



April 28, 2022

To all parties concerned,

Company Name: Hitachi Transport System, Ltd.
Name of Representative: Hiroaki Takagi
Representative Executive Officer, President and COO
(Code: 9086, Prime Market of the Tokyo Stock Exchange)
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Announcement of Expression of Opinion in Support of the Scheduled Commencement of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Recommendation of Tender

Hitachi Transport System, Ltd. (the “Company”) hereby announces that, with respect to a tender offer by HTSK Co., Ltd. (the “Tender Offeror”) for the common shares of the Company (the “Company Shares”) (the “Tender Offer”), the Company resolved, at the board of directors’ meeting held today, as the current opinion of the Company, to express an opinion supporting the Tender Offer if the Tender Offer is commenced and to recommend that the Company’s shareholders tender their shares in the Tender Offer, as described below.

According to the Tender Offeror, since it will take a certain period of time for the procedures and actions required under domestic and foreign competition laws (namely, those of Japan, China, the United States, Europe, Russia, and Turkey) and domestic and foreign laws and regulations concerning inward direct investments (namely, those of Japan, Germany, the United Kingdom, Italy, Poland and India) (procedures and actions are required for Japan and may also be required for Germany, the United Kingdom, Italy, Poland and India), the Tender Offeror will commence the Tender Offer if certain conditions (Note 1) (the “Conditions for Commencement of the Tender Offer”), including completion of these procedures and actions, are fulfilled (or waived by the Tender Offeror).

The Tender Offeror will promptly commence the Tender Offer if the Conditions for Commencement of the Tender Offer are fulfilled (or waived by the Tender Offeror) (Note 2). As of today, the Tender Offeror aims to commence the Tender Offer in late September 2022 consulting with local law firms regarding the procedures and actions required under domestic and foreign competition laws and domestic and foreign laws and regulations concerning inward direct investments. However, since it is difficult to accurately predict the time period required for the procedures by foreign and domestic competition authorities and authorities supervising

inward direct investments, the Company resolved, at the board of directors' meeting mentioned above, to follow the following procedure in expressing its opinion on this matter. In other words, as described in “[5] Approval of All Disinterested Company Directors” 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 Conflicts of Interest” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” below, the Company resolved that when the Tender Offer is commenced, a special committee established by the Company for the Tender Offer (the “Special Committee”) will be requested to consider whether there are changes in its opinion expressed to the Company’s board of directors today, and, if there are no changes, make a statement to that effect, or, if there are changes, state the changed opinion to the Company’s board of directors, and that based on such opinion of the Special Committee, the Company will express its opinion on the Tender Offer again when the Tender Offer is commenced.

(Note 1) According to the Tender Offeror, the following are the Conditions for Commencement of the Tender Offer:

[1] the Company’s Special Committee has made an affirmative report regarding the Company’s board of directors expressing an opinion in support of the Transaction (as defined below), and the report has not been amended (excluding where the amended report approves the Company’s board of directors expressing an opinion in support of the Transaction or where it is a minor amendment due to an update of information that is necessarily required due to the passage of time from the execution date of the Basic Agreement (as defined below) to the commencement date of the Tender Offer or otherwise) or withdrawn;

[2] a resolution to express an opinion in support of the Transaction has been adopted at a meeting of the board of directors of the Company, and that opinion has been disclosed pursuant to the relevant laws and regulations and has not been amended (excluding where the amended opinion approves the Transaction or where it is a minor amendment due to an update of information that is necessarily required due to the passage of time from the execution date of the Basic Agreement to the commencement date of the Tender Offer or otherwise) or revoked;

[3] no decision has been made by a judicial or administrative agency to restrain or prohibit any part of the Transaction, and there is no specific possibility thereof;

[4] Hitachi, Ltd. (“Hitachi”) has performed or complied with, in all material respects, its obligations under the Basic Agreement that should be performed or complied with by the commencement date of the Tender Offer (Note 2) (however, unless a breach of any of the obligations has a material adverse effect, this condition will be deemed to have been satisfied);

[5] Hitachi’s representations and warranties (Note 3) are true and correct in all material respects (however, unless a breach of any of the representations and warranties has a material adverse effect, this condition will be deemed to have been satisfied);

[6] a confirmation has been obtained from the Company to the effect that there is no material fact (as

defined in Article 166, Paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended)) regarding the Company's business that has not been publicized (as defined in Article 166, Paragraph 4 of the Act) by the Company;

[7] acquisition of clearance has been completed regarding necessary approvals and authorizations (Note 4) (Note 5)

[8] the Tender Offeror has received from the Company the Letter of Understanding (as defined below), and the Letter of Understanding has not been revoked by the commencement date of the Tender Offer and remains valid and effective;

[9] the Company has performed or complied with, in all material respects, its obligations under the Letter of Understanding that should be performed or complied with by the commencement date of the Tender Offer (Note 6) (excluding the obligation to make efforts to conduct necessary acts pursuant to laws and regulations, internal rules, labor agreements, and agreements important for its business in order for the Company to conduct the Transaction lawfully and effectively) (however, unless a breach of any of the obligations has a material adverse effect, this condition will be deemed to have been satisfied); and

[10] the Company's representations and warranties under the Letter of Understanding (Note 7) are true and correct in all material respects (however, unless a breach of any of the representations and warranties has a material adverse effect, this condition will be deemed to have been satisfied).

(Note 2) For details of the Company's Hitachi's right to claim that the Tender Offer not be commenced, please see "[1] The Basic Agreement" under "4. Matters Concerning Important Agreements Relating to the Tender Offer."

(Note 3) For details of Hitachi's obligations under the Basic Agreement, please see "[1] The Basic Agreement" under "4. Matters Concerning Important Agreements Relating to the Tender Offer."

(Note 4) For details of Hitachi's representations and warranties under the Basic Agreement, please see "[1] The Basic Agreement" under "4. Matters Concerning Important Agreements Relating to the Tender Offer."

(Note 5) According to the Tender Offeror, "necessary approvals and authorizations" means the notifications under the competition laws of Japan, China, the United States, Europe, Russia, and Turkey and the prior notifications under domestic and foreign laws and regulations concerning inward direct investments (namely, those of Japan, Germany, the United Kingdom, Italy, Poland and India). However, since the prior notifications under foreign laws and regulations concerning inward direct investments (namely, those of Germany, the United Kingdom, Italy, Poland and India) may not be required the opinion of the relevant authority in each country with respect to the Company's business and characteristics, the Tender Offeror will confirm the opinions of the relevant authorities promptly and determine whether they are required considering the opinions of the legal advice from local law firms.

(Note 6) According to the Tender Offeror, the Tender Offeror will perform the necessary procedures and actions under the competition laws of Japan, China, the United States, Europe, Russia, and Turkey and domestic and foreign laws and regulations concerning inward direct investments of Japan, Germany, the United Kingdom, Italy, Poland and India toward completion of acquisition of clearances for the necessary approvals and authorizations based on legal advice from local law firms. However, since prior notifications under foreign laws and regulations concerning inward direct investments (namely, those of Germany, the United Kingdom, Italy, Poland and India) may not be required the opinion of the relevant authority in each country with respect to the Company’s business and characteristics, the Tender Offeror will confirm the opinions of the relevant authorities promptly and determine whether they are required considering the opinions of the legal advice from local law firms. The Tender Offeror plans to consult with domestic and foreign competition authorities and inward direct investment authorities in order to implement relevant procedures and actions.

(Note 7) For details of the Company’s obligations under the Letter of Understanding, please see “[2] Letter of Understanding” under “4. Matters Concerning Important Agreements Relating to the Tender Offer.”

(Note 8) For details of the Company’s representations and warranties under the Letter of Understanding, please see “[2] Letter of Understanding” under “4. Matters Concerning Important Agreements Relating to the Tender Offer.”

In addition, according to the Tender Offeror, the Tender Offeror will conduct the Tender Offer with the intention of making the Company a wholly-owned subsidiary of the Tender Offeror and delisting the Company Shares through the Tender Offer and a series of procedures scheduled thereafter, as described in “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)” and “[1] Overview of the Tender Offer” under (2) Grounds and Reasons for the Opinion on the Tender Offer” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” below.

The resolution at the board of directors’ meeting mentioned above was adopted on the assumption that the Tender Offeror intends to acquire all the Company Shares and that the Company Shares are planned to be delisted through the Transaction including the Tender Offer.

1. Overview of the Tender Offeror

[1] Name	HTSK Co., Ltd.
[2] Location	Meiji Yasuda Life Insurance Building 11F, 2-1-1 Marunouchi, Chiyoda-ku, Tokyo
[3] Name and Title of Representative	Steven Codispoti, Representative Director
[4] Type of Business	Trade and any other business incidental or related to trade

[5] Amount of Capital	5,000 yen
[6] Date of Foundation	April 21, 2022
[7] Major Shareholders and Shareholding Ratio	HTSK Holdings Co., Ltd. (shareholding ratio: 100.00%)
[8] Relationship between the Company and the Tender Offeror	
Capital Relationship	N/A
Personal Relationship	N/A
Transaction Relationship	N/A
Status as a Related Party	N/A

2. Price for Purchase, Etc.

8,913 yen per common share (the “Tender Offer Price”)

3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer

(1) Details of the Opinion on the Tender Offer

At its board of directors’ meeting held today, the Company resolved, on the grounds and reasons set out in “(2) Grounds and Reasons for the Opinion on the Tender Offer” below, as the current opinion of the Company, to express its opinion supporting the Tender Offer if the Tender Offer is commenced and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

As described above, the Tender Offeror will promptly commence the Tender Offer if the Conditions for Commencement of the Tender Offer are fulfilled (or waived by the Tender Offeror). As of today, the Tender Offeror aims to commence the Tender Offer in late September 2022. However, since it is difficult to accurately predict the time period required for the procedures by foreign and domestic competition authorities and authorities supervising inward direct investments, the Company resolved, at the board of directors’ meeting mentioned above, to follow the following procedure in expressing its opinion on this matter. In other words, as described in “[5] Approval of All Disinterested Company Directors” 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 Conflicts of Interest” below, the Company resolved that when the Tender Offer is commenced, the Company’s Special Committee will be requested to consider whether there are changes in its opinion expressed to the Company’s board of directors today, and, if there are no changes, make a statement to that effect, or, if there are changes, state the changed opinion to the Company’s board of directors, and that based on such opinion of the Special Committee, the Company will express its opinion on the Tender Offer again when the Tender Offer is commenced.

