on the ground that it may be difficult for TEIJIN to fulfill its responsibility to the shareholders since, in the case of the Self TOB Scheme, it is highly likely that the tender offer price for the Target's Stock would be an amount discounted from the market price and that would not satisfy the maximization of the sale price of the Target's Stock, and that may make the feasibility of the transaction unstable as a counter offer with higher purchase price may be made after the commencement of the self-tender offer.

However, the Target decided to go through due diligence by the Prospective Preferred Share Underwriters on business, finance and accounting, tax, and legal affairs from January to February 2024 since it believed at that time that they should undertake the consideration of the Self TOB Scheme as the Self TOB Scheme was more likely to increase the corporate value of the Target over the medium- to long-term, and that the Self TOB Scheme was in line with the TEIJIN's intention in terms of selling of all of the Target's Stock held by TEIJIN.

The Target had continued discussions with TEIJIN on options including the Self TOB Scheme and the Tender Offer in order to maximize the interests of shareholders of both companies. In mid-January 2024, the Target was notified by TEIJIN that it had decided to commence the Bidding Process and also received an explanation from TEIJIN that it had received several offers for acquisition of the Target which could be a so-called "bona fide offer" set out in the "Guidelines for Corporate Takeovers" (the "Corporate Takeover Guidelines") released by the Ministry of Economy, Trade and Industry on August 31, 2023. Accordingly, in early February 2024, the Target responded to TEIJIN that it would continue careful consideration of how to respond to the Bidding Process by TEIJIN at the board of directors of the Target while its view remained unchanged that maintaining the listing of the Target's Stock may lead to enhancement of the corporate value of the Target in the medium- to long-term. Since the Target was expected to receive offers including taking the Target's Stock private from the candidates in the Bidding Process, the Target determined that, in light of the Corporate Takeover Guidelines and from the viewpoint of sincere consideration while ensuring the fairness and transparency of the consideration process by the Target, it should consider (i) not only proposals for taking Target's Stock private, (ii) but also measures to enhance the corporate value of the Target (the "Corporate Value Enhancement Measures") on the assumption of maintaining the listing of the Target's Stock, and (iii) the Self TOB Scheme. Furthermore, when the Target repurchases the Target's Stock from TEIJIN, such repurchase of the Target's Stock would fall under a transaction with the controlling shareholder as set forth in the Securities Listing Regulations of the TSE, it is hence necessary to obtain an "opinion on such transaction being not disadvantageous to the minority shareholders" from a person who does not have any interest in the controlling shareholder. As such, by the resolution at the board of directors meeting held on February 28, 2024, the Target established a special committee (the "Special Committee," for details of the Special Committee's activities, see "(IV) Establishment of independent special committee at the Target and procurement of written report from the said committee" in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests " below) consisting of Mr. Kazuhiko Fujita (independent outside director), Mr. Kazuhiko Tsuda (independent outside director), and Ms. Kiyo Morikawa (independent outside auditor) and consulted with the Special Committee on the Items for Advice (defined in "(IV) Establishment of independent special committee at the Target and procurement of written report from the said committee" in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below; hereinafter the same). Each member of the Special Committee is not a related party of any of the Tender Offer Related Parties and does not have any material interest in the Transaction including the Tender Offer.

Thereafter, the Target was notified by TEIJIN that after it had confirmed to the several candidates their interests through Nomura Securities and then it would commence the First Bidding Process for a total of 13 companies consisting of several operating companies and several investment companies including Blackstone in late February 2024. After that, in late March 2024, TEIJIN received letters of intent from several candidates, carefully examined the content of the letters of intent, and selected several candidates which passed the First Bidding Process. The Target was notified by TEIJIN of such several candidates and the commencement of the Second Bidding Process. Thereafter, from late March 2024 to mid-May 2024, the Target went through due diligence on business, finance and accounting, tax, legal affairs, and IT conducted by several candidates.

Furthermore, the Target negotiated with the Prospective Preferred Share Underwriters on the terms and conditions for the issuance of preferred shares after it went through the due diligence from January to February 2024. The Target received final legally binding offers (the "Self TOB Scheme Final Offer") from the Prospective Preferred Share Underwriters in mid-May 2024 and made a legally binding offer regarding the Self TOB Scheme to TEIJIN in late May 2024.

After that, in late May 2024, the Target was notified by TEIJIN that it had received final offers from several candidates and that Blackstone had been selected as a final candidate. The Target also received the Blackstone's final offer (the "Offeror's Final Offer") and final offers of the other candidates. The Target's proposal for the Self TOB Scheme was not selected from the perspective of maximizing the common interests of the shareholders of both TEIJIN and the Target, etc., given the large difference between the selling price of the Target's Stock included in the Offeror's Final Offer and the maximum limit set on the number of shares to be purchased.

The Target carefully compared and examined the Offeror’s Final Offer and the Self TOB Scheme Final Offer, and comprehensively considered them from the perspectives of, for example, the total stock value, the financial soundness of the Target after the Transaction, the direction of the business strategy after the Transaction including the possibility of the business split, synergistic effects, treatment of employees. On May 28, 2024, the Target determined that the Self TOB Scheme would not succeed unless TEIJIN tendered its Target's Stock in the self-tender offer by the Target, and the feasibility of it was low as TEIJIN had no intention to do so, and that the offer to the Target contained in the Offeror’s Final Offer may be an option to satisfactorily achieve the enhancement of the corporate value of the Target by leveraging the management support provided by the Offeror to the fullest extent although there would be some issues to be discussed between the Target and the Offeror from the perspective of the financial soundness after the Transaction and the possibility of business split of the Target. The Target thus concluded that it would be desirable to select the Offeror which made an offer including the highest tender offer price among the prices presented by each candidate at that time as a final candidate and to continue discussions on the remaining issues between the Target and the Offeror. After that, the Target was notified by TEIJIN on May 30, 2024 that it received an offer with the Tender Offer Price of 6,060 yen as a result of the Offer comprehensively taking into account the competitive situation in the Second Bidding Process, and that the selection of the Offeror as a final candidate would remain unchanged, and the Target's conclusion also remained unchanged that it would be desirable to examine and discuss the matters to be continuously discussed between the Target and the Offeror and the Target decided to continue the discussion with Blackstone.

The Offeror understood that it may be possible to achieve both maximization of the Tender Offer Price and the fairness among shareholders by increasing dividends to the minority shareholders of the Target, taking into account the fact that the provision for exclusion of deemed dividends from gross profits under the Corporate Tax Act was expected to apply to TEIJIN in relation to the Target's Stock Repurchase. Based on such understanding, the Offeror calculated such that (i) the after-tax proceeds of TEIJIN if the Target's Stock Repurchase was carried out would be almost equal to (ii) the after-tax proceeds to be obtained if TEIJIN accepted the Tender Offer, and as a result of the calculation, decided to set the Tender Offer Price at 6,060 yen per share and the Target's Stock Repurchase Price at 4,231 yen per share. With respect to the Tender Offer Price, no other candidate presented terms that were more favorable to the shareholders of the Target than those presented by the Offeror.

Subsequently, the Target identified the following as the issues requiring discussion with Blackstone: (i) the financial soundness of the Target after the Transaction; (ii) the possibility of a business split of the Target; (iii) the conclusion of the Transition Service Agreement (Reverse TSA) between the Target, the Offeror and TEIJIN regarding the development, operation and maintenance of IT systems used by the TEIJIN Group and (iv) the handling of the Stock Acquisition Rights that the Target has issued to its officers and director, and has held discussions with Blackstone and TEIJIN.

Specifically, with respect to the (i) financial soundness of the Target after the Transaction above, the Target received an explanation from Blackstone that, although the Target is expected to bear a financial burden as the Target's cash and deposits held by the Target Group are expected to be used to cover the acquisition costs in the Target's Stock Repurchase and the Target will, in effect, be responsible for the borrowings under the LBO Loan, there would be no particular adverse impact on the Target's business operations and that it would be possible to consider additional investment or other support if necessary. Upon receiving such explanation and after reconsidering the matter, the Target needed to examine its regular repayment or the liquidity at hand after the Transaction, and requested TEIJIN to reduce the Target's Stock Repurchase Price. However, the Target received a response from TEIJIN that it could not accept the request. Subsequently, based on this response, the Target held further discussions, and examined its financial plan and concluded that the financial burden arising from the implementation of the Transaction would not have a material adverse impact on the Target's business as the ratio between the contribution by equity and the contribution by borrowing is itself proper and the Target may expect additional investment from Blackstone when further capital needs arise .

With respect to the (ii) possibility of a business split of the Target above, the Target has entered into an agreement dated June 18, 2024 with the Offeror's Parent Company on prohibition of business split, etc., containing a provision that the separation of the Target's Digital Entertainment Business and Business Solution Business shall not be implemented, in principle, for a period of two years after the Transaction unless the consent of the Target's management is obtained (for details, please refer to "(III) Agreement on prohibition, etc. of business splits" in "(6). Material agreements relating to the Tender Offer" below).

With respect to the (iii) Transition Service Agreement (Reverse TSA) above, because there is a risk that it would be difficult to maintain the system to provide development, operation and maintenance services for the TEIJIN Group if the Target's Stock goes private or if the Digital Entertainment Business and the IT service business of the Target are separated as a result of the implementation of the Transaction, it was necessary to conclude the Transition Service Agreement (Reverse TSA) which takes such risk into consideration, and the Target, Blackstone and TEIJIN have held repeated discussions and reached an agreement on the contents of the agreement (for details, please refer to "(II) Transition Service Agreement (Reverse TSA)" in "(6) Material agreements relating to the Tender Offer" below).

With respect to the (iv) Stock Acquisition Rights issued by the Target, the Stock Acquisition Rights of the Target may be exercised on the condition that the person who is granted them leaves the Target, which is similar to a retirement allowance scheme. The target and Blackstone discussed several times the risk that the system encourages employees of the Target to leave the Target as a result of the Transaction, and Blackstone responded that it was considering issuing new stock acquisition rights that are economically at least equivalent to the Stock Acquisition Rights issued by the Target; hence, it is considered that such risk may be reduced.

Expected disadvantages of taking stock private include those discussed with Blackstone as above and deterioration of credit in relation to clients in general. However, Blackstone considers that the impact of taking the Target's Stock private on the relationships with the Target's clients is limited since the Target has maintained and earned credits from the clients through its business activities and the Target considers the same.

In addition, based on the following points, the Target's board of directors has determined that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the shareholders of the Target and that the Tender Offer provides a reasonable opportunity for the shareholders of the Target to sell their shares.

(a) The Tender Offer Price is the highest price offered by each of the candidates in the Second Bidding Process and has been further increased from the price originally offered by the Offeror in the Second Letter of Intent as a result of the Offeror's comprehensive consideration of the competitive conditions in the Second Bidding Process and other factors.

(b) The Tender Offer Price exceeds the upper limit of the range of the average market share price method in the calculation results of the share value of the Target's Stock in the share valuation report prepared by BAP (the "Share Valuation Report (BAP)"), and exceeds the median of the range of the calculation results based on the discounted cash flow method (the "DCF method").

(c) The Tender Offer Price exceeds the upper limit of the range of the market share price basis method and the discounted cash flow method (the "DCF") in the calculation results of the share value of the Target's Stock in the share valuation report prepared by PwC Advisory LLC ("PwC") (the "Share Valuation Report (PwC)").

(d) The Tender Offer Price respectively includes a 177.35% premium on the closing price (2,185 yen) of the Target's Stock on the Prime Market of the TSE as of March 8, 2024 where it is considered that the market price of the Target's Stock was not affected by the speculative report by Mergermarket (after the closing of the market on March 8, 2024), a 168.50% premium on the simple average closing price (2,257 yen) for the past one month up to March 8, 2024), a 155.27% premium on the simple average closing price (2,374yen) for the past three months up to March 8, 2024), a 142.69% premium on the simple average closing price (2,497 yen) for the past six months up to March 8, 2024, and thus the Tender Offer Price is considered to include a considerable premium compared to recent similar cases (of the 91 cases that were announced on and after June 28, 2019 which is the release date of the "Fair M&A Guidelines – Enhancing Corporate Value and Securing Shareholders' Interests-" by the Ministry of Economy, Trade and Industry, and closed by June 14, 2024, the average level of the premiums which aimed at taking listed company in Japan private is 49.94% on the closing price on the business day preceding the date of announcement, 52.67% on the simple average closing price for the past one month up to the date of announcement, 54.99% on the simple average closing price for the past three months up to the date of announcement, and 56.57% on the simple average closing price for the past six months up to the date of announcement).

(e) Measures to ensure the fairness of the Tender Offer as described in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below, have been taken and the interests of the Target's minority shareholders are considered to be taken into consideration.

Based on the above, at a meeting of the Target's board of directors held on June 18, 2024, the Target's directors who participated in the deliberation and resolution (four of the seven directors in total (which do not include Mr. Naohiko Moriyama who was absent from the meeting), excluding Mr. Norihiro Takehara, Mr. Jun Kuroda, and Mr. Mototaka Kuboi) unanimously resolved to support the Tender Offer and to recommend that the Target's shareholders tender their shares in the Tender Offer. In addition, the Target also resolved to leave to the Stock Acquisition Right Holders the decision on whether or not to tender in the Tender Offer as the Stock Acquisition Right Purchase Price was set as 1 yen.

For details of the decision-making process leading to the above resolution by the board of directors, please refer to "(V) Unanimous approval of all disinterested directors of the Target and the opinion of all disinterested auditors of the Target that they have no objection" in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below.

(IV) Management policy after the Tender Offer

Blackstone aims to help companies having high competitiveness, growth potential, and ability to create added value achieve further growth by flexibly and intensively proving them with the global network and various management resources of the Blackstone's global network, and after carrying out the Transaction and taking the Target's Stock private, the Offeror plans to provide the Target with Blackstone's accumulated knowledge on enhancement of the value of investee companies, networks, funds, etc. and to promote initiatives to maximize the potential value of the Target's business.

Blackstone understands that the Target's Digital Entertainment Business has driven the growth of the Target based on its strong electronic comics platform. In terms of profitability, Blackstone understands that the business has maintained a stable margin in the industry, capitalizing on the strong support and loyalty from women in their 30s and above in particular. Meanwhile, the competitive environment in the electronic comic market has continued to intensify, and improvement of lifetime value by further using customer data and differentiation by original and exclusive works are necessary to achieve medium- to long-term growth. Blackstone plans to leverage the know-how and network of Candle Media, which is an existing investee of Blackstone, to provide support for accelerating the overseas expansion of Target's contents and the 360-degree monetization of IPs (intellectual property), etc.