The resolution at the board of director’s meeting mentioned above was adopted in accordance with

the method described in “[5] Approval of All Disinterested Company Directors” 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 Conflicts of Interest” below.

(2) Grounds and Reasons for the Opinion on the Tender Offer

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

[1] Overview of the Tender Offer

According to the Tender Offeror, the Tender Offeror is a stock company (*kabushiki kaisha*) established on April 21, 2022 with the primary business of controlling and managing the business activities of the Company following completion of the Tender Offer in which the Tender Offeror will acquire and hold shares in the Company, and as of today, all of the issued shares of the Tender Offeror are held by HTSK Holdings Co., Ltd., a stock company (*kabushiki kaisha*) established on April 21, 2022 (the “Tender Offeror Parent”). Furthermore, as of today, all of the issued shares of the Tender Offeror Parent are held by HTSK Investment L.P. (“KKR Fund”), a limited partnership established under the laws of Ontario, Canada on April 25, 2022, which is indirectly held and operated by Kohlberg Kravis Roberts & Co. L.P., which is an investment advisory company established in the State of Delaware, the United States (together with its affiliates and related funds, “KKR”). As of today, none of the Tender Offeror, the Tender Offeror Parent, and the KKR Fund holds any Company Shares.

According to KKR, KKR’s investment philosophy is to make investments from a long-term perspective in partnership with its investee companies’ management teams, and KKR aims to create leading companies in the relevant industries by leveraging its various management resources, expertise, and networks as a partner of companies and their management teams having great business foundations and potencies. Based on this philosophy, KKR also focuses on carve-outs (business divestitures) of and independence support for subsidiaries and business units from companies and strives to support business development of its investee companies as independent business entities by promoting their growth strategies and improving their profitability and business efficiency, both organically (by leveraging existing management resources) and inorganically (through alliances with, or acquisitions of, other companies); as a result, KKR has a track record of success in approximately 60 carve-out (business divestiture) and independence support projects around the world.

According to KKR, KKR was founded in 1976, is an international investment company having assets under management amounting to approximately 470 billion dollars around the world, including private equity investments, and is listed on the New York Stock Exchange. Since the opening of its Tokyo office in 2006, KKR has been actively expanding its investment activities in the Japanese market and is operated by employees from diverse backgrounds that possess an

understanding of Japanese trade practices. In 2010, KKR invested in Intelligence, Ltd., a comprehensive HR services provider. In 2014, KKR supported the carve-out of Panasonic Healthcare Co., Ltd. (“PHC”) from Panasonic Corporation, and through KKR’s support, PHC subsequently acquired the diabetes care business of Bayer Aktiengesellschaft and its subsidiary Bayer HealthCare in 2016 and then acquired the anatomical pathology business (now known as EpreDia) of Thermo Fisher Scientific, Inc. as well as LSI Medience Corporation, a major clinical testing company in Japan and a subsidiary of Mitsubishi Chemical Holdings Corporation, in 2019; thus, KKR has a track record of supporting its Japanese investee companies’ follow-on acquisitions of domestic and overseas enterprises. In 2015, KKR invested in the DJ equipment business unit of Pioneer Corporation (now known as Pioneer DJ Corporation) and in 2017, KKR implemented tender offers for Calsonic Kansei Corporation, a listed subsidiary of Nissan Motor Co., Ltd., and Hitachi Koki Co., Ltd. and Hitachi Kokusai Electric Inc., listed subsidiaries of Hitachi; through these initiatives, KKR has promoted independence support for Japanese companies’ subsidiaries and business units. In March 2021, KKR jointly acquired shares in Seiyu Co., Ltd. (“Seiyu”), a major supermarket player and a subsidiary of Walmart Inc., with Rakuten DX Solution G.K., a subsidiary of Rakuten Inc. (“Rakuten”), and through an alliance with Rakuten, KKR has integrated online and physical retailing and has supported promotion of digital transformation (“DX”). By providing its capital, human resources, and networks to those companies expected to achieve high future growth, KKR has been committed to supporting acceleration of growth and structural development of its investee companies. In March 2022, KKR acquired Yayoi Co., Ltd. (“Yayoi”), which provides business software and has the largest market share in Japan in cloud accounting software for sole proprietors (source: “Survey of Actual Cloud Accounting Software Usage” by MM Research Institute, Ltd. (as of the end of April 2021)), from ORIX Corporation. Since small and medium-sized enterprises (having the meaning defined in Article 2, Paragraph 1 of the Small and Medium-sized Enterprise Basic Act (Act No. 154 of July 20, 1963) (Note 1)) account for 99% or more of the number of Japanese companies, KKR considers that Yayoi plays an important role in supporting improvement of business efficiency and productivity of small and medium-sized enterprises by promoting DX and cloud migration and has great potential for future growth. KKR has an affluent record of investing in the areas of software, cloud computing, and SaaS (Note 2) globally and plans to support new growth of Yayoi by utilizing its experience and knowledge in the future. Moreover, in March 2022, KKR announced its scheduled acquisition of Mitsubishi Corp. - UBS Realty Inc. (“MC-UBSR”), a real estate asset management company having assets under management amounting to 1,700 billion yen, from Mitsubishi Corporation and UBS Group. By utilizing the resources and networks of KKR, which is engaged in real estate investment business globally, with MC-UBSR, which is considered to have a solid business foundation, KKR plans to support further enhancement of the value of MC-UBSR.

(Note 1) “Small and medium-sized enterprises” means [1] companies for which their capital amount or the total amount of contributions is 300 million yen or less, and companies and individuals having 300 or less employees, which are engaged in business in the following fields: manufacturing, construction, or transport (excluding wholesale, service, and retail business) as their primary business, [2] companies for which their amount of capital or the total amount of contributions is 100 million yen or less, and companies and individuals having 100 or less employees, which are engaged in wholesaling as their primary business, [3] companies for which their amount of capital or the total amount of contributions is 50 million yen or less, and companies and individuals having 100 or less employees, which are engaged in providing services as their primary business, and [4] companies for which their amount of capital or the total amount of contributions is 50 million yen or less, and companies and individuals having 50 or less employees, which are engaged in retail sales as their primary business.

(Note 2) “SaaS” stands for “Software as a Service” and refers to a form of service providing software functions via the Internet.

According to the Tender Offeror, the Tender Offeror decided that if the Conditions for Commencement of the Tender Offer are fulfilled (or waived by the Tender Offeror), the Tender Offeror will conduct the Tender Offer targeting all of the Company Shares (excluding the Company Shares held by Hitachi, the major and largest shareholder and an affiliate of the Company: 33,471,578 shares, representing an ownership ratio (Note 3) of 39.91%; the “Shares to Be Sold”), and treasury shares held by the Company), as a part of a series of transactions for the purpose of the Tender Offeror being the only shareholder of the Company and of delisting the Company Shares that are listed on the Prime Market of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) as of today (the “Transaction”).

(Note 3) “Ownership ratio” refers to the ratio (rounded to the second decimal place) of the number of shares held to the number of shares (83,873,184 shares) obtained by subtracting the treasury shares held by the Company as of March 31, 2022 (228,530 shares) (excluding the number of Company Shares held by the board benefit trust being a performance-based stock remuneration plan for the Company’s executive officers as of the same date: 184,700 shares) from the total number of the Company’s issued shares as of the same date as stated in the “financial report [IFRS] for the year ended March 31, 2022 (consolidated)” published by the Company on April 28, 2022 (the “Consolidated Financial Report [IFRS] For the Year Ended March 31, 2022”) (84,101,714 shares). Hereinafter, the same applies in the calculation of the ownership ratio.

According to the Tender Offeror, the Transaction consists of the following transactions, and the Tender Offeror plans to ultimately make the Company its wholly-owned subsidiary:

- [1] the Tender Offer by the Tender Offeror;
- [2] the procedures for the Share Consolidation (as defined below) to be conducted by the Company for only the Tender Offeror and Hitachi to become shareholders of the Company if the Tender Offeror fails to acquire all of the Company Shares through the Tender Offer (excluding the Shares to Be Sold and the treasury shares held by the Company) (the “Squeeze-Out Procedures”);
- [3] the following transactions to be conducted by the Company to secure the distributable amount necessary for the Company to acquire the Shares to Be Sold held by Hitachi subject to the Share Consolidation taking effect (the “Share Repurchase”; the Company will conduct the Share Repurchase to maximize the tender offer price and ensure fairness among shareholders, given that the rules on exclusion from gross revenue of deemed dividends stipulated under the Corporate Tax Act will apply to Hitachi) and funds required for the Share Repurchase:
 - (i) borrowing from financial institutions (the “Debt Financing”) and lending to the Tender Offeror of funds to be used for the Capital Contribution defined in (ii) (the “Lending”);
 - (ii) a capital contribution by the Tender Offeror to the Company (either through a capital increase through third-party allotment where the Tender Offeror is the subscriber or a loan to the Company, the “Capital Contribution”); and
 - (iii) a reduction of the amount of capital, capital reserves, and retained earnings of the Company 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”) (the “Capital Reduction”) (Note 4); and
- [4] the Share Repurchase.