In the Target's Business Solution Business, although both sales and profit have remained flat over the past several years, it has established a positioning with a high market share in all markets including the introduction and sale of ERP "GRANDIT" and the department system for hospitals such as radiation information systems (RIS). Blackstone considers that in addition to maximizing sales and profit of the existing business, launching new businesses and carrying out M&A on a certain scale in order to achieve high growth in the future.

Furthermore, the Offeror does not plan on making any particular changes to the structure of the day-to-day business operations, assuming that the current employees of the Target will continue to be engaged even after the implementation of the Transaction. The Offeror plans to implement measures for the retention and keeping motivation of the Target Group's employees.

The Offeror expects that the Target’s management team will continue to play a leading role in the business operation.

However, it intends to decide on the recruitment of additional management personnel necessary for the growth of its business in consultation with the Target. In addition, the Offeror intends to dispatch directors from Blackstone and appoint several directors from outside using the network of Blackstone for the purpose of supporting the medium- to long-term growth of the Target as a shareholder. No other matters have been assumed as of today in relation to the Target's management structure, management policy, etc. and such matters will be discussed and deliberated between the Offeror and the Target after the consummation of the Tender Offer.

Blackstone intends to mobilize its domestic and overseas networks and various management support resources to support the growth of the Target Group.

Regarding the impact of the Target ceasing to be a subsidiary of TEIJIN after the Transaction, Blackstone has confirmed through the information disclosed in the Bidding Process and interviews with the Target's executives that the Target is more independent than TEIJIN, and Blackstone believes that the business operation of the Target will not be affected after the Transaction. Also, it is possible to fully assist the securing of human resources by the Target (prevention of loss of talent and new recruitment) by leveraging Blackstone's achievements and know-how. It is important to emphasize the Target's potential for future growth and the degree of discretion granted to individuals in the hiring process, and Blackstone believes that such a presentation will be more feasible through measures taken after taking the Target's Stock private.

According to the Offeror, as for the Target's relationship with its business partners, the Offeror believes that the Target will be able to prevent the deterioration of their confidence after taking the Target's Stock private by carefully explaining the situation to them. In addition, during the First Bidding Process and the Second Bidding Process and the subsequent discussions and negotiations, the Offeror received an explanation from the Target that the Target, which operates the Digital Entertainment Business and the Business Solution Business in an integrated manner, has increased its corporate value by leveraging the synergies between the two businesses, such as utilizing "B to C" know-how and IT human resources, conducting AI-based marketing, building infrastructure for business expansion, and attracting and exchanging excellent human resources, and that the Target is concerned that the separation of the two businesses following the Transaction will result in a loss of the synergies between the two businesses, which will decrease its corporate value. In view of the foregoing, the Offeror has undertaken that the Target’s Digital Entertainment Business and Business Solution Business will not be separated without the consent of the Target’s management for a period of two years after the Transaction, and the Offeror's Parent Company and the Target have entered into an agreement dated June 18, 2024 concerning the prohibition, etc. of business splits, which includes such an undertaking (details are set out below under "(III) Agreement on prohibition, etc. of business splits" in "(6) Material agreements relating to the Tender Offer").

In addition, in the transition service agreement entered into among the Target, the Offeror and TEIJIN regarding the IT services provided by the Target to TEIJIN (details are set out below under "(II) Transition Service Agreement (Reverse TSA)" in "(6) Material agreements relating to the Tender Offer"), the Offeror has agreed in principle that the Target's Digital Entertainment Business and Business Solution Business will not be separated for two years, based on discussions and negotiations among the three parties.

According to the Offeror, Blackstone plans to re-list the Target as an exit method after the end of the period of its investment in the Target.

(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests

As of today, the Offeror does not hold any shares of the Target's Stock or the Stock Acquisition Rights, and the

Tender Offer does not constitute a transaction by the controlling shareholder. In addition, it is not expected that all or a part of the management of the Target will invest directly or indirectly in the Offeror, and the Transaction, including the Tender Offer, does not constitute so-called management buyout transaction. However, given that (i) the Offeror has entered into the Basic Transaction Agreement with TEIJIN, the Target's parent company, in which it agreed not to tender the Non-Tendered Shares in the Tender Offer and to sell the Non-Tendered Shares in accordance with the Target's Stock Repurchase after the Share Consolidation takes effect, (ii) the Offeror intends to take the Target's Stock private, making the Offeror and TEIJIN the sole shareholders of the Target, and (iii) the Target will implement the Target's Stock Repurchase, in which it will acquire the Non-Tendered Shares, the Offeror and the Target implemented the measures below in (I) to (VI) to ensure fairness of the Tender Offer, to eliminate arbitrariness in decision-making concerning the Transaction, and to ensure fairness, transparency, and objectiveness in the decision-making process, and to avoid doubts of conflicts of interest.

As described in "(1) Outline of the Tender Offer" above, TEIJIN, the Target's parent company, holds 31,760,000 shares of the Target's Stock (shareholding ratio: 57.65%), and the Offeror believes that setting a minimum number of tendered shares to be purchased by the so-called "Majority of Minority" in the Tender Offer would destabilize the consummation of the Tender Offer, which in turn might not serve the interests of minority shareholders who wish to tender in the Tender Offer, and therefore, it will not set a minimum number of tendered shares to be purchased by the so-called "Majority of Minority" in the Tender Offer. However, the Offeror believes that due consideration was given to the interests of the Target's minority shareholders, given that the measures below in (I) through (VI) have been taken.

In addition, among the descriptions below, the descriptions of the measures implemented by the Target are based on the Target's Press Release and explanation received from the Target.

(I) Implementation of bidding procedures

According to the explanation of TEIJIN, as described in "(II) Discussions between the Offeror, and the Target and TEIJIN, process of decision-making by the Offeror" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer" above, TEIJIN, through Nomura Securities, commenced the First Bidding Process targeting multiple candidates including Blackstone in late February 2024, after approaching multiple candidates to participate in the Bidding Process. In late March 2024, TEIJIN received letters of intent from multiple candidates including Blackstone. TEIJIN carefully considered the contents of such letters of intent and selected a number of candidates to be approached to participate in the Second Bidding Process. Subsequently, TEIJIN commenced the Second Bidding Process in late March 2024, and after due diligence regarding the Target was performed by multiple candidates, in late May 2024, TEIJIN received final proposals from multiple candidates, and discussed the contents of the proposals with multiple candidates. As a result of comprehensive consideration of the contents of the proposals and the discussions, TEIJIN came to the conclusion that Blackstone would be the optimum buyer. With respect to the Tender Offer Price, no candidate presented more favorable terms for the Target's shareholders compared to the terms presented by Blackstone.

(II) Procurement of a share valuation report from an independent third-party valuator retained by the Target

(i) Name of the third-party valuator and relationship with the Target and the Offeror

(A) Procurement of a share valuation report from BAP

According to the Target, in expressing its opinion regarding the Tender Offer, in order to ensure the fairness of the decision-making process of the Target regarding the Tender Offer Price presented by the Offeror, it requested BAP, the Target's financial advisor and a third-party valuator independent of the Tender Offer Related Parties to calculate the share value of the Target's Stock and perform related financial analyses, and obtained the Share Valuation Report (BAP) on June 17, 2024. BAP is not a related party of the Tender Offer Related Parties, and does not have any material interest in relation to the Transaction, including the Tender Offer. Further, although the remuneration to BAP for the Transaction includes a part of a contingency fee to be paid on the condition that the Transaction is publicly announced, etc., it is not a contingency fee for the content of the opinion expressed and the consummation or failure of the Transaction. The Target determined that, taking into account the general practice in similar transactions and the appropriateness of the renumeration system that imposes a certain amount of financial burden on the Target if the Transaction is not consummated, the inclusion of such renumeration does not mean that BAP is considered to have material interest that differs from the minority shareholders with respect to the consummation or failure of the Transaction, and does not negate BAP's independence. In addition, as there are no issues with the independence and expertise of BAP, the Special Committee, after approving BAP as the third-party valuator, confirmed that the Special Committee may also receive professional advice from BAP as necessary.

As the Target believes that the Target and the Offeror have taken measures to ensure the fairness of the Tender offer Price and to avoid conflicts of interest, and that sufficient consideration has been given to the interests of minority shareholders of the Target, the Target has not obtained a fairness opinion on the Tender Offer Price from BAP.

(B) Procurement of a share valuation report from PwC

According to the Target, in expressing its opinion regarding the Tender Offer, in order to exercise further caution with regard to ensuring the fairness of the decision-making process of the Target regarding the Tender Offer Price presented by the Offeror, it requested PwC, a third-party valuator independent of the Tender Offer Related Parties, to calculate the share value of the Target's Stock and perform related financial analyses, and obtained the Share Valuation Report (PwC) on June 17, 2024. PwC is not a related party of the Tender Offer Related Parties, and TEIJIN, and does not have any material interest in the Tender Offer Related Parties in relation to the Transaction, including the Tender Offer. Further, the remuneration to PwC does not include a contingency fee to be paid on the condition of announcement of the Transaction. In addition, as there are no issues with the independence and expertise of PwC, the Special Committee, after approving PwC as the third-party valuator, confirmed that the Special Committee may also receive professional advice from PwC as necessary.

As the Target believes that the Target and the Offeror have taken measures to ensure the fairness of the Tender offer Price and to avoid conflicts of interest, and that sufficient consideration has been given to the interests of minority shareholders of the Target, the Target has not obtained a fairness opinion on the Tender Offer Price from PwC.

(ii) Overview of calculation

(A) Overview of calculation by BAP

BAP received explanation from the Target's management regarding the current situation and future prospects of the Target's business and other information in order to gather and consider the information necessary for the calculation of the share value of the Target's Stock, and calculated the share value of the Target's Stock based on such information. After considering the calculation method to be used in the Tender Offer, BAP, based on its view that it is appropriate to evaluate the Target's Stock from a multifaceted perspective under the assumption that the Target's Stock is a going concern, adopted the following calculation methods respectively, to calculate the share value of the Target's

Stock: the average market share price method since the Target's Stock is listed on the Prime Market of the TSE and there is a market share price for the shares of the Target's Stock; and the DCF method to reflect the status of future business activities in the calculation.

The range of the value per share of the Target's Stock calculated by BAP based on each of the above methods is as follows.

Average market share price method:	From 2,185 yen to 2,497 yen
DCF method:	From 4,943 yen to 6,200 yen

Under the average market share price method, the reference date is set at March 8, 2024 where it is considered that the stock price of the Target was not affected by the speculative report by Mergermarket (after the closing of the market on March 8, 2024), and the per-share value of the Target's Stock was calculated to range from 2,185 yen to 2,497 yen, based on the following prices of the Target's Stock on the Prime Market of the TSE: the closing price on the reference date (2,185 yen); the simple average of the closing prices for the past one month up to the reference date (2,257 yen); the simple average of the closing prices for the past three months up to the reference date (2,374 yen); and the simple average of the closing prices for the past six months up to the reference date (2,497 yen). In adopting the average market share price method, the share value of the Target's Stock was calculated by referring to the simple average of the closing prices over multiple periods to level out short-term share price fluctuations.

Under the DCF method, the sum-of-the-parts analysis was performed to calculate the value of the Group's businesses by classifying them into the Digital Entertainment Business and the Business Solution Business. The Target's corporate value and the share value of the Target's Stock are calculated by discounting the free cash flow expected to be generated by each of the Digital Entertainment Business and the Business Solution Business of the Target in and after the fiscal year ending March 31, 2025 at a certain discount rate to the present value, based on the Target's earnings forecasts, which takes into consideration various factors such as financial forecasts based on the business plan prepared by the Target for the period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2030 (TEIJIN is not involved in the preparation of the business plan; hereinafter the same) and publicly disclosed information. Using this method, the per-share value of the Target's Stock was calculated to range from 4,943 yen to 6,200 yen. The discount rate is the Weighted Average Cost of Capital (WACC), and the Digital Entertainment Business adopted a rate ranging from 5.3% to 6.3% and the Business Solution Business adopted a rate ranging from 5.8% to 6.8%. The perpetual growth rate method is used to calculate the going concern value, and the perpetual growth rate is set to range from 0.0% and 0.5% for the Digital Entertainment Business and -0.25% and 0.25% for the Business Solution Business under the perpetual growth rate method.

The financial forecasts based on the said business plan, which BAP used as a basis for the calculation under the DCF method, are as follows. In addition, although the said business plan does not assume the execution of the Transaction, it includes fiscal years in which a significant increase is expected for each of the figures of the financial forecasts compared to the respective previous fiscal years. Specifically, in the Business Solution Business, in the fiscal years ending March 31, 2026 and March 31, 2028, the Target expects significant increases in operating income to 3.7 billion yen for the fiscal year ending March 31, 2026 (an increase of approximately 48% from the previous fiscal year), free cash flow to 2.8 billion yen for the fiscal year ending March 31, 2026 (an increase of approximately 68% from the previous fiscal year), and free cash flow to 4.2 billion yen for the fiscal year ending March 31, 2028 (an increase of approximately 45% from the previous fiscal year) due to the expansion of solutions for large hospitals by leveraging its strength in existing large hospital customers and data bases and expansion into the pharmaceutical industry by utilizing data in the healthcare field, and the acceleration of sales expansion of cloud-based ERP services in the services business field. The Target has judged synergistic effects between the Digital Entertainment Business and Business Solution Business are included in the respective financial forecast figures.

Digital Entertainment Business (Unit: 100 million yen)

	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026	Fiscal year ending March 31, 2027	Fiscal year ending March 31, 2028	Fiscal year ending March 31, 2029	Fiscal year ending March 31, 2030
Sales	622	716	807	900	1,016	1,105
Operating income	85	88	97	107	134	166
EBITDA	87	91	100	109	136	168
Free Cash Flow	60	65	71	78	97	118

Business Solution Business (Unit: 100 million yen)

	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026	Fiscal year ending March 31, 2027	Fiscal year ending March 31, 2028	Fiscal year ending March 31, 2029	Fiscal year ending March 31, 2030
Sales	289	319	340	362	392	422
Operating income	25	37	46	55	63	73
EBITDA	39	52	61	70	79	89
Free Cash Flow	17	28	29	42	47	46

Although the Share Acquisition Rights are included in the scope of the Tender Offer, the Target has not obtained a valuation report or a fairness opinion regarding the Share Acquisition Right Purchase Price from BAP.