According to the Tender Offeror, prior to the Capital Contribution, the following are planned: (a) in order to secure funds for the Capital Contribution, the Tender Offeror Parent will conduct a capital increase through third-party allotment to the KKR Fund as an allottee, and (b) by the Tender Offeror Parent assuming the obligation to pay a price equivalent to 100 million yen among the Company’s obligation to pay the price for the Share Repurchase to Hitachi, Hitachi will acquire the right to claim payment of the price to the Tender Offeror Parent and will contribute in-kind the right to claim payment of the price (the “Hitachi Re-contribution”; the right to claim payment of the price will be extinguished due to a merger of rights under Article 520 of the Civil Code (Act No. 89 of 1896; as amended)) to acquire 10% of the voting rights of the Tender Offeror Parent (Note 5). The

re-contribution of 10% was decided, after discussions between Hitachi and KKR, based on the structure of voting rights that was advisable from the viewpoint of promoting joint development in the DX area, etc. toward which the Company and Hitachi have made efforts, and that would allow Hitachi to remain involved in the management of the Company to a certain extent. Hitachi and KKR also considered conducting the Hitachi Re-contribution by Hitachi paying cash to the Tender Offeror Parent; however, if the Hitachi Re-contribution is conducted by way of paying cash, the Company would use the cash paid by Hitachi to pay the price for the Share Repurchase to Hitachi, and it was considered unnecessary to circulate cash in this manner; therefore, Hitachi and KKR held discussions and decided to conduct the Hitachi Re-contribution by way of a contribution in-kind as mentioned above. For details of the Share Consolidation, please see “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)” below.

(Note 4) For the Capital Reduction, the Company intends to transfer all or part of the capital and capital reserves so reduced to “Other capital surplus” and to transfer the full amount of the retained earnings so reduced to “Retained earnings brought forward.”

(Note 5) [1] In regard to the amount to be paid in per common share of the Tender Offeror Parent by Hitachi in the Hitachi Re-contribution, it is not considered that a substantially advantageous condition has been set for the Tender Offer Price because the valuation of the Company Shares, which is the premise for a decision on the amount to be paid in per common share of the Tender Offeror Parent in the Hitachi Re-contribution, is scheduled to be 8,913 yen, which is the same price as the Tender Offer Price (however, a formal adjustment will be made based on the consolidation ratio of the Company Shares in the share consolidation to be conducted as the Squeeze-Out Procedures), and [2] the Hitachi Re-contribution will be conducted so that Hitachi, which is the largest shareholder of the Company, will be involved in the Company after the Company becomes a private company through a contribution to the Tender Offeror Parent, and this was considered independently from whether Hitachi would be able to tender its shares in the Tender Offer. Therefore, the Tender Offeror believes that the Hitachi Re-contribution will not be contrary to the principle of equality of tender offer prices (Article 27-2, Paragraph 3 of the Financial Instruments and Exchange Act).

According to the Tender Offeror, in connection with the Tender Offer, the Tender Offeror and Hitachi executed a basic agreement on April 28, 2022 (the “Basic Agreement”), which provides that: [1] Hitachi will not tender any of the Shares to Be Sold held by it in the Tender Offer; [2] Hitachi will acquire shares with voting rights in the Tender Offeror Parent amounting to 10 billion yen (voting rights ratio: 10%); and that [3] Hitachi will sell the Shares to Be Sold in response to the Share Repurchase. For details of the Basic Agreement, please see “[1] The Basic Agreement” under “4. Matters Concerning Important Agreements Relating to the Tender Offer” below.

According to the Tender Offeror, the following are planned in connection with the Transaction:

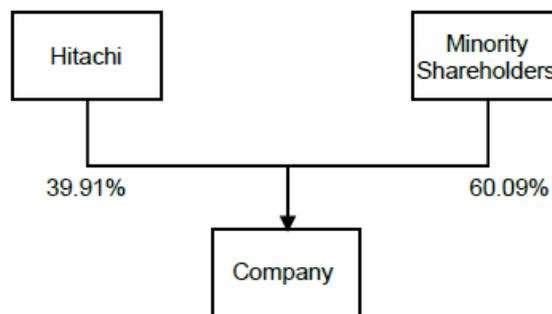
- (i) a capital and business alliance agreement will be executed concerning the Company's operation, etc. (for details of the capital and business alliance agreement, please see "[3] Capital and Business Alliance Agreement" under "4. Matters Concerning Important Agreements Relating to the Tender Offer" below; and
- (ii) Hitachi and the Company will execute a transition service agreement, etc. and a shareholders agreement concerning the operation of Hitachi Distribution Software Co., Ltd.

According to the Tender Offeror, the following illustrations show the outline of the Transaction:

<Structure Chart for the Transaction>

I. Prior to the Tender Offer (current status)

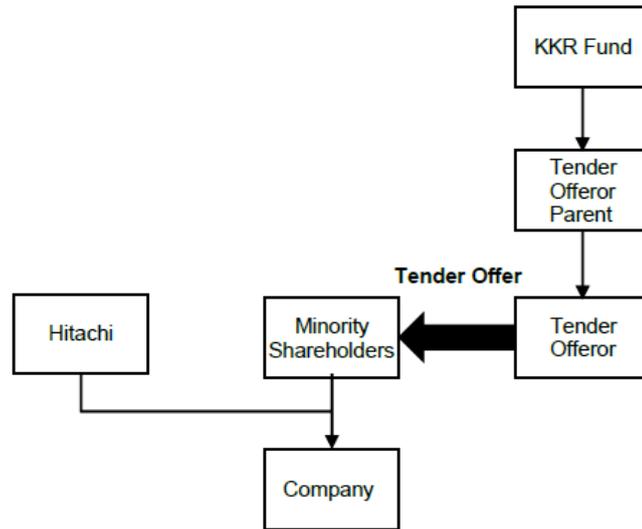
As of today, Hitachi holds 33,471,578 shares in the Company (ownership ratio: 39.91%), and minority shareholders hold the remaining 50,401,606 shares (ownership ratio: 60.09%).



II. Tender Offer by the Tender Offeror and procurement of funds required for settlement thereof

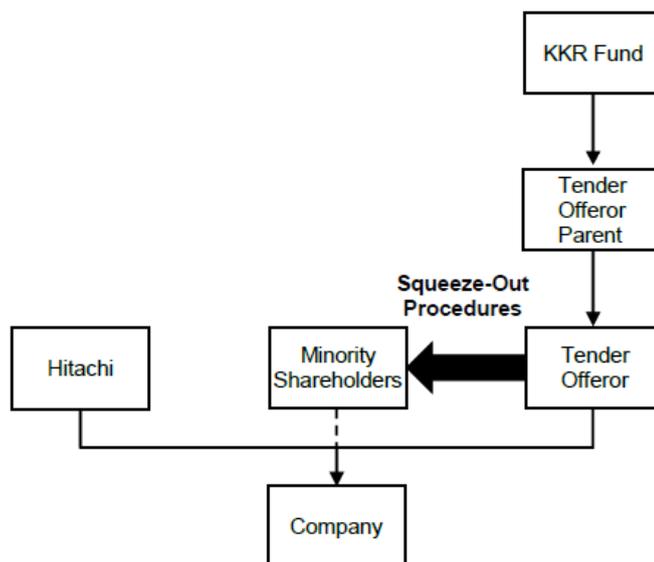
The Tender Offeror will conduct the Tender Offer targeting all of the Company Shares (except for the Shares to Be Sold and the treasury shares held by the Company).

The funds required for settlement of the Tender Offer will be financed from the funds procured by the equity contribution by the Tender Offeror Parent (the "Equity Contribution").



III. Squeeze-Out Procedures through the Share Consolidation (after completion of the Tender Offer)

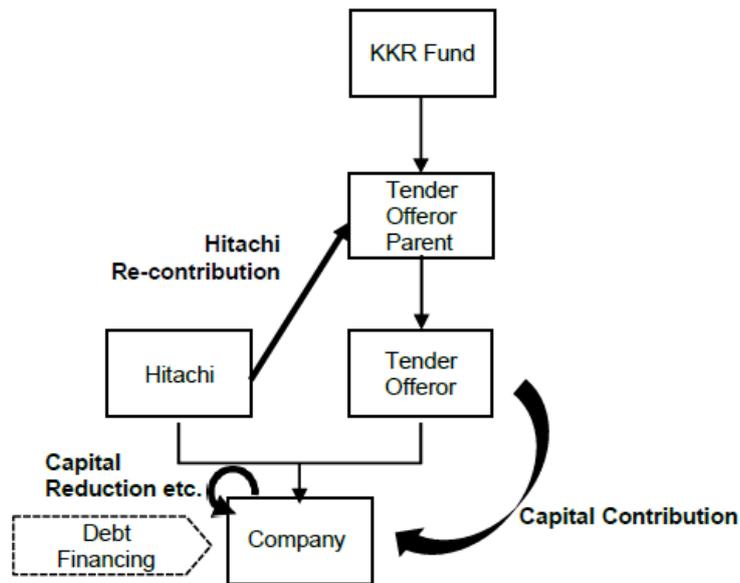
In the event that the Tender Offeror fails to acquire all of the Company Shares (except for the Shares to Be Sold and the treasury shares held by the Company) through the Tender Offer, the Tender Offeror will implement the procedures for only the Tender Offeror and Hitachi to become the Company’s shareholders by requesting that the Company implement the procedures for the Share Consolidation.



IV. Debt Financing, Lending, Capital Contribution, and Capital Reduction for the Company to

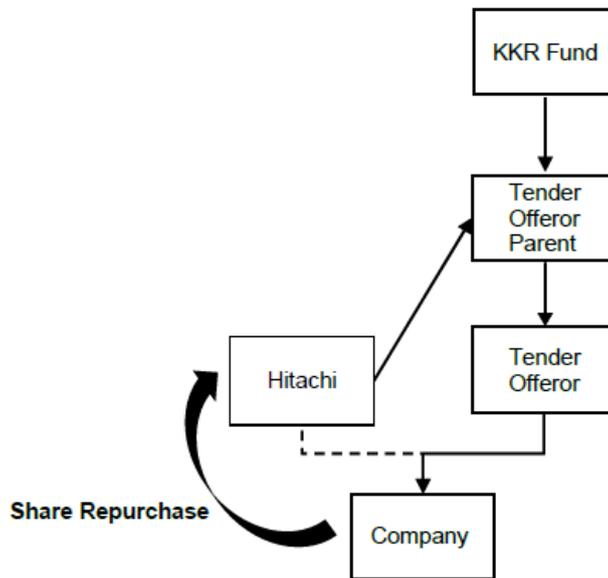
secure the distributable amount and funds required for the Share Repurchase

After the Company Shares are delisted and the Share Consolidation takes effect, in order to secure the funds required for the Share Repurchase and the distributable amount, the Debt Financing, Lending, Capital Contribution, and Capital Reduction will be implemented. Moreover, prior to the Capital Contribution, the Hitachi Re-contribution and a capital increase through third-party allotment by the Tender Offeror Parent to the KKR Fund as an allottee will be implemented.

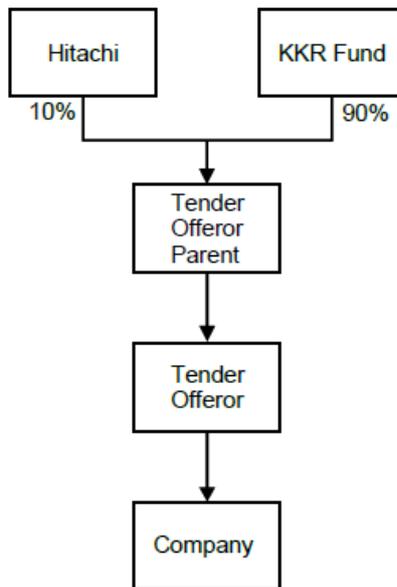


V. The Company's Share Repurchase from Hitachi

The Company will implement the Share Repurchase by leveraging the distributable amount secured by the Debt Financing, Lending, Capital Contribution, and Capital Reduction to acquire all of the Shares to Be Sold held by Hitachi.



VI. After Completion of the Transaction



According to the Tender Offeror, if the total number of shares tendered in the Tender Offer (the “Tendered Shares”) is less than the minimum number of shares to be purchased (22,443,900 shares), then the Tender Offeror will not purchase any of the Tendered Shares. On the other hand, the Tender Offeror has not set an upper limit on the number of shares to be purchased because the Tender Offeror intends for the Company Shares to be delisted. If the total number of Tendered Shares is equal to or

more than the minimum number of shares to be purchased (22,443,900 shares), the Tender Offeror will purchase all of the Tendered Shares. The minimum number of shares to be purchased (22,443,900 shares, being a tentative figure calculated based on the information as of today) will be the number of shares (22,443,900 shares) obtained by multiplying 100, which is one unit of the Company's shares, by the number of voting rights (224,439 voting rights) obtained by subtracting the number of voting rights (334,715 voting rights) pertaining to the Shares to Be Sold (33,471,578 shares) from the number of voting rights (559,154 voting rights, rounded up to the nearest whole number) which is two-thirds of the number of voting rights (838,731 voting rights) pertaining to the number of shares (83,873,184 shares) obtained by subtracting the treasury shares held by the Company as of March 31, 2022 (228,530 shares) (since the number of treasury shares stated in the Consolidated Financial Report [IFRS] For the Year Ended March 31, 2022 (413,230 shares) contains the number of Company Shares held by the board benefit trust being a performance-based stock remuneration plan for the Company's executive officers as of the same date (184,700 shares), the number of the shares is excluded) from the total number of the Company's issued shares as of the same date as stated in the Consolidated Financial Report [IFRS] For the Year Ended March 31, 2022 (84,101,714 shares). Since the Transaction is intended to delist the Company Shares, the minimum number of shares to be purchased will be set an amount ensuring that the Transaction is conducted, considering that a special resolution is required to be adopted at the shareholders meeting as provided in Article 309, Paragraph 2 of the Companies Act in order to conduct the procedures for the Share Consolidation as described in "(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)" below and that it has been agreed with Hitachi that Hitachi will not tender the Shares to Be Sold in the Tender Offer and will agree to each proposal concerning the Squeeze-Out Procedures if the Tender Offer is completed.

According to the Tender Offeror, the Tender Offeror plans to finance the funds required for settlement of the Tender Offer through the Equity Contribution. Although the Share Repurchase is to be conducted within the scope of the Company's distributable amount, the Tender Offeror intends to procure a shortage in the Company's distributable amount through the Debt Financing, Lending, Capital Contribution, and Capital Reduction after the Share Consolidation, taking into account the amount of funds required of the Company for the Share Repurchase as well as the levels of cash and deposits held by the Company and cash and deposits required for business operations.

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

The background, purpose, and decision-making process leading to the Tender Offeror's decision to conduct the Tender Offer as well as the management policy following the Tender Offer are described below.

(i) Business Environment Surrounding the Company

The Company was established as a logistics subsidiary undertaking the transport business of Hitachi in February 1950, and the Company has expanded its business by undertaking in a lump sum the shipping business within plants of Hitachi and transport of ultra heavy objects within and outside Japan. The Company was listed on the Second Section of the Tokyo Stock Exchange in January 1989, and was redesignated in the First Section in September 1990, and after the restructuring of the Tokyo Stock Exchange, as of today, it is listed on the Prime Market of the Tokyo Stock Exchange. The Company's trade name at the time of its establishment in February 1950 was Nitto Transport KK., which was changed to Hitachi Express Co., Ltd. in December 1952; Hitachi Express Co., Ltd. merged with Seibu Hitachi Transport Co., Ltd. and Tokyo Monorail Co., Ltd. and changed its trade name to Hitachi Express & Tokyo Monorail Co., Ltd. in November 1967; Hitachi Express & Tokyo Monorail Co., Ltd. separated from Tokyo Monorail Co., Ltd. and changed its trade name to Hitachi Express Co., Ltd. in May 1981; in July 1985, the Company's trade name was changed to its current trade name, Hitachi Transport System, Ltd.

Under the corporate philosophy of “to deliver high-quality services that will help make the world a better place for people and nature for generations to come,” the Company's corporate vision is to become the most preferred global supply chain solutions provider for all of its stakeholders, including customers, shareholders, and employees, in the sophisticated, diversified and wide-ranging global supply chain, and the Company aims to achieve sustainable growth by resolving issues and creating “value” through various “collaborative innovations.”

In these circumstances, in the mid-term management plan titled “LOGISTEED 2024” (Note 1), the final year of which is the year ending in March 2025, published by the Company today, the Company has set “contribution to a de-carbonization- and recycling-oriented society,” “building and evolving strong and sustainable logistics services,” and “creating new value through DX (digital transformation)” as the areas on which the Company should focus based on the corporate vision that the Company should achieve over the long term and the Company's material issues in light of the unstable world situation, such as the prolonged influence of the novel coronavirus pandemic, the embodied geopolitical risks, etc.; the Company will make efforts toward “evolving smart logistics (Note 2),” “expansion of business fields by adding new value (speeding up LOGISTEED),” “strengthening and expansion of overseas business,” and “strengthening of the foundation of ESG management (Note 3)” under the slogan, “Be a global supply chain strategic partner with DX, LT (Logistics Technology), and on-site capabilities,” in order to become a “leading 3PL company in Asia,” which is an objective set to be achieved by the Company under “LOGISTEED 2024.”

(Note 1) “LOGISTEED” is a word made up by combining Logistics, Exceed, Proceed, Succeed,

and Speed and has the meaning of leading our business to new fields beyond logistics.

(Note 2) “Smart logistics” means solutions to respond to various customer needs for logistics in a one-stop manner and to cause logistics to be smart.

(Note 3) “ESG management” means actions considering the environment, society, governance, and corporate ethics to achieve a sustainable society and enhance corporate value.

Among them, first, regarding “evolving smart logistics,” the Company strives to achieve automation and labor savings through interlocking systems and machinery, to improve the work environment through DX, and to strengthen and enhance the warehouse functions, such as warehouses with three temperature zones (Note 4) and dangerous goods warehouses, and aims to strengthen the transport business by utilizing SSCV (digital transport platform) (Note 5), and to respond to a shortage of drivers (the 2024 issues (Note 6)) and de-carbonization. In addition, regarding “expansion of business fields by adding new value (speeding up LOGISTEED),” the Company aims to develop VAS (Value Added Services) (Note 7) for customers by developing SCDOS (Supply Chain Design & Optimization Services) (Note 8), which will contribute to resolving supply chain issues, and by expanding new services in the boundary fields of manufacturing and logistics.

(Note 4) “Warehouses with three temperature zones” means warehouses having normal temperature maintenance, refrigeration, and freezing functions.

(Note 5) “SSCV” stands for “Smart & Safety Connected Vehicle” and is a digital transport platform to be developed and provided with an aim to achieve “sustainable transport services” and “a zero-accident society,” consisting of three solutions: “SSCV-Safety (safe operation management),” “SSCV-Smart (order placement and receipt management, vehicle allocation management, and operation management),” and “SSCV-Vehicle (optimization of vehicle management, anticipation of failures, prevention and maintenance).”

(Note 6) The “2024 issues” refers to various issues, including a shortage of drivers, that will arise due to application of the upper limit restriction (960 hours per year) on overtime work hours to the car driving business in April 2024 under the Work Style Reform Act.

(Note 7) “VAS (Value Added Services)” means high value-added services, including procurement support and manufacturing support for customers.

(Note 8) “SCDOS (Supply Chain Design & Optimization Services)” means services to support resolution of issues and planning of strategies through integrated management and visualization of various data on customer supply chains.

Furthermore, to achieve “strengthening and expansion of overseas business,” the Company aims to advance the measures to expand overseas business by catching up market growth and basing those

measures on regional strategies.

Specifically, the Company aims to expand the shared Milkrun (Note 9) and trunk line transportation business and provide seamless logistics to plants in North America; to spread the intermodal transportation (Note 10) business in Europe and expand business in the growing European areas and markets; to further improve safety, quality, and productivity through automation and labor savings and strengthen the high value-added logistics services in China; and to expand investment and business, develop cold chains, and strengthen the local and intraregional networks in India, Thailand, Indonesia, Malaysia, and other countries in Asia.

(Note 9) “Milkrun” means a transport method where one truck goes round multiple suppliers’ sites to collect produced parts, etc. and delivers them to a production plant in a lump sum.

(Note 10) “Intermodal transportation” means multimodal transport in which multiple and different transport modes (transport means), such as truck, ship, railway, etc., are combined. An environmental burden reduction can be expected by incorporating railways and ships into the trunk line transportation portion.