(Note) In calculating the share value of the Target's Stock, in principle, BAP has adopted the information provided by the Target and publicly disclosed information as is, assuming that all such materials and information are accurate and complete and that there are no facts undisclosed to BAP that could have a material impact on the calculation of the share value of the Target's Stock, and has not independently verified their accuracy or completeness. In addition, it is assumed that the information regarding the Target's financial projections (including business plans and other information) have been reasonably prepared based on the best estimates and judgment of the Target's management available at the time of calculation. Further, BAP has not conducted any independent evaluation and assessment of the assets and liabilities of the Target and its affiliates (including off-the-book assets and liabilities and other contingent liabilities), nor has it requested any third party to conduct an evaluation or assessment therefor. The calculation of the share value of the Target's Stock by BAP reflects the above information up to June 17, 2024.

(B) Overview of calculation by PwC

PwC received explanation from the Target's management regarding the current situation and future prospects of the Target's business and other information in order to gather and consider the information necessary for the calculation of the share value of the Target's Stock, and calculated the share value of the Target's Stock based on such information. After considering the calculation method to be used in the Tender Offer, PwC, based on its view that it is appropriate to evaluate the Target's Stock from a multifaceted perspective under the assumption that the Target's Stock is a going concern, adopted the following calculation methods respectively, to calculate the share value of the Target's Stock: the market share price basis method since the Target's Stock is listed on the Prime Market of the TSE and there is a market share price for the shares of the Target's Stock; and the DCF method to reflect the status of future business activities in the calculation.

The range of the value per share of the Target's Stock calculated by PwC based on each of the above methods is as follows.

Market share price basis method (1):	From 2,185 yen to 2,526 yen
Market share price basis method (2):	From 2,993 yen to 5,740 yen
DCF method:	From 4,856 yen to 5,708 yen

Under the market share price basis method (1), the reference date is set at March 8, 2024, on which it is considered that the market price of the Target's Stock was not affected by the speculative report by Mergermarket, and the per-share value of the Target's Stock was calculated to range from 2,185 yen to 2,526 yen, based on the following prices of the Target's Stock on the Prime Market of the TSE: the closing price on the reference date (2,185 yen); the simple average of the closing prices for the past one month, three months, and six months, up to the reference date (for the one month: 2,257 yen; for the three months: 2,374 yen; for the six months: 2,497 yen (rounded to the nearest whole number; the same applies to the calculation of simple average of closing prices and volume-weighted average closing prices below in this "(B) Overview of calculation by PwC")); and the volume-weighted average closing prices for the past one month, three months, and six months, up to the reference date (for the one month: 2,256 yen; for the three months: 2,366 yen; for the six months: 2,526 yen). In addition, under the market share price basis method (2), the reference date is set at June 17, 2024, which is the business day immediately preceding the date of the announcement of the Tender Offer, and the per-share value of the Target's Stock was calculated to range from 2,993 yen to 5,740 yen, based on the following prices of the Target's Stock on the Prime Market of the TSE: the closing price on the reference date (5,740 yen); the simple average of the closing prices for the past one month, three months, and six months, up to the reference date (for the one month: 4,903 yen; for the 3 months: 3,557 yen; for the six months: 2,993 yen); and the volume-weighted average closing prices for the past one month, three months, and six months, up to the reference date (for the one month: 5,002 yen; for the three months: 4,296 yen; for the six months: 3,763 yen).

Under the DCF method, the sum-of-the-parts analysis was performed to calculate the value of the Target Group's businesses by classifying them into the Digital Entertainment Business and the Business Solution Business. The Target's business value and the share value of the Target's Stock are calculated by discounting the free cash flow expected to be generated by the Target in and after the fiscal year ending March 31, 2025 at a certain discount rate to the present value, based on the Target's earnings forecasts, which takes into consideration various factors such as financial forecasts based on the business plan prepared by the Target for the period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2030 and publicly disclosed information. Using this method, the per-share value of the Target's Stock was calculated to range from 4,856 yen to 5,708 yen. The discount rate is the Weighted Average Cost of Capital (WACC), and the Digital Entertainment Business adopted a rate ranging from 6.7% to 7.7%, and the Business Solution Business adopted a rate ranging from 6.9% to 7.9%. The perpetual growth rate method is used to calculate the going concern value, and the perpetual growth rate is set to 1.5% under the perpetual growth rate method.

The financial forecasts based on the said business plan prepared by the Target, which PwC used as a basis for the calculation under the DCF method, are as follows. In addition, although the said business plan does not assume the execution of the Transaction, it includes fiscal years in which a significant increase or decrease is expected for each of the financial forecast figures compared to the respective previous fiscal years. Specifically, in the Business Solution Business, in the fiscal years ending March 31, 2026 and March 31, 2028, the Target expects significant increases in operating income to 3.7 billion yen for the fiscal year ending March 31, 2026 (an increase of approximately 48% from the previous fiscal year), free cash flow to 2.8 billion yen for the fiscal year ending March 31, 2026 (an increase of approximately 68% from the previous fiscal year), and free cash flow to 4.2 billion yen for the fiscal year ending March 31, 2028 (an increase of approximately 45% from the previous fiscal year) due to the expansion of solutions for large hospitals by leveraging its strength in existing large hospital customers and data bases and expansion into the pharmaceutical industry by utilizing data in the healthcare field, and the acceleration of sales expansion of cloud-based ERP services in the services business field. The Target has judged synergistic effects between the Digital Entertainment Business and Business Solution Business are included in the respective financial forecast figures.

Digital Entertainment Business (Unit: 100 million yen)

	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026	Fiscal year ending March 31, 2027	Fiscal year ending March 31, 2028	Fiscal year ending March 31, 2029	Fiscal year ending March 31, 2030
Sales	622	716	807	900	1,016	1,105
Operating income	85	88	97	107	134	166
EBITDA	87	91	100	109	136	168
Free Cash Flow	55	63	70	77	98	121

Business Solution Business (Unit: 100 million yen)

	Fiscal year ending March 31, 2025	Fiscal year ending March 31, 2026	Fiscal year ending March 31, 2027	Fiscal year ending March 31, 2028	Fiscal year ending March 31, 2029	Fiscal year ending March 31, 2030
Sales	289	319	340	362	392	422
Operating	25	37	46	55	63	73

income						
EBITDA	39	52	63	73	81	91
Free Cash Flow	16	28	29	42	46	53

Although the Share Acquisition Rights are included in the scope of the Tender Offer, the Target has not obtained a valuation report or a fairness opinion regarding the Share Acquisition Right Purchase Price from PwC.

(Note) In calculating the share value of the Target's Stock, in principle, PwC has adopted the information provided by the Target and publicly disclosed information as is, assuming that all such materials and information are accurate and complete and that there are no facts undisclosed to PwC that could have a material impact on the calculation of the share value of the Target's Stock, and has not independently verified their accuracy or completeness. In addition, it is assumed that the information regarding the Target's financial projections (including business plans and other information) have been reasonably prepared based on the best estimates and judgment of the Target's management available at the time of calculation. Further, PwC has not conducted any independent evaluation and assessment of the assets and liabilities of the Target and its affiliates (including off-the-book assets and liabilities and other contingent liabilities), nor has it requested any third party to conduct an evaluation or assessment therefor. The calculation of the share value of the Target's Stock by PwC reflects the above information up to June 17, 2024.

(III) Procurement of advice from an independent law firm by the Target

According to the Target, it appointed TMI Associates as its outside legal advisor independent of the Tender Offer Related Parties in order to ensure the fairness and appropriateness of the decision-making process of the Target's board of directors regarding the Transaction, including the Tender Offer, and has received legal advice regarding the method and process of decision-making of the Target's board of directors regarding the Transaction, including the Tender Offer, and other points to be noted in connection with decision-making regarding the Transaction. TMI Associates is not a related party of the Tender Offer Related Parties and has no material interest in connection with the Transaction. With respect to the renumeration to TMI Associates, it is only paid an hourly fee regardless of whether the Transaction is consummated, and its fee does not include a contingency fee conditioned on the announcement or consummation of the Transaction. In addition, as there are no issues with the independence and expertise of TMI Associates, the Special Committee, after approving TMI Associates as the Target's legal advisor, confirmed that the Special Committee may also receive professional advice from TMI Associates as necessary.

(IV) Establishment of independent special committee at the Target and procurement of written report

(i) Background of establishment

According to the Target, in mid-January 2024, it was notified by TEIJIN to the effect that the Bidding Process was commenced. Subsequently, since it was expected that the Target will receive a proposal including a proposal to take the Target's Stock private from the candidates, based on the Guidelines for Corporate Takeovers, and from the perspective of conducting sincere consideration while ensuring the fairness and transparency of the consideration process, the Target determined that it should consider (i) not only the proposal to take the Target's Stock private, but also (ii) the Corporate Value Enhancement Measures and (iii) the Self TOB Scheme, and, based on the resolution at the board of directors meeting held on February 28, 2024, the Target established the Special Committee consisting of the following three members (the members of the Special Committee have not been changed since its establishment): Mr. Kazuhiko Fujita (the Target's outside director); Mr. Kazuhiko Tsuda (the Target's outside director); and Ms. Kiyo Morikawa (the Target's outside auditor). The Target consulted with the Special Committee (a) with regard to making a proposal or recommendation to the board of directors on (i) the proposal to take the Target's Stock private, (ii) the Corporate Value Enhancement Measures, or (iii) the Self TOB Scheme, whichever is desirable, after comparing and considering which action would be desirable from the viewpoint of ensuring or enhancing corporate value and thus the common interests of shareholders, (b) in the case it is determined in (a) that the proposal to take the Target's Stock private is the most desirable, with regard to making a proposal or recommendation to the board of directors on whether the Target's board of directors should approve the proposal to take the Target's Stock private, after considering from the viewpoint as to whether the proposal ensures or enhances the corporate value of the Target and thus the common interests of shareholders (including (I) the reasonableness of the purpose of the proposal to take the Target's Stock private, (II) the appropriateness of the terms and conditions of the proposal to take the Target's Stock private, (III) the fairness of the procedures of the proposal to take the Target's Stock private, and (IV) whether or not it would be disadvantageous to minority shareholders for the Target's board of directors to decide to implement the proposal to take the Target's Stock private in light of the factors in (I) through (III) above and other factors), and (c) in the case it is determined in (a) that the Self TOB Scheme is the most desirable, with regard to making a proposal or recommendation to the board of directors on whether the Target's board of directors should approve the Self TOB Scheme, after considering from the viewpoint as to whether the proposal ensures or enhances the corporate value of the Target and thus the common interests of shareholders (including whether or not the acquisition of treasury shares would be disadvantageous to minority shareholders (including the necessity to issue class shares, the appropriateness of the issuance of class shares, and execution of a tender agreement with TEIJIN)) (the "Items for Advice").

The Target's board of directors has resolved that (I) the utmost respect shall be paid to the Special Committee's opinions in making a decision on (i) the proposal to take the Target's Stock private, (ii) the Corporate Value Enhancement Measures, or (iii) the Self TOB Scheme, and (II) in negotiating the terms and conditions for (i) to (iii) with relevant parties such as the candidates and TEIJIN, the Target shall report to the Special Committee the status thereof in a timely manner, and receive the Special Committee's opinions, instructions, and requests in important phases.

As for the remuneration of the members of the Special Committee, only a fixed amount of remuneration is paid regardless of the content of the written report, and no contingency fee conditioned on the consummation, etc. of the Transaction is adopted.

(ii) Background of consideration

According to the Target, the Special Committee met a total of 26 times during the period from March 6, 2024 to June 14, 2024, and carefully discussed and considered the Items for Advice through deliberations and decision-making, etc. via e-mail, etc. even between each meeting of the Special Committee.

In addition, the Special Committee received legal advice from TMI Associates, a legal advisor to the Target, regarding measures to ensure the fairness of the Transaction and to avoid conflicts of interest, and other matters relating to the Transaction in general, in light of TMI Associates' independence and expertise.

The Special Committee also received explanations from BAP, a financial advisor to the Target, at the Target's request, and discussed and considered the policy for negotiations with the Offeror, in light of

BAP's independence and expertise.

Further, the Special Committee conducted interviews with the Target, the candidates who participated in the Bidding Process including Blackstone, and TEIJIN, and held a question-and-answer session, in order to consider the significance and benefits of each of the proposal to take the Target's Stock private, the Corporate Value Enhancement Measures, and the Self TOB Scheme, and their impact on the Target's businesses.

The Special Committee also received timely reports from the Target on the background and details of discussions and negotiations regarding the Transaction among the Target, the Offeror and TEIJIN, and discussed them at meetings of the Special Committee and was substantially involved in the negotiation process with the Offeror.

(iii) Details of decision

Based on the above circumstances, the Special Committee, after carefully conducting exhaustive considerations and discussions on the Items for Advice, submitted the written report (the "Report") containing the following summary to the Target's board of directors on June 17, 2024, with the unanimous consent of all members.

I Opinions of the Special Committee

1. The Items for Advice (i)

As a result of the comparison and consideration of the proposal to have the Target's Stock go private, the Corporate Value Enhancement Measures and the Self TOB Scheme, the implementation of the Transaction is most desirable for the Target, and contributes to ensuring or enhancing the corporate value of the Target and thus the common interests of shareholders.

2. The Items for Advice (ii)

(1) The purpose of the Transaction is reasonable;

(2) The terms and conditions of the Transaction is appropriate;

(3) The procedures for the Transaction are fair; and

(4) It cannot be said that it would be disadvantageous to minority shareholders of the Target for the Target's board of directors to decide to conduct the Transaction in light of the written report to the Items for Advice (i), the factors in (1) through (3) above and other factors.

II Reasons for opinions

1. Reasonableness of the purpose of the Transaction

(1) Overview of the purpose of the Transaction

The Special Committee has conducted interviews with the Target, the Offeror and Blackstone with respect to the specific details of the purpose of the Transaction and the corporate value of the Target expected to be enhanced by the Transaction as described in "(II) Discussions between the Offeror, and the Target and TEIJIN, process of decision-making by the Offeror etc.," "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target" and "(IV) Management policy after the Tender Offer" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer."

(2) Impact of business separation

The Target, which operates the Digital Entertainment Business and the Business Solution Business in an integrated manner, has increased its corporate value by leveraging the synergies between the two businesses, such as utilizing "B to C" know-how and IT human resources, conducting AI-based marketing, building infrastructure for business expansion, and attracting and exchanging excellent human resources, and that the Target is concerned that the synergies between the two businesses will be lost due to the separation of the two businesses after the Transaction, which will decrease its corporate value.