Taking various measures in these businesses and “strengthening of the foundation of ESG management,” which is the basis of taking various measures, are two wheels toward enhancement of corporate value, and in order to achieve “strengthening of the foundation of ESG management,” the Company will create social, economic, and environmental value through promotion of environmental measures, including de-carbonization activities, risk management, such as countermeasures against natural disasters, and high-level and sustainable safety and quality activities.

On the other hand, as of today, the Company group consists of the Company, its 78 consolidated subsidiaries, and 16 equity-method affiliates (the “Company Group”), and in the business environment of the logistics industry to which the Company Group belongs, we have been facing changes such as labor shortages due to the falling birthrate and aging population in Japan, the COVID-19 pandemic, geopolitical risks, and intensified competition due to entries into logistics business from other industries. In order to take measures to maintain and strengthen the global supply chain in response to these changes in the business environment, we are required to resolve issues through innovations in relation to IoT (Note 11), AI (artificial intelligence) (Note 12), robotics (Note 13), and DX (digital transformation), as well as to take measures to realize a sustainable society.

(Note 11) “IoT” stands for Internet of Things and means a system of connecting things around people to the Internet.

(Note 12) “AI” stands for artificial intelligence.

(Note 13) “Robotics” means “robot engineering” to design, create, and control robots.

Based on the above-mentioned situation, the Company decided that in order to achieve its goals early, collaborative innovations with partners which would supplement the Company's systematic capabilities for enhancement of its cooperate competitiveness would be necessary, such as not only speeding up the decision-making process but also obtaining funds for investment which would allow flexible business investments, and introducing external knowledge, and that in order to achieve this, it would be necessary to expedite management decision-making and to implement reforms without being restricted by its current capital structure. Based on this decision, the Company has made various deliberations.

Among them, the Company has discussed its growth strategies, including the possibility of a capital transaction, with multiple business companies and investment funds thus far, and as part of these discussions, in particular, the Company and KKR, over approximately five years, continuously discussed the competitive advantages toward acceleration of business growth and future growth, including deliberations in regard to the possibility of M&A by the Company with a business partner. As a result, the Company and KKR shared a direction to address the Company's management issues, such as "high value-added solutions toward optimization of SCM (Note 14) as a whole," "improvement and enhanced efficiency of customer convenience through promotion of DX," "strengthening of seamless value chains for overseas," "strengthening of efforts for investment-led projects," "promotion of strategic M&A," and "strengthening of status as a platformer through collaboration with innovation partners." Thus, the Company believes that the Company and KKR have built a relationship of trust as partners to promote enhancement of their corporate value for the future.

The Company considers that KKR (i) consists of professionals with experience working for management consulting firms or business companies and has rich resources to support formulation and implementation of strategies to improve investee company businesses, such as KKR Capstone, which provides "on-site hands-on support" to investee companies, KKR Capital Markets, which is dedicated to fundraising, etc., and to support promotion of a capital policy contributing to mid- to long-term growth, (ii) has affluent experience in carve-out projects, providing support for additional acquisitions and the PMI of investee companies, and inviting business companies as co-investing partners and collaborating with them, and (iii) has recent experience in investing in areas which have a close relationship with the Company's management issues, such as investing in Seiyu and Yayoi under the theme of DX promotion, acquiring MC-UBSR, which is one of the largest real estate asset management companies in Japan, etc.

Based on the above and the Bidding Process (as defined below) described in "(ii) Discussions Between the Tender Offeror, the Company, and Hitachi, and Decision-Making Process of the Tender Offeror" below, on March 28, 2022, the Company decided that in order to realize the Company's LOGISTEED strategies, it would be most appropriate to become an unlisted company and advance

the above-mentioned reform, without being restricted by its current capital structure, through a partnership with KKR, which understands the Company and the Company's business and has the knowledge and resources to support enhancement of corporate value over the mid to long term, as well as a strong commitment to the Japanese markets and affluent experience.

(Note 14) "SCM" stands for "Supply Chain Management" and means business management aimed at enhancing the efficiency of the production and distribution process as a whole from procurement of raw materials to delivery of goods to consumers.

(ii) Discussions Between the Tender Offeror, the Company, and Hitachi, and Decision-Making Process of the Tender Offeror

In the management environment as described in "(i) Business Environment Surrounding the Company" above, in late January 2021, Hitachi expressed to the Company its desire to promptly sell the Shares to Be Sold, and in early March 2021, Hitachi proposed commencing discussions regarding a capital transaction on the premise of sale of the Shares to Be Sold. Based on this, in early March 2021, the Company commenced full-scale discussions with Hitachi regarding how to advance a series of transactions with the aim of making a third party other than Hitachi the only shareholder of the Company and causing the Company Shares to go private (the transaction or a capital transaction on the premise of sale of the Shares to Be Sold in the course of consideration of the transaction (not limited to a transaction with the aim of causing the Company Shares to go private) is referred to as the "Capital Transaction"). During the early March discussions, Hitachi presented three conditions for the Capital Transaction: (i) it should contribute to the Company's growth strategies; (ii) it should provide all shareholders of the Company an opportunity to sell their shares, and (iii) it should secure an opportunity for shares to be sold at the market price, at least, or higher, and the Company confirmed that it would consider conducting the Capital Transaction through a tender offer from the viewpoint of satisfying these conditions.

Thereafter, in early March to late April 2021, the Company and Hitachi held discussions with five potential purchasers, including business companies and multiple investment funds, and in late April to early May 2021, the Company received initial proposals for the Capital Transaction, not including purchase prices, from three investment funds, including KKR, among from the five potential purchasers, including business companies and multiple investment funds.

In early May 2021, the Company appointed UBS Securities Japan Co., Ltd. ("UBS Securities") as its financial advisor and third-party valuation institution for the Capital Transaction, and compared and considered the above-mentioned initial proposals for the Capital Transaction; in mid-May 2021, the Company decided that it would be advisable to decide a purchaser after performing a bidding process for multiple candidates that would be interested in acquiring the Company Shares from the viewpoints of further enhancement of the Company's corporate value and maximization of the

interests of the Company's shareholders, including Hitachi. At that point in time, the Company and the Special Committee considered the above-mentioned initial proposals regarding the Capital Transaction and separately considered under which scheme a proposal would be sought to be presented in the bidding process: (A) a transaction scheme to realize a partial acquisition of the Company's issued shares assuming that the listing of the Company would be maintained (the "Scheme to Maintain the Listing") or (B) a transaction scheme to realize a full acquisition of the Company's issued shares assuming that the Company would become an unlisted company (the "Scheme to Become an Unlisted Company"). Specifically, assuming that the Capital Transaction would be conducted with an investment fund as a candidate purchaser under the Scheme to Become an Unlisted Company, the Company carefully considered the consequence that an LBO loan that would be able to increase investment returns due to leverage effects would be used, which would increase the Company's interest-bearing debt amount, and that if the Company became an unlisted company, the relationships with its business partners would be influenced because the Company would not be able to enjoy advantages, such as maintenance or improvement of social credibility or publicity that the Company enjoyed as a listed company. As a result of the consideration, in mid-May 2021, the Company and the Special Committee concluded that for the purpose of enhancing the Company's corporate value in the mid to long term, it would be advisable to conduct the Capital Transaction not under the Scheme to Become an Unlisted Company using an LBO loan, but under the Scheme to Maintain the Listing, from the viewpoints of the Company's business operation and implementation of growth strategies, because (i) in the case of the Company becoming an unlisted company, the increase in its debts due to an LBO loan would impose a restriction on its investments and it might become difficult to maintain a stable, strong, and competitive supply chain; (ii) it would be important for the Company to be a listed company in order to secure the trust of existing customers and to maintain good relationships with them when separating from the Hitachi group; and (iii) it would be important for the Company to be an independent listed company from the viewpoint of maintaining and strengthening its collaborative innovation relationships with existing or new business operators engaged in businesses that are compatible with the Company's business ("Collaborative Innovation Partners").

In and after late May 2021, with the aim of causing specific purchase prices to be presented while fostering a competitive environment, the Company proposed that the three investment funds, including KKR, from which the Company received the above-mentioned initial proposals, participate in the bidding process for the Capital Transaction, and commenced the first round bidding process (the "First Round Bidding Process") in which the participants were requested to present a proposal for the Capital Transaction on the premise of the Scheme to Maintain the Listing. In early June 2021, the Company additionally invited an investment fund to the First Round Bidding Process (the four investment funds including this candidate are referred to as the "First Round Candidates").

After the First Round Bidding Process was commenced, the First Round Candidates conducted initial due diligence on the Company's business and finances and held meetings with the Company's management. In early July 2021, the Company received written proposals from the First Round Candidates and carefully compared and considered the details of the written proposals from the viewpoints of the stock valuation, transaction scheme, financing ability/funding prerequisites, management strategies and support system after implementation of the Capital Transaction (including growth strategies), other conditions, such as management policies, including treatment of employees and governance structure, as well as maximization of the interests of minority shareholders. The Company also held discussions several times with Hitachi from early July to mid-August 2021. In addition, in parallel with these discussions, in early July 2021, a business company which had considered a business collaboration with the Company proposed a business collaboration, and the Company proposed that the business company participate in the First Round Bidding Process and commenced discussions with the business company. The Company received an initial letter of intent from the business company in late July 2021.

However, in mid-August 2021, Hitachi expressed to the Company its desire to seek proposals based on all options, including the Scheme to Become an Unlisted Company, and to seriously evaluate them to select the most appropriate proposal through discussions between Hitachi and the Company from the viewpoints of enhancement of the Company's corporate value and maximization of shareholder interests. As described above, the Company understood that conducting the Capital Transaction under the Scheme to Maintain the Listing would contribute to enhancement of the Company's corporate value; however, considering the viewpoint of maximization of shareholder value and Hitachi's intention as the seller, in mid-October 2021, after discussions with Hitachi, the Company agreed to commence the return first round bidding process led by Hitachi, in which the participants were also requested to present proposals for the Company to become a private company (the "Return First Round Bidding Process"). The Company decided that business companies which were expected to have business synergies with the Company and would be able to acquire all shares in the Company without using an LBO loan would be included in the participants in the Return First Round Bidding Process, and in mid-October 2021, the Company sent a process letter for the Return First Round Bidding Process to the First Round Candidates and the business company which had presented an initial letter of intent, which were the candidates to participate in the process (collectively, the "Return First Round Candidates"), and it requested that they present proposals both under the Scheme to Maintain the Listing and under the Scheme to Become an Unlisted Company in order to compare and consider proposals on the premise of maintaining the listing and proposals on the premise of becoming an unlisted company.

In early to mid-November 2021, the Company and Hitachi received proposals concerning the Return First Round Bidding Process from all of the Return First Round Candidates. The Company

carefully compared and considered those proposals from the same viewpoints as those in the First Round Bidding Process and held discussions several times with Hitachi in early November to mid-December 2021. Based on these discussions, the Company understood the details of the proposals concerning the Return First Round Bidding Process by the Return First Round Candidates as follows:

- [1] although there was a proposal suggesting no difference in the purchase price between the scheme using an LBO loan and the scheme not using an LBO loan under the Scheme to Become an Unlisted Company, there was another proposal in which the purchase price in the scheme using an LBO loan exceeded that in the scheme not using an LBO loan;
- [2] all of the Return First Round Candidates proposed a higher purchase price under the Scheme to Become an Unlisted Company than that under the Scheme to Maintain the Listing;
- [3] it would be necessary to select a scheme for which a higher purchase price could be expected from the viewpoint of increasing the probability of the Capital Transaction succeeding;
- [4] regarding the influences on the Company's business operations, in the logistics industry to which the Company Group belongs, it was anticipated that its business partners might experience some resistance if the Company became affiliated with a foreign-affiliated fund; if a domestic business partner participated in a purchaser SPC, it could be expected to secure the trust of and maintain good relationships with existing customers, as well as to maintain and strengthen the collaborative innovation relationships with existing or new Collaborative Innovation Partners; therefore, the influences on the business operations and implementation of growth strategies might be limited, and it was considered that even if the Scheme to Become an Unlisted Company was adopted, a transaction that would contribute to enhancement of the Company's corporate value might be possible; and
- [5] since it was anticipated that if an LBO loan was used, the Company would incur a financial burden based on certain financial restriction provisions, the Company's financial burden arising from the Capital Transaction under the Scheme to Become an Unlisted Company using an LBO loan would be more significant than that under the Scheme to Become an Unlisted Company not using an LBO loan.

As a result, in mid-December 2021, it was confirmed that only proposals under the Scheme to Become an Unlisted Company would be sought based on [1] through [3] above in the process following the Return First Round Bidding Process and that proposals would also be sought on the Company's financial burden arising from the Capital Transaction, the business influences of becoming an unlisted company, the influences on the Company arising from procurement of purchase funds, and a joint investment scheme with a business company which was expected to have synergies with the Company based on [4] and [5] above.

Based on the above-mentioned discussions and deliberations, in mid-December 2021, the Company selected five candidates, including KKR, which presented specific proposals in the Return

First Round Bidding Process (the “Second Round Candidates”), which would be allowed to participate in the second round bidding process jointly held by the Company and Hitachi (the “Second Round Bidding Process”; with the First Round Bidding Process and the Return First Round Bidding Process, the “Bidding Process”) to decide the final candidate for the Capital Transaction, and in early January 2022, the Second Round Bidding Process was commenced. In the Second Round Bidding Process, in mid-January to late February 2022, the Second Round Candidates conducted further analysis and consideration for acquisition of the Company Shares through full-scale due diligence on the Company’s business, financial and legal matters and meetings with the Company’s management, and on March 1, 2022, the Company and Hitachi received the final written proposals from all of the Second Round Candidates.

In parallel with the Second Bidding Process, in mid-February 2022, Hitachi expressed to the Company its desire to maintain a capital relationship with the Company after the Capital Transaction to a certain extent to continue collaboration and efforts in a seamless manner in the value creation projects that the Company and Hitachi promoted. Therefore, in parallel with the above-mentioned process, the Company and Hitachi held discussions until early March 2022 regarding the terms and conditions for a capital and business alliance agreement concerning the scheme for Hitachi to re-invest in the Company’s shareholder after the Capital Transaction (the “Re-investment Scheme”) and a shareholders agreement concerning the operation of Hitachi Distribution Software Co., Ltd., which is a consolidated subsidiary of the Company in which Hitachi holds a 25% stake.

Subsequently, based on the advice from Nishimura & Asahi, the Company’s legal advisor, and UBS Securities, the Company’s financial advisor, as well as the opinion of the Special Committee, the Company comprehensively considered the final written proposals received from the Second Round Candidates from the viewpoints of the stock valuation, tender offer price, financing ability/funding prerequisites, growth strategies after implementation of the Capital Transaction, financial strategies considering maintenance of the financial soundness of the Company and support system therefor, certainty of procedures such as acquisition of clearance based on competition laws and other applicable laws and regulations; as a result, the stock valuation and the tender offer price proposed by KKR were the highest compared to the stock valuations and tender offer prices proposed by the Second Round Candidates, the financing ability/funding prerequisites proposed by KKR were more advantageous compared to the funding prerequisites proposed by the Second Round Candidates, the details of KKR’s proposal for the growth strategies after implementation of the Capital Transaction, the financial strategies considering maintenance of the financial soundness of the Company, and the support system therefor were considered to be superior to those proposed by the Second Round Candidates, and KKR’s proposal was superior in respect of certainty of implementation of the Capital Transaction by showing more specific measures in the procedures such as acquisition of clearance under competition laws and other applicable laws and regulations.

Therefore, after discussions with Hitachi, in early March 2022, the Company commenced discussions with KKR regarding the possibility of implementing the Re-investment Scheme.

On the other hand, according to KKR, as part of the discussions regarding the Company's growth strategies, including the possibility of a capital transaction, KKR and the Company, over approximately five years, continuously discussed the competitive advantages of acceleration of business growth and future growth, including deliberations in regard to the possibility of M&A by the Company with a business partner. In late April 2021, KKR held several rounds of initial discussions with the Company regarding a partnership, including a capital and business alliance, toward a change in the Company's shareholding structure, including sale of the Shares to Be Sold, and enhancement of its corporate value. In early May 2021, KKR presented to the Company an initial proposal, not containing purchase prices, concerning the acquisition of the Company Shares, and in late May 2021, in response to the Company's proposal to participate in the First Round Bidding Process that KKR received through UBS Securities, the Company's financial advisor, KKR participated in the First Round Bidding Process. In early July 2021, after preparing a financial model based on the Company's business plan and materials providing an outline thereof, calculating a tender offer price that would ensure the investment returns required by KKR, and confirming that premiums (21.41%, 33.08%, 48.77% and 55.32%, respectively, and rounded to the second decimal place; the same applies below in the calculation of the premium rate) were added to the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on July 1, 2021 (4,530 yen), as well as the simple average closing prices for the most recent one-month period (from June 2, 2021 to July 1, 2021), the most recent three-month period (from April 2, 2021 to July 1, 2021), and the most recent six-month period (from January 4, 2021 to July 1, 2021) (rounded to the nearest whole number; the same applies below in the calculation of the simple average value) (4,530 yen, 4,133 yen, 3,697 yen, and 3,541 yen, respectively), KKR presented a proposal to the effect that the tender offer price be 5,500 yen on the premise of maintaining the listing. Thereafter, in late October 2021, KKR received a process letter for the Return First Bidding Process and a proposal to participate in the Return First Round Bidding Process from Hitachi through Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Hitachi's financial advisor, and KKR participated in the Return First Round Bidding Process. In early November 2021, in its written proposal concerning the Return First Round Bidding Process, after conducting the same analysis as that in the First Round Bidding Process and confirming that premiums (19.57%, 16.82%, 17.05% and 26.06%, respectively) were added to the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on November 4, 2021, as well as the simple average closing prices for the most recent one-month period (from October 5, 2021 to November 4, 2021), for the most recent three-month period (from August 5, 2021 to November 4, 2021), and for the most recent six-month period (from May 5, 2021 to November 4,

2021) (4,600 yen, 4,708 yen, 4,699 yen, and 4,363 yen, respectively), KKR presented to the Company and Hitachi a proposal to the effect that the tender offer price be 5,500 yen, which was the same amount as that proposed in the First Bidding Process, on the premise of maintain the listing, and a proposal to the effect that the tender offer price on the premise of going private be 6,837 yen and that the share repurchase price in the Share Repurchase (per share before share consolidation; the “Company’s Share Repurchase Price”) be 4,744 yen after preparing a financial model on the premise of going private based on (i) a proposal for a scheme in which the Company would conduct the Share Repurchase based on the notion that it would be possible to maximize the tender offer price and ensure fairness among shareholders by increasing the benefit allocation to the Company’s minority shareholders, given that the rules on exclusion from gross revenue of deemed dividends stipulated under the Corporate Tax Act would apply to Hitachi and (ii) the Company’s business plan and materials providing an outline thereof, calculating the tender offer price that would ensure the investment returns required by KKR, and confirming that premiums (48.63%, 45.22%, 45.50% and 56.70%, respectively) were added to the closing price of the Company Shares on the First Section of the Tokyo Stock Exchange on July 1, 2021, as well as the simple average closing prices for the most recent one-month period (from June 2, 2021 to July 1, 2021), the most recent three-month period (from April 2, 2021 to July 1, 2021), and the most recent six-month period (from January 4, 2021 to July 1, 2021) (rounded to the nearest whole number; the same applies below in the calculation of the simple average value) (4,530 yen, 4,133 yen, 3,697 yen, and 3,541 yen, respectively) . Based on the notion that it would be possible to maximize the tender offer price and ensure fairness among shareholders by increasing the benefit allocation to the Company’s minority shareholders, given that the rules on exclusion from gross revenue of deemed dividends stipulated under the Corporate Tax Act would apply to Hitachi, the Company’s Share Repurchase Price was set at an amount ensuring that the after-tax amount, which would be obtained where Hitachi tendered its shares in the Tender Offer, and the after-tax amount, which would be obtained where Hitachi agreed to the Share Repurchase, would be the same. Thereafter, because KKR passed the Return First Round Bidding Process, it participated in the Second Round Bidding Process conducted in early January 2022 and conducted further analysis and consideration for acquisition of the Company Shares through due diligence on the Company’s business, financial and legal matters, and meetings with the Company’s management in early January to late February 2022. After the due diligence on the Company conducted in early January to late February 2022 in the Second Round Bidding Process, on March 1, 2022, KKR concluded that the Company would be able to expedite an increase in value and promotion of business growth as a “global supply chain solutions provider” through a partnership between the Company, which KKR believes has greater potential for growth, and KKR, which has rich human and capital resources and networks, and that it would be possible to maximize the interests of the Company and its shareholders, management team, employees, and other stakeholders.