In this regard, the Offeror's Parent Company and the Target will, based on the discussions and negotiations between them, execute an agreement concerning the prohibition of business separation, which includes an undertaking that the Offeror's Parent Company shall not, in principle, conduct a corporate reorganization act (including, but not limited to, mergers, company splits, business transfers and share transfers; the "Divestiture") that will separate the Digital Entertainment Business and Business Solution Business from the Target Group for a period of two years after the Transaction.

In addition, in the Transition Service Agreement (Reverse TSA) entered into among the Target, the Offeror and TEIJIN regarding the IT services provided by the Target to TEIJIN, the Offeror has agreed in principle that it will not engage in the Divestiture for two years after the completion of the Transaction, based on discussions and negotiations among the three parties, and the Offeror also intends to state in the Tender Offer Statement that it will not engage in the Divestiture.

Based on the above, there is no specific concern that the implementation of the Transaction will result in a business separation that will immediately affect the business of the Target.

(3) Impact of having the Target's Stock go private

Since the Transaction is premised on having the Target's Stock go private, the Special Committee has also examined whether or not there would be any impact on the Target's corporate value if the Target's Stock is taken private, including the following points.

- The Target's mid-term vision is to become a service company and to co-create value, and it is strongly promoting co-creation with real business operators and co-creation with other business operators to create new businesses. It is essential to secure talented human resources that form the basis of this, but if the Target's Stock is taken private, is there any possibility that this may have an impact on securing talented human resources, searching for collaborative partners and promoting the business?

- As an IT services and software company, the recruitment and retention of competent human resources is fundamental to the Target's management, and the Target's human resources recruitment and retention strategy is currently working because it is a listed company with a strong performance record. Is there any possibility that having the Target's Stock go private may have an impact on the recruitment and retention of human resources?
- In general, is there any possibility that the transparency of business operations may be impaired compared to a listed company, which may affect the relationship with existing business partners?

With respect to this, the Offeror does not plan on making any particular changes to the structure of the day-to-day business operations, assuming that the current employees of the Target will continue to be engaged even after the implementation of the Transaction. The Offeror believes it is possible to fully assist the securing of human resources by the Target by leveraging Blackstone's achievements and know-how, and plans to implement measures for the retention and keeping motivation of the Target Group's human resources.

Furthermore, the Offeror is expected to seek subcontract system engineering services to collaborate with, reinforce the recruitment of project manager-level personnel by utilizing stock options, and utilize offshoring, etc. in order to stably secure engineering resources in the IT services industry where companies are competing for talented personnel. Furthermore, in the relationship with the Target's business partners, the Target can minimize the impact of having the Target's Stock go private on the its relationships with its business partners by providing them with thorough explanations, and such impact can also be expected to be minimized by thorough explanations provided by the Offeror.

In addition, Blackstone has indicated that it expects the re-listing of the Target as a method of exit after the end of the period of investments in the Target, which also takes into account to a certain extent concerns about having the Target's Stock go private.

Based on the above, it cannot be said that having the Target's Stock go private through the Transaction will have a material adverse effect on the Target's business.

(4) Financial burdens from LBO loans

Blackstone intends to procure the funds necessary for the Transaction through equity contributions and borrowings, it expected to use approximately 40 billion yen in cash and deposits held by the Target, in addition to approximately 155 billion yen in equity contributions and approximately 80 billion yen in borrowings.

In accordance with such expectation, there is a need to examine the regular repayments or liquidity on hand, and the Target has approached TEIJIN regarding the reduction of the Target's Stock Repurchase Price, but received TEIJIN's response that it cannot accept the proposal.

In addition, following discussions between the Target and Blackstone based on the Target's financing plan, (i) Blackstone responded with respect to the 80 billion yen in borrowings that it is at a level that ensures its financial soundness and at a level where there are no problems without any changes from the perspective of optimizing capital efficiency. (ii) With regard to liquidity on hand, Blackstone responded that it expects to be able to increase its commitment line to meet its flexible financing needs, in addition to securing the necessary cash on hand.

In the course of again reviewing the matter based on the above results, the Target confirmed its financial plan, and taking into account the circumstances that the ratio of equity contributions to borrowings is appropriate, and an additional investment by Blackstone can be expected in the event of further funding needs, the Target has concluded that the financial burden of implementing the Transaction will not have a material adverse effect on the Target's business.

(5) Summary

Based on the factors in (1) through (4) above, the Special Committee has concluded, after careful discussions and considerations, that the Transaction is deemed to contribute to the enhancement of the Target's corporate value and the purpose of the Transaction is reasonable.

2. Appropriateness of the terms and conditions of the Transaction

(1) Appropriateness of the price

(i) Tender Offer Price

The Tender Offer Price is considered appropriate from the following points:

- The Tender Offer Price is the highest price presented in the Bidding Process for which leaves no doubt on transparency and fairness.
- According to the share valuation report obtained by the Target from BAP, a third-party valuator independent of the Tender Offeror Related Parties, the per-share value of the Target's Stock ranges from 2,185 yen to 2,497 yen according to the market price method and from 4,943 yen to 6,200 yen according to the DCF method. The Tender Offer Price exceeds the upper limit of the calculation results based on the market price method and the median of the calculation results based on the DCF method.

  The Special Committee received explanations from BAP on the selection of the valuation method and the basis for the calculation of the discount rate, etc. with respect to the calculation method, etc. used in the valuation of the share value, and conducted a question-and-answer session and considered the results. As a result, the Special Committee did not find any unreasonable points in light of general valuation practices.

  In addition, with respect to the Target's business plan, which is used as the basis for BAP's calculation using the DCF method, the Special Committee has also confirmed the method and process of the preparation thereof (including the fact that no party having an interest in the Transaction was involved in the preparation of the business plan) and its contents (including that the business plan is not based on excessively conservative estimates), and it has approved the reasonableness of the business plan.
- In addition, in order to exercise further caution with regard to ensuring the fairness of the decision-making process of the Target regarding the Tender Offer Price presented by the Offeror, the Target obtained a share valuation report from PwC, a third-party valuator independent of the Tender Offer Related Parties. According to the share valuation report obtained from PwC, the per share value of the Target's Stock ranges from 2,185 yen to 2,526 yen according to the market price method (i), from 2,993

yen to 5,740 yen according to the market price method (ii) and from 4,856 yen to 5,708 yen according to the DCF method, and the Tender Offer Price by the Offeror exceeds the upper limit of the calculation results based on the market price method (i), the market price method (ii) and the DCF method.

The Special Committee did not find any unreasonable points in the calculation method, etc. used by PwC to value the shares in light of general valuation practices.

In addition, with respect to the Target's business plan, which is used as the basis for PwC's calculation using the DCF method, the Special Committee has also confirmed the method and process of the preparation thereof (including the fact that no party having an interest in the Transaction was involved in the preparation of the business plan) and its contents (including that the business plan is not based on excessively conservative estimates), and it has approved the reasonableness of the business plan.

- In addition, the Tender Offer Price (6,060 yen) represents a premium of 177.35% (rounded to the second decimal place) on the closing price of 2,185 yen of the Target's Stock on the Prime Market of the TSE as of March 8, 2024, where it is considered that the market price of the Target's Stock was not affected by speculative report by Mergermarket (after the close of the market on March 8, 2024) regarding TEIJIN's sale of the Target's Stock, and thus the Tender Offer Price is considered to include a considerable premium compared to recent similar cases (of the 91 cases that were announced on or after June 28, 2019, which is the release date of the "Fair M&A Guidelines - Enhancing Corporate Value and Securing Shareholders' Interests" by the Ministry of Economy, Trade and Industry, and closed before by June 14, 2024, which aimed at taking listed company in Japan private), the average level of the premiums is 49.94% on the closing price on the business day preceding the date of the announcement, 52.67% on the average closing price for the past one month up to the date of announcement, 54.99% on the average closing price for the past three months up to the date of announcement, and 56.57% on the average closing price for the past six months up to the date of announcement).
- Furthermore, the Tender Offer Price (6,060 yen) exceeds 4,455 yen, the highest price of the Target's Stock since the Target's listing to the reference date.

(ii) Stock Acquisition Right Purchase Price

Since all of the Stock Acquisition Rights have been granted to the directors and executive officers of the Target as stock options and one of the conditions for the exercise of the Stock Acquisition Rights is that the Stock Acquisition Rights may be exercised only during a period of 5 years (for FY 2013 Stock Acquisition Rights to FY 2018 Stock Acquisition Rights) or 10 years (for FY 2019 Stock Acquisition Rights to FY 2020 Stock Acquisition Rights) from the day following the date on which they lost all of the positions of director or executive officer of the Target, subsidiaries of the Target, or affiliates of the Target, it is understood that the Offeror is unable to exercise the Stock Acquisition Rights even if it acquires them, and thus it is reasonable to set the Stock Acquisition Right Purchase Price at 1 yen for each of the Stock Acquisition Rights.

(2) Consideration to be delivered in procedures after the Tender Offer

If the Offeror is unable to acquire all of the Target's Stock (including the Restricted Stock and the Target's Stock to be issued upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the

Target and the Non-Tendered Shares) and the Stock Acquisition Rights through the Tender Offer, it plans to conduct the Squeeze-Out Procedures, and minority shareholders who did not tender their shares in the Tender Offer will ultimately receive cash in the Squeeze-Out Procedures. The amount of money to be delivered under the Squeeze-Out Procedures will be calculated to be the same as the Tender Offer Price multiplied by the number of the Target's Stock held by such shareholders, and this fact will be clearly stated in the press release, etc. regarding the Tender Offer.

The Target plans to conduct the Target's Stock Repurchase after the completion of the Squeeze-Out Procedures, and the after-tax proceeds to be received by TEIJIN when it tenders its shares in the Tender Offer is to be set at an amount almost equivalent to the amount of after-tax proceeds when TEIJIN accepts the Target's Stock Repurchase, taking into account that a provision on the exclusion of deemed dividends from gross profits set forth in the Corporation Tax Act is likely to be applied to TEIJIN on Company's Stock Repurchase, and this fact will be clearly stated in the press release, etc. regarding the Tender Offer.

According to the terms and conditions set forth above, TEIJIN is expected to receive substantially the same benefits from the Transaction as the minority shareholders of the Target (i.e., TEIJIN alone will not receive relatively larger benefits from the Transaction than the minority shareholders of the Target), and therefore, the Transaction as a whole is considered to be a reasonable scheme designed to secure the interests of the minority shareholders of the Target.

(3) Summary

Based on the above points, the Special Committee has concluded, after careful discussions and considerations, that the terms and conditions of the Transaction including the Tender Offer Price are reasonable.

3. Fairness of the procedures for the Transaction

(1) Implementation of the Bidding Process

The Transaction will be conducted by the Offeror, which was selected following TEIJIN's comprehensive consideration of the proposals and discussions after the receipt by TEIJIN in the Bidding Process of the proposals to have the Target's Stock go private from the candidates who participated in the Bidding Process and discussions with several Candidates regarding the content of their proposals. In addition, since there were no Candidates offering terms more favorable to the minority shareholders of the Target than those offered by the Offeror in the Bidding Process, no circumstances have been identified that call into question the transparency or fairness of the Bidding Process.

Given the foregoing, it can be concluded that the market check is functioning properly.

(2) Establishment of the Special Committee

The Target established the Special Committee as soon as the Target was informed by TEIJIN that it had commenced the Bidding Process. In addition, the Target has resolved to respect the recommendations of the Special Committee to the greatest extent possible after the Special Committee has been given the authority to appoint advisors. Also, there are no issues with the Special Committee's independence, its composition in terms of expertise and attributes, its advisors, or its internal review system.

(3) Method of consideration by the Target

In considering the Transaction, the Target has carefully reviewed and discussed the appropriateness of the terms and conditions of the Transaction and the fairness of a series of procedures for the Transaction from the viewpoint of enhancing the corporate value of the Target and thus the common interests of its shareholders, while obtaining advice and opinions from BAP, a financial advisor and a third-party valuator, and TMI Associates, a legal advisor, both of which are independent of the Tender Offer Related Parties.

The Special Committee has confirmed that there is no question as to the independence and expertise of TMI Associates and BAP, and has approved them to act as a legal advisor or a financial adviser and a third-party valuator of the Target. It has also been confirmed that the Special Committee may seek, and has sought, professional advice and opinions from TMI Associates and BAP as appropriate.

(4) Establishment of an independent review system in the Target

With a view to eliminating structural conflicts of interest, the Target has established a system within the Target to review, negotiate, and make decisions with respect to the Transaction in a position independent of the Tender Offer Related Parties.

(5) No involvement of parties with a special interest in the negotiation and decision-making processes for the Transaction

None of the directors who are reviewing and negotiating the Transaction from the standpoint of the Target includes any person with a special interest in the Transaction nor are there any facts that would cause any person to presume that TEIJIN, the candidates, or any other person with a special interest in the Transaction has improperly influenced the Target in the course of the discussion, consideration, and negotiation of the Transaction.

From the viewpoint of avoiding any suspicion of conflict of interest and ensuring the fairness of the Transaction, Mr. Naohiko Moriyama, a director of the Target who concurrently serves as a director and senior managing executive officer of TEIJIN, and Mr. Akio Nakaishi, an auditor of the Target who concurrently serves as an auditor of TEIJIN, did not participate in any deliberations concerning the consideration of the Transaction at any meeting of the board of directors of the Target, nor did they participate in the consideration of the Transaction from the standpoint of the Target or in any discussions and negotiations concerning the Transaction with the Offeror and TEIJIN. In addition, among the officers of the Target, Mr. Norihiro Takehara, Chairman, Mr. Jun Kuroda, President and CEO, and Mr. Mototaka Kuboi, Director and CSRO, are expected to execute the Amendment Agreement, in relation to the Restricted Stock. Therefore, from the viewpoint of avoiding any suspicion of conflict of interest and ensuring the fairness of the Transaction, they have not participated in any deliberations concerning the Transaction, etc. at the Target's board of directors meeting, nor have they participated in any discussions or negotiations with the Offeror and TEIJIN concerning the Transaction, etc.

from the standpoint of the Target since the possibility to enter into the Amendment Agreement arose.

(6) Implementation of other measures to ensure fairness of the Transaction

(i) Majority-of-minority condition

A so-called majority-of-minority condition is not expected to be a condition for the consummation of the Tender Offer.

The mere fact that a majority-of-minority condition has not been imposed should not be taken as an indication that necessary measures to ensure fairness have not been taken for the following reasons: if a majority-of-minority condition is imposed, the consummation of the Tender Offer may become uncertain and such a condition may not contribute to the interests of the public shareholders who wish to tender their shares in the Tender Offer; and, in the Tender Offer, appropriate measures to ensure fairness have been taken and the interests of the public shareholders of the Target have been sufficiently taken into account.

(ii) Securing objective conditions to ensure fairness of the Tender Offer

The Offeror intends to set the Tender Offer Period at 30 business days, which is longer than the minimum period prescribed by laws and regulations (20 business days). It is believed that the Offeror has thereby ensured that the Target's shareholders and the Stock Acquisition Right Holders will have an opportunity to make an appropriate decision on whether to tender in the Tender Offer, and that persons other than the Offeror (a "Counter Offeror") have the opportunity to purchase the Target's Stock and Stock Acquisition Rights.

In addition, neither the Offeror nor the Target has entered into any agreement that would restrict any such Counter Offeror from contacting the Target, including any agreement that contains a transaction protection clause prohibiting the Target from contacting the Counter Offeror.

By thus providing the opportunity for a counter-purchase, the fairness of the Tender Offer is ensured.

(7) Summary

As a result of the Special Committee's careful discussions and consideration of the Transaction in light of the foregoing, the Special Committee has concluded that appropriate measures have been taken to ensure the fairness of the Transaction and that the procedures for the Transaction are fair.

4. Comparative review

(1) Proposals to have the Target's Stock go private

Although TEIJIN received two proposals from other candidates to have the Target's Stock go private in addition to the Offeror's Final Offer in the Bidding Process, the Offeror's Final Offer is the most desirable among the proposals to have the Target's Stock go private from the viewpoint of ensuring or enhancing the corporate value of the Target and thus the common interests of its shareholders for the following reasons:

- In the first place, since TEIJIN selected the Offeror as the final candidate in the Bidding Process, it was not likely for TEIJIN, the parent company of the Target, to accept the proposals to have the Target's Stock go private other than the Offeror's Final Offer, and therefore those proposals were not feasible;
- None of the proposals to have the Target's Stock go private offered a price higher than the Tender Offer Price for the Target's Stock offered in the Offeror's Final Offer;
- One of the proposals to have the Target's Stock go private, other than the Offeror's Final Offer, which proposed to separate the Target's Digital Entertainment Business and Business Solution Business after having the Target's Stock go private failed to eliminate the concerns raised in "(2) Impact of business separation" under "1. Reasonableness of the purpose of the Transaction;" and
- Although another proposal to have the Target's Stock go private, other than the Offeror's Final Offer, proposed not to separate the Target's Digital Entertainment Business and Business Solution Business for a certain period after having the Target's Stock go private, it was determined after consideration within the Target that the measures indicated in the Offeror's Final Offer would better contribute to enhancing the corporate value of the Target;

(2) Self TOB Scheme

Although the Target proposed the Self TOB Scheme to TEIJIN, the Offeror's Final Offer is more desirable than the Self TOB Scheme from the viewpoint of ensuring or enhancing the corporate value of the Target and thus the common interests of its shareholders for the following reasons:

- Since TEIJIN attached the highest importance to maximizing the selling price of the Target's Stock held by it in the Bidding Process, TEIJIN informed the Target that it did not intend to adopt the Self TOB Scheme because of the large difference between the repurchase price of the Target's Stock in the Self TOB Scheme and the selling price of the Target's Stock offered in the Offeror's Final Offer, and therefore the Self TOB Scheme was not feasible;
- The advantage of the Self TOB Scheme was that, by maintaining the listing of the Target's Stock, there would be no impact of having the Target's Stock go private. However, the impact of having the Target's Stock go private following the Transaction is limited, as described in "(3) Impact of having the Target's Stock go private" under "1. Reasonableness of the purpose of the Transaction;" and
- As stated above, the Offeror's Final Offer provides the public shareholders with an opportunity to sell their shares at a higher price, as it offers a higher price and does not set the maximum number of tendered shares to be purchased.

(3) Corporate Value Enhancement Measures

Although the Special Committee also considered the Corporate Value Enhancement Measures other than the Self TOB Scheme on the assumption that the Target's Stock would continue to be listed, the Offeror's Final Offer is more desirable than the Corporate Value Enhancement Measures from the viewpoint of ensuring or enhancing the corporate value of the Target and thus the common interests of its shareholders for the following reasons:

- TEIJIN intends to sell the Target's Stock. Since TEIJIN selected the Offeror as the final candidate in the Bidding Process, TEIJIN had no intention to adopt the Corporate Value Enhancement Measures, and therefore the Corporate Value Enhancement Measures were not feasible;
- The advantage of the Corporate Value Enhancement Measures was that, by maintaining the listing of the Target's Stock, there would be no impact of having the Target's Stock go private. However, the impact of having the Target's Stock go private following the Transaction is limited, as described in "(3) Impact of having the Target's Stock go private" under "1. Reasonableness of the purpose of the Transaction;" and
- As stated above, the Offeror's Final Offer provides the public shareholders with an opportunity to sell their shares at a reasonable price, as it offers a price within the ranges of the share value calculated by valuators and does not set the maximum number of tendered shares to be purchased.

(4) Summary

Based on (1) to (3) above, the Offeror's Final Offer is the most desirable among the proposals to have the Target's Stock go private, the Corporate Value Enhancement Measures, and the Self TOB Scheme, from the viewpoint of ensuring or enhancing the corporate value of the Target and thus the common interests of its shareholders. In addition, the Transaction will be based on the terms and conditions determined by the Offeror following the discussions and negotiations among the Offeror, TEIJIN, and the Target after the Offeror was selected as the final candidate in the Bidding Process. In light of the foregoing, it has been concluded that conducting the Transaction would be the most desirable for the Target and would ensure or enhance the corporate value of the Target and thus the common interests of its shareholders.

5. Whether the decision by the Target's board of directors to express its opinion in favor of the Tender Offer and to recommend the shareholders of the Target that they tender their shares in the Tender Offer, etc., as well as the decision to conduct the Transaction is disadvantageous to the minority shareholders

The Special Committee has carefully considered 1. through 4. above and other relevant matters, and has concluded that it would not be disadvantageous to the minority shareholders of the Target for the Target's board of directors to decide to conduct the Transaction by the Offeror (including to approve the Tender Offer and to decide to recommend to the shareholders of the Target that they tender their shares in the Tender Offer and to leave the decision as to whether to tender the Share Acquisition Rights in the Tender Offer to the Share Acquisition Right Holders).

(V) Unanimous approval of all disinterested directors of the Target and the opinion of all disinterested auditors of the Target that they have no objection

Based on the contents of the Share Valuation Report (BAP), the Share Valuation Report (PwC), legal advice received from TMI Associates, the contents of discussions held between the Offeror and TEIJIN in relation to the Transaction, and other relevant materials, the Target carefully deliberated and considered the purpose of the Transaction and its terms and conditions with the utmost respect to the content of the Report obtained from the Special Committee. As a result, as described in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer" above, on June 18, 2024, seven (excluding Mr. Naohiko Moriyama who was absent from the board of directors meeting, four directors excluding Mr. Norihiro Takehara, Mr. Jun Kuroda, and Mr. Mototaka Kuboi) of the eight directors who participated in the deliberation and resolution unanimously resolved, as the opinion of the Target, to support the Tender Offer, as well as recommend that the Target's shareholders tender in the Tender Offer, and to leave the decision on whether or not to tender the Share Acquisition Rights in the Tender Offer to the Share Acquisition Right Holders.

Acquisition of the Stock Acquisition Rights by way of transfer is subject to approval of the Target's board of directors. The Target resolved at the meeting of the board of directors held on June 18, 2024, to comprehensively approve the transfer by the Stock Acquisition Right Holders of their Stock Acquisition Rights by tendering them in the Tender Offer on the condition of consummation of the Tender Offer.

Among the eight directors of the Target, as Mr. Naohiko Moriyama concurrently serves as a director and senior managing executive officer of TEIJIN, from the viewpoint of avoiding any suspicion of conflict of interest between TEIJIN and the Target's minority shareholders and ensuring the fairness of the Transaction, he did not participate in any deliberations or resolutions concerning the consideration of the Transaction at the abovementioned board of directors meeting, nor did he participate in the consideration of the Transaction or any discussions and negotiations concerning the Transaction with the Offeror and TEIJIN from the standpoint of the Target. In addition, among the eight directors of the Company, Mr. Norihiro Takehara, Mr. Jun Kuroda, and Mr. Mototaka Kuboi plan to enter into the Amendment Agreement, from the viewpoint of avoiding any suspicion of conflict of interest and ensuring the assessment of fairness of the Transaction, they have not participated in any deliberations concerning the Transaction, etc. at the Target's board of directors, nor have they participated in any discussions or negotiations with the Offeror and TEIJIN concerning the Transaction, etc. from the standpoint of the Company since the possibility to enter into the Amendment Agreement arose.

Furthermore, among the four auditors of the Target, three auditors of the Target who participated in the deliberations and resolutions stated that they had no objection. Mr. Akio Nakaishi, an auditor of the Target, concurrently serves as an auditor of TEIJIN. Therefore, from the viewpoint of avoiding any suspicion of conflict of interest and ensuring the fairness of the Transaction, he did not participate in any deliberations concerning the consideration of the Transaction at the abovementioned board of directors meeting and refrained from expressing his opinion.

(VI) Securing objective conditions to ensure fairness of the Tender Offer

The Offeror has set the Tender Offer Period at 30 business days, which is a relatively long period compared to the minimum period prescribed by laws and regulations, which is 20 business days. By setting a relatively long Tender Offer Period compared to the minimum period prescribed by laws and regulations, the Offeror has ensured that the Target's shareholders and the Stock Acquisition Right Holders will have an opportunity to make an appropriate decision on whether to tender in the Tender Offer, and by ensuring that persons other than the Offeror have the opportunity to purchase the Target's Stock and Stock Acquisition Rights, it has taken into consideration that the fairness of the Tender Offer is ensured.

(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")

As described in "(1) Outline of the Tender Offer" above, if the Offeror is unable to acquire all shares of the Target's Stock (including the Restricted Stock and the Target's Stock to be delivered upon exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Target and the Non-Tendered Shares) and the Stock Acquisition Rights by the Tender Offer, the Offeror plans to implement the Squeeze-Out Procedures for the purpose of making the Offeror and TEIJIN the sole shareholders of the Target and taking the Target's Stock private, by the following method after the consummation of the Tender Offer.

Specifically, the Offeror plans to request the Target, promptly after the completion of settlement of the Tender Offer, to hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting"), at which the items for resolution shall include the implementation of consolidation of the shares of the Target's Stock (the "Share Consolidation") pursuant to Article 180 of the Companies Act, and on condition that the Share Consolidation takes effect, partial amendment of the articles of incorporation to abolish the provision concerning share units. In addition, the Offeror and TEIJIN plan to vote in favor of each of the above proposals at the Extraordinary Shareholders' Meeting. As of today, the Extraordinary Shareholders' Meeting is planned to be held around early September 2024.

If the proposal for the Share Consolidation is approved, then on the date on which the Share Consolidation takes effect, the Target's shareholders will hold the shares of the Target's Stock in the number corresponding to the ratio of the Share Consolidation approved at the Extraordinary Shareholders' Meeting. If any fraction of a share less than one share is generated from the Share Consolidation, an amount of money obtained by selling to the Target or the Offeror the shares of Target's Stock equivalent to the total number of such fractional shares (any fractional shares less than one share created by aggregating those fractional shares shall be discarded; the same applies hereinafter) shall be delivered to the Target's shareholders for whom a fraction of less than one share is generated, in accordance with the procedures stipulated in Article 235 of the Companies Act and other relevant laws and regulations.

With respect to the sale price of the shares of the Target's Stock equivalent to such total number of fractional shares, it is scheduled that this price shall be set in such a way so that, as a result of selling these shares, the amount of money to be delivered to the shareholders of the Target who did not tender in the Tender Offer (excluding the Offeror, TEIJIN, and the Target) shall be the same as the price that shall be obtained by multiplying the Tender Offer Price by the number of the shares of the Target's Stock held by such shareholders. After the above process, the Offeror intends to request the Target to file a petition to obtain permission for voluntary sale to the court. In addition, although the ratio of the consolidation of the shares of the Target's Stock has not yet been determined as of today, the Offeror plans to request the Target to determine the number of the shares of the Target's Stock held by the Target's shareholders who did not tender in the Tender Offer (excluding the Offeror, TEIJIN, and the Target) to be a fraction of less than one share, so that the Offeror and TEIJIN will hold all of the shares of the Target's Stock (excluding treasury shares held by the Target).

The provisions of the Companies Act that protect the rights of the minority shareholders in connection with the Share Consolidation stipulate that when fractional shares of less than one share are created as a result of the Share Consolidation, the Target's shareholders (excluding the Offeror, TEIJIN, and the Target) may request the Target to purchase all fractional shares that they hold at a fair price and that they may file with the court a petition to determine the price of the shares of the Target's Stock pursuant to Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations.

As described above, in the Share Consolidation, the number of shares of the Target's Stock held by the Target's shareholders who did not tender their shares in the Tender Offer (excluding the Offeror, TEIJIN, and the Target) is expected to be fractions of less than one share, and therefore, the Target's shareholders who oppose to the Share Consolidation (excluding the Offeror, TEIJIN, and the Target) may file the above petition. If such petition is filed, the purchase price of the shares of the Target's Stock will ultimately be determined by the court.

In respect of the Restricted Stock, the allotment agreement for the Restricted Stock provides that if, during the transfer restriction period, the consolidation of shares (limited to cases where such consolidation of shares results in the allotee of the Restricted Stock holding only a fraction of less than one share of the Restricted Stock) is conducted, the Target shall acquire, without consideration, on the business day preceding the effective date of such consolidation of shares, all of the Restricted Stock for which the restriction on transfer has not been lifted as of the same day. However, since the Target intends to enter into with the holders of the Restricted Stock the Amendment Agreement, in the Squeeze-out Procedures, the Offeror plans to include the number of the Restricted Stock corresponding to the service provision period in the Share Consolidation.

In addition, if the Offeror is unable to acquire all of the Stock Acquisition Rights in the Tender Offer and the Stock Acquisition Rights remain unexercised, the Offeror plans to request the Target to acquire the Stock Acquisition Rights, recommend that the Stock Acquisition Right Holders release the Stock Acquisition Rights, and implement other reasonable procedures necessary to execute the Transaction, or the Offeror plans to implement such procedures, however, the details have not yet been determined as of today. According to the Target, the Target intends to cooperate if such request is received.