On the same day, since the Company and Hitachi requested only the Scheme to Become an Unlisted Company, KKR presented to the Company and Hitachi a final proposal to the effect that the tender offer price be 8,355 yen and that the Company's Share Repurchase Price be 6,217 yen based on the assumption that the Company will become an unlisted company by analyzing the Company's business and financial conditions from multiple comprehensive perspectives based on the results of the due diligence conducted from early January to late February 2022, by preparing a financial model again reflecting such analysis and calculating the tender offer price that would ensure the investment returns required by KKR, and by analyzing the share value of the Company Shares through a comparison of, among others, the market stock price and financial indicators showing profitability and other factors of other listed companies which have business scopes, business scales, and profit and loss situations, etc. that are comparatively similar to those of the Company.

Furthermore, according to KKR, as a result of discussions and deliberations between the Company and Hitachi regarding the feasibility of the Re-investment Scheme, while KKR strongly recognized the importance of logistics digital solutions, such as WMS (Note 13), SCDOS and SSCV, which Hitachi and the Company have focused on as collaborative innovation activities, KKR decided that the synergy effects of joint development in the DX area, etc. and enabling Hitachi to participate in the Company's management to a certain extent expected from the Re-investment Scheme would contribute to the Company's business growth and enhancement of corporate value, and decided that the structure of voting rights that was considered to be advisable from the viewpoint of promoting joint development in the DX area, etc. for which the Company and Hitachi have made efforts would be 10% after discussions between Hitachi and KKR. Based on these decisions, on March 8, 2022, KKR submitted an amended final written proposal to the Company and Hitachi to the effect that the Tender Offeror Parent would conduct a capital increase through third-party allotment to Hitachi as an allottee after the Squeeze-Out Procedures. The investment would be made in the Tender Offeror Parent with a view toward making the status of both the KKR Fund and Hitachi as a shareholder consistent, and the capital increase through the third-party allotment would be made by way of an in-kind contribution with a view toward limiting the transfer of cash to the minimum extent possible in order to enhance cash flow efficiency.

(Note 13) "WMS" stands for "Warehouse Management System" and refers to a management system for logistics centers that has functions to manage entry and exit and stock of products or various materials in/from warehouses.

Thereafter, after the amended final written proposal was submitted, KKR, the Company, and Hitachi continued to discuss and negotiate the details of the proposal, including the tender offer price and the Company's Share Repurchase Price. As a result, on March 28, 2022, the Company and

Hitachi requested that KKR increase the tender offer price and the Company's Share Repurchase Price because they did not satisfy the standards that the Company and Hitachi sought; therefore, on the same day, the Company and Hitachi received from KKR the amended final written proposal to the effect that the tender offer price be increased to 8,464 yen and that the Company's Share Repurchase Price be increased to 6,298 yen. In parallel with the discussions and negotiations regarding the proposed conditions with KKR, the Company comprehensively considered each final written proposal from the viewpoints of the stock valuation, tender offer price, financing ability/funding prerequisites, growth strategies after implementation of the Transaction, financial strategies considering maintenance of the financial soundness of the Company and support system therefor, certainty of procedures such as acquisition of clearance based on competition laws and other applicable laws and regulations; as a result, after discussions with Hitachi, on March 28, 2022, the Company commenced discussions and deliberations (including negotiations regarding the final tender offer price) toward implementation of the Transaction, including the Share Repurchase, with KKR, whose final proposal was the best from the above-mentioned viewpoints, out of the Second Round Candidates.

Thereafter, when KKR, the Company, and Hitachi continued discussions and negotiations regarding the details of the proposals, on April 14, 2022, the Company and Hitachi again requested that the tender offer price and the Company's Share Repurchase Price be increased because they did not satisfy the standards that the Company and Hitachi sought, and KKR, the Company, and Hitachi continued further discussions and negotiations regarding the tender offer price and the Company's Share Repurchase Price. As a result, on April 18, 2022, KKR submitted an amended proposal to the effect that the tender offer price would be 8,913 yen and the Company's Share Repurchase Price would be 6,632 yen, and on the same day, KKR was informed by the Company and Hitachi that KKR would be selected as the final candidate. Also, after the amended proposal was submitted, speculative press reports were made by some news media sources regarding the Transaction on April 21, 2022, which caused fluctuations in the market price of the Company Shares. However, the speculative press reports did not have any impact on the Company's business or financial conditions, and KKR decided that it would not be necessary to review the Tender Offer Price and the Company's Share Repurchase Price, and KKR, the Company, and Hitachi continued discussions and negotiations toward implementation of the Transaction. As a result, on April 28, 2022, KKR, the Company, and Hitachi agreed that the Tender Offer Price would be 8,913 yen and that the Company's Share Repurchase Price would be 6,632 yen; therefore, the Tender Offeror executed the Basic Agreement with Hitachi, and on the same day, decided to conduct the Tender Offer.

(iii) Management Policy After the Tender Offer

According to KKR, after the Transaction, KKR will aim to achieve further business growth of the

Company and enhance its corporate value through promoting growth strategies, both organically (by leveraging existing management resources) and inorganically (through alliances with, or acquisitions of, other companies), by utilizing the solid business foundation that the Company has built and by utilizing KKR's rich global human and capital resources, know-how, and networks. KKR will also continue deliberations and discussions to invite business companies that are expected to have synergy effects contributing to the Company's business growth and enhancement of its corporate value as co-investing partners. Based on this, KKR has a basic policy that after the Company's business growth and enhancement of its corporate value are achieved through the Transaction, the Company Shares will be listed again. After the Transaction, KKR basically plans to maintain the Company's corporate loan structure and neither anticipates shifting to a so-called LBO loan accompanying a burden such as a financial covenant, collateral, or guarantee, nor expects a merger of the Tender Offeror and the Company. In addition, KKR is considering restructuring debt and capital after the Transaction at a certain level at the stage where repayment of borrowings has been completed to a certain extent from the viewpoint of heightening capital efficiency; however, even in that case, such restructuring will be conducted to an extent not having any impact on the re-listing.

According to the Tender Offeror, at present, after the Transaction, the Tender Offeror plans to be restructured as a company with board of company auditors from its current form as a company with nominating committee, etc. and to appoint (three or four) directors and (one or two) company auditors of the Company from candidates nominated by KKR to enhance management efficiency; however, the specific candidates are yet to be determined. Also, after the Transaction, the Tender Offeror plans to appoint one director of the Company from candidates nominated by Hitachi; however, the specific candidates are yet to be determined.

According to the Tender Offeror, the Tender Offeror plans to introduce an incentive plan, such as stock options, for officers and employees of the Company so that officers and employees of the Tender Offeror and the Company will be encouraged to work together to build a system allowing for enhancement of the Company's corporate value for a long time.

[3] Process of and Reasons for Decision Making by the Company to Support the Tender Offer

As described in "[2] Background, Purpose, and Decision-Making Process Leading to the Tender Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" above, the Company started the Bidding Process consisting of the First Round Bidding Process, the Return First Round Bidding Process, and the Second Round Bidding Process in late May 2021, which included due diligence on several candidates and discussions with each candidate. Through this bidding process and as a result of comprehensively considering the details of each candidate's proposal, on March 28, 2022, after discussions with Hitachi, the Company started discussions and deliberations (including negotiations regarding the final tender offer price) toward implementation

of the Transaction, including the Share Repurchase, with KKR, which made the best final proposal among the candidates.

The Company published the “Recognition of Other Expenses (Loss by Fire) Related to a Fire at a Logistics Center and Revision of Consolidated Financial Forecasts for the Fiscal Year Ended March 31, 2022” dated April 15, 2022 and revised the consolidated financial forecast; this revision was made due to a fire which occurred at a logistics center of Hitachi Transport System West Japan Co., Ltd., a group company of the Company, on November 29, 2021, and it was not made in relation to the Capital Transaction.

Considering that in the Capital Transaction, a candidate that will be finally selected to be the purchaser and Hitachi, the Company’s largest shareholder holding approximately 40% of the Company’s voting rights, will execute a final agreement containing provisions regarding implementation of the Tender Offer, Hitachi and the Company’s minority shareholders may have conflicts of interest, 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 Conflicts of Interest” below, the Company established the Special Committee on April 27, 2021, immediately after the start of consideration of the Capital Transaction, in order to eliminate arbitrariness in the Company’s decision making concerning the Capital Transaction and the candidate selection process during the Bidding Process, and to consider and evaluate, among other things, the validity of the transaction conditions, including pros and cons of the Capital Transaction or its structure, and the fairness of the procedures, including the process of selecting the purchaser (partner), from the standpoint of aiming to enhance corporate value and to protect the interests of minority shareholders. The Company has consulted with the Special Committee on the fairness and validity of the Capital Transaction procedures, among other matters (for the composition of the committee members and other specific matters regarding which it was consulted, please refer to “[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions” 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 Conflicts of Interest” below). Additionally, after the Company took the measures 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 Conflicts of Interest” below, it carefully discussed and considered whether the Company’s corporate value will be enhanced through the Capital Transaction and whether the Capital Transaction will ensure the interests to be enjoyed by minority shareholders by being implemented through fair procedures, considering details in the stock valuation report acquired from UBS Securities, the Company’s financial advisor, and the legal advice received from Nishimura & Asahi, the Company’s legal advisor, with the utmost respect given to the report submitted by the Special Committee on April 28, 2022 (the “Special Committee Report”).