With respect to the above procedures, the method and timing of implementation may change, depending on the situations such as amendments, effectuation, and interpretation by the authorities of relevant laws and regulations. Even in such case, the method of finally delivering money to the Target's shareholders who did not tender in the Tender Offer (excluding the Offeror, TEIJIN, and the Target) will be adopted, and in such case, the amount of money to be delivered to each such shareholder will be calculated to be equal to the Tender Offer Price multiplied by the number of the shares of the Target's Stock held by each such shareholder. The Target will promptly announce the specific procedures and timing of implementation in the above cases as soon as they are determined upon discussion between the Offeror and the Target. The Tender Offer is not a solicitation for the Target's shareholders to vote in favor of the proposals at the Extraordinary Shareholders' Meeting. The shareholders of the Target and Stock Acquisition Right Holders are requested to confirm with professionals, such as tax accountants, at their responsibility concerning tax treatment for tendering in the Tender Offer or in the procedures above.

(5) Possibility of delisting and reason therefor

The Target's Stock is listed on the Prime Market of the TSE as of today, however, the Offeror has not set the maximum number of tendered shares to be purchased in the Tender Offer, and therefore, the Target's Stock may be delisted through the prescribed procedures in accordance with the TSE's criteria for delisting depending on the results of the Tender Offer.

Also, even if such criteria are not met as at the time of consummation of the Tender Offer, the Squeeze-Out Procedures described in "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" above are to be implemented after the consummation of the Tender Offer, and in such case, the Target's Stock will be delisted through the prescribed procedures in accordance with TSE's delisting criteria. After the delisting of the Target's Stock, the shares of the Target's Stock may no longer be traded on the Prime Market of the TSE.

(6) Material agreements relating to the Tender Offer

(I) Basic Transaction Agreement

The Offeror entered into the Basic Transaction Agreement with TEIJIN, the Target's parent company as of June 18, 2024.

In the Basic Transaction Agreement, the Offeror and TEIJIN have mainly agreed (i) on the implementation of the Tender Offer by the Offeror, (ii) not to tender all of the Target's Stock held by TEIJIN in the Tender Offer, (iii) to exercise all of their voting rights, as a shareholder in the Target in favor of the proposal to implement the Share Consolidation at the Extraordinary Shareholders' Meeting and fulfill any and all actions necessary for the Squeeze-Out Procedures, and (iv) that TEIJIN will sell all of the Target's Stock held by it in response to the Target's Stock Repurchase to be carried out by the Target after the Squeeze-Out Procedures take effect.

Furthermore, with regard to (ii) not to tender all of the Target's Stock held by TEIJIN in the Tender Offer, the Offeror and TEIJIN have agreed in the Basic Transaction Agreement as follows in relation to counteroffer from third parties:

(a) In the event that an offer, proposal or public announcement, etc. (which must be made without TEIJIN violating (c) below, "Counteroffer") is made by a person other than the Offeror for the acquisition of the Target's Stock at the consideration for acquisition equivalent to 5% or more in excess of the Tender Offer Price after the execution of the Basic Transaction Agreement and before the last day of the Tender Offer Period, TEIJIN may request the Offeror to discuss the increase of the Tender Offer Price and the Target's Stock Repurchase Price up until the noon of the last day of the Tender Offer Period.

(b) (i) if the Offeror fails to lawfully increase the Tender Offer Price to an amount exceeding the amount equivalent to the consideration for acquisition in the Counteroffer by the earlier of the date on which 5 business days have elapsed from the date on which the Offeror was requested to have consultation or the business day immediately preceding the last day of the Tender Offer Period, (the "End Date of Counteroffer Consideration Period"), or (ii) if the Offeror fails to lawfully increase the Target's Stock Repurchase Price such that the total amount of the after-tax proceeds to be paid to TEIJIN pursuant to the Squeeze-Out Procedures and the Target's Stock Repurchase exceeds the amount equivalent to the consideration for acquisition to be Paid to TEIJIN by accepting the Counteroffer (the after-tax proceeds if the consideration is money) by the End Date of Counteroffer Consideration Period, or (iii) if TEIJIN reasonably determines that not accepting the Counteroffer may constitute violation of the duty of care of a good manager of TEIJIN's directors, TEIJIN may decide to accept the Counteroffer. If TEIJIN decides to accept the Counteroffer in accordance with this paragraph, it shall promptly notify the Offeror.

(c) until the End Date of Counteroffer Consideration Period, TEIJIN shall not: (i) enter into any agreement with any person other than Offeror in connection with any transaction that substantially conflicts with the Tender Offer or makes it difficult to consummate the Tender Offer; (ii) provide to any person other than Offeror any information regarding the Target or any other information in connection with such transaction; (iii) if TEIJIN or the Target has any undertaking from any third party other than the Offeror, agree to exempt it or implement such action; or (iv) take any action that conflicts with or makes difficult the implementation of the Tender Offer including any offer or solicitation of an offer for such transaction or any discussions or negotiations relating to such transaction. Provided, however, that if a person other than the Offeror makes a Counteroffer without TEIJIN violating this paragraph, TEIJIN shall not be precluded from accepting the Counteroffer in accordance with (b), from providing information, having discussions, having negotiations or making agreements with the person who made the Counteroffer in relation to the Counteroffer, or from taking any other actions that conflict with or make difficult the implementation of the Tender Offer. However, TEIJIN shall provide the Offeror the same information as that provided to the person who made the Counteroffer as soon as practically possible to the extent permitted by laws and regulations.

(d) Up until the End Date of Counteroffer Consideration Period, if TEIJIN receives a Counteroffer from a person other than the Offeror or becomes aware of a Counteroffer, it shall notify the Offeror of that effect and the details of the Counteroffer (to the extent that TEIJIN actually owns it and is able to notify it) as soon as practically possible. Provided, however, that this shall not apply if the details of the Counteroffer are publicly announced.

(II) Transition Service Agreement (Reverse TSA)

The Offeror entered into a transition service agreement (reverse TSA) (the "Transition Service Agreement (Reverse TSA)") with the Target and TEIJIN, the Target's parent company as of June 18, 2024, with regard to the IT services, etc. provided by the Target to the TEIJIN Group for the purpose of smooth and continuous operation of the TEIJIN Group.

In the Transition Service Agreement (Reverse TSA), the Offeror, the Target, and TEIJIN have mainly agreed that (i) the Target continues to perform the duties relating to the project of the development, etc. of IT systems for the TEIJIN Group, (ii) to the Target continues to perform the duties relating to the operation and maintenance of the IT systems of the TEIJIN Group, (iii) that the Target allows the TEIJIN Group to Use certain assets or takes actions necessary for TEIJIN to Use them.

In addition, the Offeror has also agreed that the Offeror shall not conduct any Separation that would cause the Digital Entertainment Business or Business Solution Business of the Target Group to be separated from the Target Group, nor shall it cause the Target Group to conduct any Separation for a period until two years have elapsed from the date on which the Target has become a wholly-owned subsidiary of the Offeror (provided, however, that this shall not apply in cases where the Offeror, the Target and TEIJIN reasonably consider that the failure to conduct the Separation due to a significant change in the business environment, etc. would cause material damage to the corporate value of the Target Group).

(III) Agreement on prohibition, etc. of business separation

The Offeror's Parent Company entered into a written agreement on the prohibition, etc. of business separation (the "Agreement") between the Target as of June 18, 2024, which includes the following content.

(a) In the Agreement, the Offeror's Parent company shall not implement any Separation that will result in the Digital Entertainment Business or the Business Solution Business of the Target Group being separated from the Target Group (including the Offeror) nor shall it cause the Target Group to implement any Separation, for a period until 2 years have elapsed from the date on which the Target has become a wholly-owned subsidiary of the Offeror (provided, however, that this shall not apply in cases where the Offeror and the Target reasonably consider that the failure to conduct the Separation due to a significant change in the business environment, etc. would cause material damage to the corporate value of the Target Group).

(b) It has been confirmed that the Offeror expects to have all or part of the Target's Stock re-listed on the stock market as the method of exit after the end of the investment period.

(c) The Offeror's Parent Company represents and warrants that the matters stated in the letters of intent and other documents provided by the Offeror to the Target and the Special Committee of the Target in connection with the examination and discussion of the Transaction are true and accurate, contain no false content, and do not lack matters material to the Target's consideration of the Transaction or any matters necessary for avoiding the Target's misunderstanding.

(d) If there is a breach of the representations and warranties of the Offeror's Parent Company pursuant to

(c) above or a breach of the obligations under this Agreement, the Offeror's Parent Company shall indemnify the Target for any costs, losses or damages incurred by the Target as a result of such breach.

2. Overview of the Tender Offer

(1) Overview of the Target

(I)	Name	INFOCOM CORPORATION	
(II)	Address	7-2, Akasaka 9-chome, Minato-ku, Tokyo	
(III)	Name and title of the representative	Jun Kuroda, President and CEO	
(IV)	Description of business	Provision of electronic comic distribution services and planning, developing, operating, and managing of information systems	
(V)	Share capital	1,590,000 thousand yen (as of March 31, 2024)	
(VI)	Date of establishment	February 12, 1983	
(VII)	Major shareholders and ownership ratios (as of September 30, 2023)	TEIJIN LIMITED	57.88%
		The Master Trust Bank of Japan, Ltd. (trust account)	6.09%
		BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (MUFG Bank, Ltd. as standing proxy)	3.09%
		INFOCOM Group Employee Shareholding Association	1.99%
		Custody Bank of Japan, Ltd. (trust account)	1.78%
		BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY (The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch as standing proxy)	1.51%
		THE BANK OF NEW YORK MELLON 140040 (Mizuho Bank, Ltd. as standing proxy)	0.95%
		JAPAN POST INSURANCE Co., Ltd. (Custody Bank of Japan, Ltd. as standing proxy)	0.93%
		JP JPMSE LUX RE MERRILL LYNCH INTERNATIONAL JP EQ CO 2 (MUFG Bank, Ltd. as standing proxy)	0.85%
		MSIP CLIENT SECURITIES (Morgan Stanley MUFG Securities Co., Ltd. as standing proxy)	0.85%
(VIII)	Relationship between the Offeror and the Target		
	Capital relationship	N/A	
	Personnel relationship	N/A	
	Business relationship	N/A	
	Status as related party	N/A	

(Note) Descriptions in "(VII) Major shareholders and ownership ratios (as of September 30, 2023)" are based on "Status of Major Shareholders" stated in the Second Quarterly Report for the 42nd Fiscal Period submitted by the Target on November 10, 2023.

(2) Class of Shares to be Purchased

(I) Common stock

(II) Stock acquisition rights (stock acquisition rights in (i) through (viii) below are collectively referred to as the "Stock Acquisition Rights")

(i) Stock acquisition rights for FY 2013 (the "FY 2013 Stock Acquisition Rights") issued based on the resolution of the Target's board of directors meeting held on May 9, 2013 (exercise period: from June 1, 2013 to May 31, 2043);

(ii) Stock acquisition rights for FY 2014 (the "FY 2014 Stock Acquisition Rights") issued based on the resolution of the Target's board of directors meeting held on May 15, 2014 (exercise period: from June 7, 2014 to June 6, 2044);

(iii) Stock acquisition rights for FY 2015 (the "FY 2015 Stock Acquisition Rights") issued based on the resolution of the Target's board of directors meeting held on May 19, 2015 (exercise period: from June 10, 2015 to June 9, 2045);

(iv) Stock acquisition rights for FY 2016 (the "FY 2016 Stock Acquisition Rights") issued based on the resolution of the Target's board of directors meeting held on May 20, 2016 (exercise period: from June 14, 2016 to June 13, 2046);

(v) Stock acquisition rights for FY 2017 (the "FY 2017 Stock Acquisition Rights") issued based on the resolution of the Target's board of directors meeting held on May 19, 2017 (exercise period: from June 13, 2017 to June 12, 2047);

(vi) Stock acquisition rights for FY 2018 (the "FY 2018 Stock Acquisition Rights") issued based on the resolution of the Target's board of directors meeting held on May 18, 2018 (exercise period: from June 12, 2018 to June 11, 2048);

(vii) Stock acquisition rights for FY 2019 (the "FY 2019 Stock Acquisition Rights") issued based on the resolution of the Target's board of directors meeting held on May 20, 2019 (exercise period: from June 12, 2019 to June 11, 2049); and

(viii) Stock acquisition rights for FY 2020 (the "FY 2020 Stock Acquisition Rights") issued based on the resolution of the Target's board of directors meeting held on May 20, 2020 (exercise period: from June 12, 2020 to June 11, 2050).

(3) Schedule

(I) Schedule

Determination date	June 18, 2024 (Tuesday)
Date of public notice of commencement of tender offer	June 19, 2024 (Wednesday) An electronic public notice will be made and a notice to that effect will be published in the Nihon Keizai Shimbun. (Electronic public notice address: https://disclosure2.edinet-fsa.go.jp/)
Tender offer registration statement submission date	June 19, 2024 (Wednesday)

(II) Initial period of tender offer set at the time of submission of the registration statement

30 business days from June 19, 2024 (Wednesday) to July 31, 2024 (Wednesday)

(III) Possibility of extension upon request by the Target

N/A

(IV) Contact information for confirming extension of period

N/A

(4) Purchase price

(I) 6,060 yen per share of common stock

(II) Stock acquisition rights

(i) 1 yen per unit of FY 2013 Stock Acquisition Rights

(ii) 1 yen per unit of FY 2014 Stock Acquisition Rights
(iii) 1 yen per unit of FY 2015 Stock Acquisition Rights
(iv) 1 yen per unit of FY 2016 Stock Acquisition Rights
(v) 1 yen per unit of FY 2017 Stock Acquisition Rights
(vi) 1 yen per unit of FY 2018 Stock Acquisition Rights
(vii) 1 yen per unit of FY 2019 Stock Acquisition Rights
(viii) 1 yen per unit of FY 2020 Stock Acquisition Rights

(5) Basis of calculation of purchase price

(I) Basis of calculation

(i) Common stock

In determining the Tender Offer Price, based on materials regarding financial information disclosed by the Target, the results of the due diligence conducted on the Target from April 1, 2024 to May 17, 2024, the financial conditions of business and conditions of legal affairs of the Target, the results of discussions and negotiations with the Target and TEIJIN regarding the Tender Offer Price, etc. the Offeror ultimately determined the Tender Offer Price to be 6,060 yen on June 18, 2024.

The Tender Offer Price (6,060 yen) respectively includes a premium of 5.57% over the closing price (5,740 yen) of the Target's Stock on the Prime Market of the TSE as of June 17, 2024, i.e. the business day immediately prior to the date of announcement of the Tender Offer, 23.60% over the simple average closing price (4,903 yen) for the one month until such date, 70.37% over the simple average closing price (3,557 yen) for the three months until such date, and 102.47% over the simple average closing price (2,993 yen) for the six months until such date.

The Tender Offer Price of 6,060 yen respectively includes a premium of 177.35% over the closing price (2,185 yen) of the Target's Stock on the Prime Market of the TSE as of March 8, 2024, where it is considered that the stock price of the Target was not affected by the speculative report by Mergermarket regarding the sale of the Target's Stock by TEIJIN (after the closing of the market on March 8, 2024), 168.50% over the simple average closing price (2,257 yen) for the one month until such date, 155.27% over the simple average closing price (2,374 yen) for the three months until such date, and 142.69% over the simple average closing price (2,497 yen) for the six months until such date.

Also, the Tender Offer Price of 6,060 yen is calculated by adding a premium of 103.29% over the closing price (2,981 yen) of the Target's Stock on the Prime Market of the TSE as of May 9, 2024, where it is considered that the stock price of the Target was not affected by the speculative report by Bloomberg regarding the sale of the Target's Stock by TEIJIN (after the closing of the market on May 9, 2024), 119.17% over the simple average closing price (2,765 yen) for the one month until such date, 132.18% over the simple average closing price (2,610 yen) for the three months until such date, and 140.38% over the simple average closing price (2,521 yen) for the six months until such date.

The Offeror has not obtained a share valuation report from a third-party valuator, since it determined the Tender Offer Price through discussions and negotiations with the Target and TEIJIN, while comprehensively taking into consideration the above factors, such as whether the Target supports the Tender Offer and the prospects of consummation of the Tender Offer.

(ii) Stock Acquisition Rights

The Stock Acquisition Rights were granted to the directors and the executive officers of the Target as stock options. As a condition for exercising the rights, they may only be exercised within 5 years (FY 2013 Stock Acquisition Rights – FY2018 Stock Acquisition Rights) or 10 years (FY 2019 Stock Acquisition Rights – FY 2020 Stock Acquisition Rights) from the day following the date on which the directors and executive officers of the

Target, its subsidiaries, or its affiliates ceased to hold any of their positions. Therefore, even if the Offeror acquires the Stock Acquisition Rights, it will not be able to exercise these rights. Accordingly, the Offeror determined the Stock Acquisition Right Purchase Price to be 1 yen on June 18, 2024.

The Offeror has not obtained a valuation report from a third-party valuator in determining the Stock Acquisition Right Purchase Price.

(II) Process of calculation

As described in "(II) Discussions between the Offeror, and the Target and TEIJIN, process of decision-making by the Offeror" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer" under "1. Purposes of the Tender Offer" above, on February 28, 2024, Blackstone received from Nomura Securities, TEIJIN's financial advisor, the First Process Letter in connection with the transfer of the Target's Stock held by TEIJIN.

In early March 2024, Blackstone appointed Goldman Sachs Japan as a financial advisor that is independent of the Tender Offer Related Parties, and AMT as a legal advisor that is independent of the Tender Offer Related Parties, and analyzed the growth potential and profitability of each of the Target's Digital Entertainment Business and Business Solution Business and the collaborative plan with Blackstone, based on publicly disclosed information. As a result, Blackstone has come to believe that while the Digital Entertainment Business has been driving the Target's growth based on its strong electronic comics platform, and the Business Solution Business has supported the Target's performance as a stable business, both businesses are in a phase where further investment is required in the future, and the use of Blackstone's global investment experience and network, cooperation with portfolio companies, and the sharing of best practices, etc. will enable it to contribute to the Target's business vision over the medium-to-long term.

Based on such consideration, Blackstone decided to participate in the First Bidding Process pertaining to the Transaction, and on March 21, 2024, Blackstone submitted the First Letter of Intent to Nomura Securities regarding its intent concerning taking the Target's Stock private, the purchase price in the Tender Offer, the structure outline, the outline of the assumed schedule, etc. In the First Letter of Intent, Blackstone proposed the same structure as the Tender Offer, the Squeeze-out Procedures, and the Target's Stock Repurchase from the perspective of maximizing the interests of shareholders and smoothly executing the transaction.

Subsequently, in late March 2024, TEIJIN received letters of intent from multiple candidates including Blackstone, and therefore carefully examined the contents of such letters of intent, and selected multiple candidates that passed the First Bidding Process. The Target received, from TEIJIN, notice of such multiple candidates and that the Second Bidding Process will be commenced.

Thereafter, on April 1, 2024, Blackstone was notified by Nomura Securities that it was allowed to participate in the Second Bidding Process and obtained the opportunity to participate in the Second Bidding Process. For approximately 7 weeks from April 1 to May 17 of the same year, Blackstone conducted a full scale due diligence on the Target's business, finance, and legal affairs, interviews with the Target's management team, and interviews with working-level employees to examine the Target's business plan, and verify the synergies in connection with the acquisition of the Target's stock and the disadvantages associated with taking the Target's stock private, and proceeded with further analysis and consideration, including the calculation of corporate value and the collaborative plan after the Transaction.

As a result of such examination, based on the results of the due diligence conducted from April 1, 2024 to May 17, 2024, Blackstone submitted to TEIJIN the Second Letter of Intent on May 17, 2024 to the effect that, (i) the Tender Offer Price shall be 5,570 yen (which reflected a premium of 49.33% over the closing price (3,730 yen) of the Target's Stock on the Prime Market of the TSE as of May 16, 2024, the business day preceding the date of the proposal, 85.54% over the simple average closing price (3,002 yen) for the one month until such date, 104.40%

over the simple average closing price (2,725 yen) for the three months until such date, and 116.73% over the simple average closing price (2,570 yen) for the six months until such date), and (ii) the Stock Acquisition Right Purchase Price in the Tender Offer shall be 1 yen.

Thereafter, Blackstone negotiated with TEIJIN on the contents of the Basic Transaction Agreement and the Transition Service Agreement (Reverse TSA) submitted together with the Second Letter of Intent, and other terms and conditions of the Transaction. Blackstone also continued after May 17, 2024 to examine the possibility of enhancement of the corporate value of the Target in the medium-to-long term through the Transaction, and made a written proposal to TEIJIN on the 30th day of the same month comprehensively taking into account such examination and the competitive situation in the Second Bidding Process, to set the Tender Offer Price at 6,060 yen (which reflected a premium of 33.19% over the closing price (4,550 yen) of the Target's Stock on the Prime Market of the TSE as of May 29, 2024, which is the business day preceding the date of the proposal, 66.58% over the simple average closing price (3,638 yen) for the one month until such date, 102.20% over the simple average closing price (2,997 yen) for the three months until such date, and 124.78% over the simple average closing price (2,696 yen) for the six months until such date).

On the same day, Blackstone was informed by TEIJIN that it had selected Blackstone as a final purchaser candidate who submitted the best Second Letter of Intent including the tender offer price, and would commence discussions and examinations towards implementation of the Transaction including the Target's Stock Repurchase, and Blackstone entered into a memorandum of understanding concerning the granting of an exclusive negotiation right.

Thereafter, as TEIJIN and the Target accepted the Second Letter of Intent, the Offeror decided on June 18, 2024 to carry out the Tender Offer, entered into the Basic Transaction Agreement with TEIJIN, and agreed with TEIJIN to set the Tender Offer Price at 6,060 yen, the Stock Acquisition Right Purchase Price at 1 yen, and the Target's Stock Repurchase Price at 4,231 yen. The Tender Offer Price of 6,060 yen reflected a premium of 177.35% over the closing price (2,185 yen) of the Target's Stock on the Prime Market of the TSE as of March 8, 2024, where it is considered that the stock price of the Target was not affected by the speculative report by Mergermarket (after the closing of the market on March 8, 2024) concerning the sale of the Target's Stock by TEIJIN, 168.50% over the simple average closing price (2,257 yen) for the one month until such date, 155.27% over the simple average closing price (2,374 yen) for the three months until such date, and 142.69% over the simple average closing price (2,497 yen) for the six months until such date, and a premium of 103.29% over the closing price (2,981 yen) of the Target's Stock on the Prime Market of the TSE as of May 9, 2024, where it is considered that the stock price of the Target was not affected by the speculative report by Bloomberg (after the closing of the market on May 9, 2024) concerning the sale of the Target's Stock by TEIJIN, 119.17% over the simple average closing price (2,765 yen) for the one month until such date, 132.18% over the simple average closing price (2,610 yen) for the three months until such date, and 140.38% over the simple average closing price (2,521 yen) for the six months until such date.

The structure remained unchanged from the First Letter of Intent and the Second Letter of Intent, and the Offeror and TEIJIN agreed on the same structure as the Tender Offer, Squeeze-Out Procedures, and the Target's Stock Repurchase.

(III) Relationship with valuator

The Offeror determined the Tender Offer Price by comprehensively considering the factors described in "(I) Basis of calculation" above and through discussions and negotiations with the Target, and has not obtained a valuation report or a fairness opinion from a third-party valuator. Therefore, it has no applicable relationship.

(6) Number of Shares, Etc. to be purchased

Class of Shares, Etc.	Number of tendered shares to be purchased	Minimum number of tendered shares to be purchased	Maximum number of tendered shares to be purchased
Common Stock	23,331,718 shares	5,036,700 shares	- shares
Total	23,331,718 shares	5,036,700 shares	- shares

(Note 1) If the total number of the Tendered Shares is less than the minimum number of tendered shares to be purchased in the Tender Offer (5,036,700 shares), the Offeror will purchase etc. none of the Tendered Shares. If the total number of the Tendered Shares is no less than the minimum number of tendered shares to be purchased in the Tender Offer (5,036,700 shares), the Offeror will purchase etc. all of the Tendered Shares.

(Note 2) Since the maximum number of tendered shares to be purchased in the Tender Offer has not been set, the maximum number of the Target's Stock that the Offeror shall purchase in the Tender Offer (23,331,718 shares) is described as the number of tendered shares to be purchased. This is the number of shares (23,331,718 shares) calculated by deducting the number of Non-Tendered Shares (31,760,000 shares) from the Total Number of Shares after Consideration of Dilutive Shares (55,091,718 shares).

(Note 3) Shares less than one unit are also subject to the Tender Offer. If a shareholder exercises the right to demand purchase of shares which is less than one unit pursuant to the Companies Act, the Target may purchase its shares during the Tender Offer Period in accordance with statutory procedures.

(Note 4) The treasury shares held by the Target are not scheduled to be acquired through the Tender Offer.

(Note 5) Although the Stock Acquisition Rights may be exercised by the last day of the Tender Offer Period, the Target's Stock issued or delivered as a result of such exercise will also be subject to the Tender Offer.

(7) Changes in percentage of ownership of Shares, Etc. after Tender Offer

Number of voting rights pertaining to the Shares, Etc. held by the Offeror prior to the tender offer	- units	(Ownership ratio of Shares, Etc. prior to the tender offer: - %)
Number of voting rights pertaining to the Shares, Etc. held by special related parties prior to the tender offer	317,600 units	(Ownership ratio of Shares, Etc. prior to the tender offer: 57.65%)
Number of voting rights pertaining to the Shares, Etc. held by the Offeror after the tender offer	233,317 units	(Ownership ratio of Shares, Etc. after the tender offer: 42.35%)
Number of voting rights pertaining to the Shares, Etc. held by special related parties after the tender offer	317,600 units	(Ownership ratio of Shares, Etc. after the tender offer: 57.65%)
Total number of voting rights of all shareholders of the Target	548,644 units	

(Note 1) "Number of voting rights pertaining to the Shares, Etc. held by the Offeror after the tender offer" is the number of voting rights pertaining to the number of Shares, Etc. to be purchased in the Tender Offer (23,331,718 shares).

(Note 2) Each of "Number of voting rights pertaining to the Shares, Etc. held by special related parties prior to the tender offer" and "Number of voting rights pertaining to the Shares, Etc. held by the Offeror after the tender offer" is the total number of voting rights pertaining to the Shares, Etc. held by special related parties (excluding those who are excluded from special related parties pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Disclosure of Takeover Bids of Shares Conducted by Non-Issuers (Ministry of Finance Japan Ordinance No. 38 of 1990, as amended; the "TOB Order") for the purpose of calculating the ownership ratio of Shares, Etc. under each Item of Article 27-2, Paragraph 1 of the Act).

(Note 3) "Total number of voting rights of all shareholders of the Target" is the number of the voting rights of all shareholders as of September 30, 2023 as described in the "Third Quarterly Report for the 42nd Fiscal Period" submitted by the Target on February 9, 2024 (the number of shares in one unit is stated as 100 shares). However, because shares less than one unit (excluding treasury shares of less than one unit held by the Target) and shares in the Target to be delivered upon exercise of the Share Acquisition Rights are subject to the Tender Offer, "Ownership ratio of Shares, Etc. prior to the tender offer" and "Ownership ratio of Shares, Etc. after the tender offer" are calculated using the number of voting rights (550,917 units) pertaining to the Total Number of Shares after Consideration of Dilutive Shares (55,091,718 shares) as the denominator.

(Note 4) "Ownership ratio of Shares, Etc. prior to the tender offer" and "Ownership ratio of Shares, Etc. after the tender offer" are indicated by rounding off to the second decimal place.

(8) Purchase price: 141,390 million yen

(Note) "Purchase price" is the amount calculated by multiplying the tendered shares to be purchased in the Tender Offer (23,331,718 shares) by the Tender Offer Price (6,060 yen).

(9) Method of settlement

(I) Name and address of the head office of securities corporations or banks etc. in charge of the settlement of purchase

Mizuho Securities Co., Ltd.
5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo

(II) Commencement date of settlement

August 7, 2024 (Wednesday)

(III) Method of settlement

A notice of purchase, etc. through the Tender Offer shall be mailed to the addresses of the shareholders tendering their shares under the Tender Offer (the "Tendering Shareholders") (or the addresses of standing proxies in the case of shareholders that reside outside Japan (including corporate shareholders; the "Non-Resident Shareholders")) without delay after the expiry of the Tender Offer Period. Payment for the shares will be made in cash. The tender offer agent will, without delay after the commencement date of settlement and in accordance with the instructions of the Tendering Shareholders (or their standing proxies in the case of Non-Resident Shareholders), remit the proceeds of the Shares, Etc. purchased to the place designated by the Tendering Shareholders (or their standing proxies in the case of Non-Resident Shareholders) or transfer the proceeds to the account of the Tendering Shareholders with the tender offer agent that has accepted the tender.

(IV) Method of return of Shares, Etc.

If none of the Tendered Shares is purchased pursuant to the conditions set out in "(I) Conditions set forth in Article 27-13, Paragraph 4 of the Act and the details thereof" or "(II) Conditions for withdrawal of the Tender Offer, details thereof and method of disclosure for withdrawal" in "(10) Other Conditions and Methods of Tender Offer," the tender offer agent will return the Shares, Etc. which must be returned promptly two business days after the last day of the Tender Offer Period (in the case of a withdrawal of the Tender Offer, the date of such withdrawal). The share of the Target's Stock will be returned by restoring them to the condition in which they were tendered and, in the case of the Stock Acquisition Rights, the documents submitted in connection with the tender of the Stock Acquisition Rights will be returned to the Tendering Shareholders either by delivery or by mail to their addresses, depending on the instructions of the Tendering Shareholders.

(10) Other conditions and methods of Tender Offer

(I) Conditions set forth in Article 27-13, Paragraph 4 of the Act and the details thereof

If the total number of the Tendered Shares is less than the minimum number of tendered shares to be purchased in the Tender Offer (5,036,700 shares), the Offeror will purchase, etc. none of the Tendered Shares. If the total number of the Tendered Shares is no less than the minimum number of tendered shares to be purchased in the Tender Offer (5,036,700 shares), the Offeror will purchase, etc. all of the Tendered Shares.

(II) Conditions for withdrawal of the Tender Offer, details thereof and method of disclosure for withdrawal

Upon the occurrence of any of the matters provided in Article 14, Paragraph 1, Items (i) (a) through (j) and (m) through (s), Items (iii) (a) through (h) and (j) and Item (iv), and Article 14, Paragraph 2, Items (iii) through (vi) of the Enforcement Order of the Financial Instruments and Exchange Act (Government Ordinance No. 321 of 1965, as amended; the "Enforcement Order"), the Tender Offer may be withdrawn. The "facts equivalent to those set forth in (a) to (i)" stipulated in Article 14, Paragraph 1, Item (iii) (j) of the Enforcement Order means: (i) discovery of a false statement concerning a material item or an omission of a statement concerning a material item that is required to be stated in the statutory disclosure documents submitted by the Target in the past, and the Offeror did not know, and in the exercise of reasonable care could not have known, of the existence of such false statement or the like; or (ii) occurrence of any of the facts listed in (a) to (g) of the same Item with respect to the Target's important subsidiary.

With respect to a Prior Notification given by the Offeror to the Japan Fair Trade Commission pursuant to Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the "Antimonopoly Act"), if, by the day immediately preceding the date of expiration of the Tender Offer Period (including any extension thereof), (i) the Offeror receives a Prior Notice of the Cease and Desist Order from the Japan Fair Trade Commission ordering disposal of all or part of the Target's Stock, assignment of part of the Offeror's businesses, or any other similar disposal; (ii) the Measure Period during which a Prior Notice of the Cease and Desist Order must be given pursuant to the Antimonopoly Act does not expire; or (iii) the Offeror becomes subject to a petition for emergency suspension order from a court as a person who is suspected of violating Article 10, Paragraph 1 of the Antimonopoly Act, the Offeror may withdraw the Tender Offer for the reason that it has failed to obtain "licenses, etc." under Article 14, Paragraph 1, Item (iv) of the Enforcement Order. In addition, if, upon a notification submitted pursuant to Article 27, Paragraph 1 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended; the "Foreign Exchange Act"), the Minister of Finance and the competent minister for business finds it necessary to examine if, or determines that, the relevant inward direct investment, etc. falls under the inward direct investment, etc. that is a matter of national security or a similar concern, and the waiting period which is required before the Offeror becomes able to acquire the Target's Stock is extended or changes to or discontinuation of the inward direct investment, etc.is recommended by the day immediately preceding the date of expiration of the Tender Offer Period (including any extension thereof), the Offeror may withdraw the Tender Offer for the reason that it has failed to obtain "licenses, etc." under Article 14, Paragraph 1, Item (iv) of the Enforcement Order.

If the Offeror decides to withdraw the Tender Offer, it shall give a public notice electronically and publish a notice to that effect in the Nihon Keizai Shimbun. If it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror shall make an announcement by the method prescribed in Article 20 of the TOB Order, and give public notice immediately thereafter.

(III) Conditions of reduction of purchase price and method of disclosure of the reduction

If the Target conducts any act prescribed in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, then pursuant to the provisions of Article 27-6, Paragraph 1, Item (i) of the Act, the Offeror may reduce the price of tender offer in accordance with the standards prescribed in Article 19, Paragraph 1 of the TOB Order.

If the Offeror decides to reduce the purchase price, it shall give a public notice electronically and publish a notice to that effect in the Nihon Keizai Shimbun. If it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror shall make an announcement by the method prescribed in Article 20 of the TOB Order, and give public notice immediately thereafter. If the price of tender offer is reduced, the Tendered Shares that were tendered on or before the date of the relevant public notice shall also be purchased at the reduced price of tender offer.

(IV) Matters concerning the right of Tendering Shareholders to cancel their tender

The Tendering Shareholders may cancel the agreement concerning the Tender Offer at any time during the Tender Offer Period. Tendering Shareholders who wish to cancel such agreements must deliver, or send by mail, a document stating that such Tendering Shareholders cancel agreements concerning the Tender Offer (the "Cancellation Notice") to the head office or any branch office of the tender offer agent that accepted the tender no later than 3:00 p.m. on the last day of the Tender Offer Period. Cancellation of agreements will become effective upon delivery to or receipt by the tender offer agent of the Cancellation Notice. Accordingly, please note that the agreements may not be cancelled unless the Cancellation Notice, if sent by mail, is received by the tender offer agent by no later than 3:00 p.m. on the last day of the Tender Offer Period.

The Offeror will not seek compensatory damages or penalties from the Tendering Shareholders for cancelling the agreement. The Offeror will also bear the cost for returning the Tendered Shares. If cancellation is requested, the Tendered Shares will be returned promptly after the completion of the procedures relating to the cancellation request in the manner described in "(IV) Method of return of Shares, Etc." under "(9) Method of Settlement" above.

(V) Method of disclosure of amendment to the conditions of Tender Offer (if any)

The Offeror may change the terms for purchase during the Tender Offer Period, excluding the changes prohibited by Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order. If the Offeror decides to change the terms for purchase, it shall give a public notice electronically on the contents of the change and publish a notice to that effect in the Nihon Keizai Shimbun. If it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror shall make an announcement by the method prescribed in Article 20 of the TOB Order, and give public notice immediately thereafter. If the terms for purchase are changed, the Tendered Shares that were tendered on or before the date of the relevant public notice shall also be purchased at the terms of purchase after the change.

(VI) Method of disclosure of amendment statement (if any)

If the Offeror submitted an amendment statement to the Director of the Kanto Local Finance Bureau (excluding a submission pursuant to the proviso of Article 27-8, Paragraph 11 of the Act), it shall immediately announce the matters stated in the amendment statement that relate to the matters stated in the public notice concerning commencement of the tender offer by the method prescribed in Article 20 of the TOB Order. The Offeror must also immediately amend the Tender Offer Explanatory Statement and deliver the amended Tender Offer Explanatory Statement to the Tendering Shareholders who have already received the Tender Offer Explanatory Statement. However, if the amendment is minor, the Offeror shall instead prepare a document stating the reasons for the amendment, the items that were amended, and the contents after the amendment, and deliver that document to the Tendering Shareholders.

(VII) Method of disclosure of results of Tender Offer

The Offeror will announce the results of the Tender Offer on the day immediately after the last day of the Tender Offer Period by the method stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order.

(11) Public notice date of commencement of the Tender Offer

June 19, 2024 (Wednesday)

(12) Tender offer agent

Mizuho Securities Co., Ltd.
5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo

3. Policies after the Tender Offer and Future Prospects

For the policies after the Tender Offer, please refer to "(2) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer," "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")," and "Possibility of delisting and reason therefor" under "1. Purposes of the Tender offer" above.

4. Others

(1) Existence and details of the agreement between the Offeror and the Target or the officers thereof

(I) Opinion in favor of and recommendation to tender in the Tender Offer

According to the Target's Press Release, the Target resolved at its board of directors meeting held today that it will express its opinion supporting the Tender Offer and recommend that its shareholders tender their shares in the Tender Offer, and the decision of the Stock Acquisition Right Holders as to whether to tender in the Tender Offer shall be left to the discretion of the Stock Acquisition Right Holders.

For details, please refer to the Target's Press Release and "(V) Unanimous approval of all disinterested directors of the Target and the opinion of all disinterested auditors of the Target that they have no objection" under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" under "1. Purposes of the Tender Offer" above.

(II) Target's Stock Repurchase

According to the Target's Press Release and explanation made by the Target, the Target deems that the Transaction will contribute to enhancing the corporate value of the Target, and plans to conduct the Target’s Stock Repurchase as part of the Transaction at the Target's Stock Repurchase Price of 4,231 yen, after the Share Consolidation, which will be conducted after the consummation of the Tender Offer, has become effective.

While the Target's Stock Repurchase will be conducted within the scope of the distributable amount of the Target, for the purpose of securing a distributable amount to conduct the Target's Stock Repurchase and securing funds to conduct the Target's Stock Repurchase among others, the Offeror will provide the Funding to the Target, and for the purpose of securing a distributable amount to conduct the Target's Stock Repurchase, the Target plans to conduct the Capital Reduction.

For details, please refer to the Target's Press Release and "(II) Discussions between the Offeror and the Target and TEIJIN, process of decision-making by the Offeror" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the implementation of the Tender Offer, and management policy after the Tender Offer" under "1. Purposes of the Tender Offer" above.

(III) Other material agreements relating to the Tender Offer

The Offeror has executed the Transition Service Agreement (Reverse TSA) and the Agreement with the Target as of June 18, 2024. For details of such agreements, please refer to "(6) Material agreements relating to the Tender Offer" under "1. Purposes of the Tender Offer."

(2) Other information deemed necessary for the investors to decide whether to tender in the tender offer

(I) Announcement of "Notification Regarding Revision of Dividend of Surplus Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend) and Abolition of Shareholder Benefit Plan"

According to the Target, the Target resolved at its board of directors meeting held today that, subject to the consummation of the Tender Offer, the interim dividend and year-end dividend for the fiscal year ending March 2025, which were announced by the Target on April 25, 2024, shall be revised and dividends of surplus for the terms for which their respective record dates are set at September 30, 2024 (end of second quarter) and March 31, 2025 (year-end) will not be paid, and also that the shareholder benefit plan shall be abolished from the fiscal year ending March 31, 2025.

For details, please refer to the "Notification Regarding Revision of Dividend of Surplus Forecast for the Fiscal Year Ending March 2025 (No Dividend) and Abolition of Shareholder Benefit Plan" announced by the Target today.

(II) Announcement of "Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)"

The Target filed its Summary Securities Report on April 25, 2024, and the outline of the announcement is as follows. Please note that said details have not been audited by an audit corporation pursuant to Article 193-2, Paragraph 1 of the Act. The following outline of the announcement is a partial excerpt of the details announced by the Target. Please refer to the announcement for details.

Profits and losses (consolidated)

(Unit: million yen)

Fiscal Year	Fiscal Year Ended March 31, 2024
Net Sales	84,453
Cost of Sales	44,282
Sales, general and administrative expenses	30,386
Non-operating income	121
Non-operating expenses	13
Profit attributable to owners of parent	6,609

Profits and losses per share (consolidated)

Fiscal Year	Fiscal Year Ended March 31, 2024
Basic earnings per share (yen)	120.50
Dividend per share (yen)	45.00
Net asset per share (yen)	888.43

END

【Restrictions on Solicitation】

This press release is a press release to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting sales. When applying for the offer to sell, please make sure to read the Tender Offer Explanatory Statement regarding the Tender Offer and apply for the offer at your own discretion. This press release does not constitute or form part of any offer or invitation to sell or solicitation of any offer to buy any securities, nor shall this press release (or any part thereof) or the fact of its distribution form the basis of any agreement relating to the Tender Offer, nor may it be relied upon in entering into any such agreement.

【U.S. Regulations】

・The Tender Offer is for the acquisition of the Target's Stock. The Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed by the Financial Instruments and Exchange Act of Japan, which may differ from the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the same applies hereunder) and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information included in this press release was prepared based on the Japanese Accounting Standards, which may differ significantly from those of other countries, including the United States. As the Offeror and the Target are incorporated outside of the United States, and all or some of its executives are not residents of the United States, it may be challenging to exercise rights or requests based on securities-related laws of the United States. Also, courts of the United States may be unable to take legal action against entities incorporated outside of the United States or their executives based on violation of securities-related laws of the United States. Furthermore, entities incorporated outside of the United States, their subsidiaries and affiliates, and their executives may fall outside of the jurisdiction of the courts of the United States.

・The financial advisors to the Offeror and the Target, as well as the tender offer agent (including their related parties) may engage in purchases of Target's Stock, not through the Tender Offer, for their own account or for their customers' accounts or may engage in acts for such purchases to the extent undertaken in the ordinary course of their businesses and to the extent permitted under the Financial Instruments and Exchange Act of Japan and other applicable laws and regulations, in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, during the Tender Offer Period. Such purchases may be conducted at a market price through a market transaction, or at a price determined through negotiations off-market. In the event that information regarding such purchases is disclosed in Japan, such information will also be disclosed on the English website of the financial advisor, the Target, or the tender offer agent conducting such purchases, or will otherwise be made publicly available.

・Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. All or a part of the documentation relating to the Tender Offer will be prepared in the English language; however, if there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.

・This press release includes statements that fall under "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Due to known and unknown risks and uncertainties, actual results may differ significantly from the statements that are implicitly or explicitly forward-looking. The Offeror and its affiliates do not guarantee for such implicit and explicit forward-looking statements to materialize. The "forward-looking statements" in this press release were prepared based on information obtained by the Offeror as of the date hereof, and unless required by law, the Offeror and its affiliates are not obligated to amend or revise such forward-looking statements.

・In the event a shareholder's right to demand the purchase of fractional shares of less than one unit is exercised in accordance with the Companies Act, the Target may purchase its treasury shares during the Tender Offer Period in accordance with the procedures set forth in the laws and regulations.

【Other Countries】

Certain countries or regions may impose legal restrictions on the announcement, publication, or distribution of this press release. In such cases, please be aware of and comply with those restrictions. This shall not constitute a solicitation of an offer to purchase or an offer to sell shares in connection with the Tender Offer, and shall be deemed to be merely the distribution of materials as information.