Specifically, the Company comprehensively considered the final written proposals received from the Second Round Candidates from the viewpoints of the stock valuation, transaction scheme, contract terms, financing ability/funding prerequisites, management strategies and support system after implementation of the Capital Transaction, including value-up measures, other conditions, such as management policies, including treatment of employees and governance structure, the necessity and shortness of the required period for procedures such as acquisition of clearance under competition laws and other applicable laws and regulations, and how the Company can maximize the interests of its minority shareholders. As a result, the Company came to the conclusion that KKR's proposal was the best and that advancing the Capital Transaction with KKR would contribute to enhancement of corporate value. More specifically, the stock valuation and the tender offer price proposed by KKR were the highest compared to the stock valuations and tender offer prices proposed by the Second Round Candidates, KKR's proposal did not assume an LBO loan which would rely on any guarantee or collateral from the Company in procuring debt capital, and the financing ability/funding prerequisites proposed by KKR were more advantageous compared to the funding prerequisites proposed by the Second Round Candidates that participated in the Second Round Bidding Process, the details of KKR's proposal for the growth strategies after implementation of the Capital Transaction, the financial strategies considering maintenance of the financial soundness of the Company, and the support system therefor were supported by the past results, resources, etc. and were considered to be superior to those proposed by the Second Round Candidates that participated in the Second Round Bidding Process, and KKR's proposal was superior in respect of certainty of implementation of the Capital Transaction by showing more specific measures in the procedures such as acquisition of clearance under competition laws and other applicable laws and regulations based on the countries or regions in which such procedures are required and the periods, etc. required for preparation for submissions. Therefore, the Company decided that the proposal presented by KKR was the best for the Company's shareholders, and on March 28, 2022, after discussions with Hitachi, the Company commenced discussions and deliberations toward implementation of the Transaction, including the Share Repurchase, with KKR. Thereafter, when the Company and Hitachi continued discussions and negotiations with KKR regarding the details of the proposals, on April 14, 2022, the Company and Hitachi requested that KKR increase the tender offer price and the Company's Share Repurchase Price because they did not satisfy the standards that the Company and Hitachi sought, and the Company and Hitachi continued further discussions and negotiations with KKR regarding the tender offer price and the Company's Share Repurchase Price. As a result, on April 18, 2022, KKR submitted an amended proposal to the effect that the tender offer price be 8,913 yen and the Company's Share Repurchase Price be 6,632 yen, and on the same day, the Company and Hitachi informed KKR that KKR would be selected as the final candidate. Thereafter, KKR, the Company, and Hitachi continued discussions and negotiations toward implementation of the

Transaction; as a result, on April 28, 2022, KKR, the Company, and Hitachi agreed that the tender offer price would be 8,913 yen and the Company's Share Repurchase Price would be 6,632 yen.

In addition, with regard to the Tender Offer Price, (a) as described above, the stock valuation and the tender offer price presented by KKR were the highest compared to the stock valuations and tender offer prices presented by the Second Round Candidates that participated in the Second Round Bidding Process, (b) as described in "[1] Acquisition of Stock Valuation Report from an Independent Third-Party Valuation Institution by the Company" under "(3) Matters Related to the Valuation" below, among the calculation results of the value of the Company Shares by UBS Securities, the per share value of the Company Shares calculated from the Tender Offer Price and the stock valuation presented by KKR (Note 1) exceeded the upper limit of the calculation result obtained through average market price analysis (Reference Date 1 (as defined below)), comparable companies analysis, and discounted cash flow analysis ("DCF analysis"), the Tender Offer Price is higher than the upper limit calculated using the average market price analysis (Reference Date 2) and the stock valuation presented by KKR was an approximate value of the upper limit of the range of the calculation results obtained through an analysis of average market prices (Reference Date 2 (as defined below)), (c) it is the price after adding a premium of 127.66% on 3,915 yen, the closing price of the Company Shares on the Tokyo Stock Exchange on June 16, 2021 that was marked immediately before speculative press reports were made (after the market hours on June 16, 2021) by some news media regarding commencement of the First Round Bidding Process by the Company, which caused changes in the price of the Company Shares, 149.31% on 3,575 yen, the simple average of the closing stock price for the past one month, 151.42% on 3,545 yen, the simple average of the closing stock price for the last three months, and 161.53% on 3,408 yen, the simple average of the closing stock price for the last six months, and after adding a premium of 7.78% on 8,270 yen, the closing price of the Company Shares on the Tokyo Stock Exchange on April 27, 2022, which was the business day preceding the announcement date of implementation of the Tender Offer (today), 29.61% on 6,877 yen, the simple average of the closing stock price for the past one month, 40.56% on 6,341 yen, the simple average of the closing stock price for the last three months, and 56.89% on 5,681 yen, the simple average of the closing stock price for the last six months, and it is the price to which certain premiums are added even in the situation where it was not unreasonable to consider that there was considerable influence on the expected value, etc. of the Capital Transaction resulting from several speculative press reports on the Capital Transaction, and (d) 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 Conflicts of Interest" below, measures have been taken to ensure the fairness of the Tender Offer, and it is recognized that the interests of minority shareholders have been considered. Given the above, the Company came to the conclusion that the Tender Offer would provide the Company's shareholders with a reasonable opportunity to sell their shares.

Therefore, at the board of directors' meeting held on April 28, 2022, as the current opinion of the Company, the Company resolved to express its opinion to support the Tender Offer when the Tender Offer is commenced and to recommend that the Company's shareholders tender their shares in the Tender Offer.

In addition, the Tender Offer will be commenced promptly when the Conditions for Commencement of the Tender Offer are satisfied (or waived by the Tender Offeror). According to the Tender Offeror, as of today, the Tender Offeror aims to commence the Tender Offer in late September 2022; however, it is difficult to accurately predict the time period required for the procedures by foreign and domestic competition authorities and authorities supervising inward direct investments (for details, please refer to (Note 1) and (Note 4) at the beginning of this document). Therefore, at the board of directors' meeting mentioned above, the Company also resolved that when the Tender Offer is commenced, the Company's Special Committee would be requested to consider whether there are changes in its opinion expressed to the Company's board of directors today, and, if there are no changes, make a statement to that effect, or, if there are changes, state the changed opinion to the Company's board of directors, and that based on such opinion of the Special Committee, the Company will express its opinion on the Tender Offer again when the Tender Offer is commenced.

For details of the resolution of the Company's board of directors, please refer to "[5] Approval of All Disinterested Company Directors" 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 Conflicts of Interest" below.

(Note 1) The number of shares used in the calculation of the per share value of the Company Shares is the number of shares (83,873,184 shares) obtained by subtracting the treasury shares held by the Company as of March 31, 2022 (228,530 shares) (excluding the number of Company Shares held by the board benefit trust being a performance-based stock remuneration plan for the Company's executive officers as of the same date: 184,700 shares) from the total number of the Company's issued shares as of the same date as stated in the Consolidated Financial Report [IFRS] For the Year Ended March 31, 2022 (84,101,714 shares).

(3) Matters Related to the Valuation

[1] Acquisition of Stock Valuation Report from an Independent Third-Party Valuation Institution by the Company

(i) Name of Third-Party Valuation Institution, Relationship with the Company and Relationship with the Tender Offeror

In expressing an opinion on the Tender Offer, in order to ensure the fairness of the decision-making process concerning the Tender Offer Price presented by the Tender Offeror, the Company

requested that UBS Securities, the Company's financial advisor and third-party valuation institution independent from the Tender Offeror, Hitachi, and the Company, calculate the value of the Company Shares and conduct financial analysis incidental thereto. The Company acquired a stock valuation report (the "Stock Valuation Report") dated April 28, 2022, subject to the assumptions set forth in (Note 1) of (ii) below and certain other conditions. UBS Securities is not a party related to the Tender Offeror, Hitachi, or the Company and does not have any material interest in the Capital Transaction, including the Tender Offer, that is required to be disclosed. Furthermore, 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 Conflicts of Interest" below, since the Tender Offeror and the Company have taken measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest, the Company has not obtained from UBS Securities any opinion on the fairness of the Tender Offer Price (fairness opinion).

The compensation payable to UBS Securities in connection with the Capital Transaction consists of contingent compensation that is payable subject to completion of the Capital Transaction and fixed-amount compensation that is payable irrespective of whether the Capital Transaction is completed. The Company has appointed UBS Securities as its financial advisor and third-party valuation institution based on the above-mentioned compensation arrangement, taking into consideration the general customary practices in similar types of transactions and other factors, as well as the conditions for the compensation to be borne by the Company regardless of whether the Capital Transaction is completed.

(ii) Outline of the Valuation

After considering the valuation method that should be adopted among various share valuation methods when assessing the share value of the Company, UBS Securities assessed the share value of the Company using each of (i) the average market price analysis because the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange, (ii) the comparable companies analysis because there are multiple listed companies comparable to the Company and it is possible to infer by analogy the share value of the Company by comparing the Company with such comparable companies, and (iii) the DCF analysis so as to reflect future business activities in the valuation, subject to the condition precedent set forth below (Note 1) and certain other conditions, based on the premise that the Company is a going concern and from the perspective that it would be appropriate to assess the share value of the Company in multiple ways.

According to UBS Securities, the corresponding ranges of the per-share prices of the Company Shares assessed by each of the above-mentioned methods are as follows. For assumptions, points of attention, etc. in UBS Securities' preparation of the Stock Valuation Report and the underlying

valuation analysis therefor, please refer to (Note 1) below.

Average market price analysis (Reference Date 1):	3,408 yen to 3,915 yen
Average market price analysis (Reference Date 2):	5,681 yen to 8,270 yen
Comparable companies analysis:	2,796 yen to 5,093 yen
DCF analysis:	3,618 yen to 6,470 yen

Under the average market price analysis, (i) in order to eliminate the impact on share price caused by speculative press reports by some news media on commencement of the First Round Bidding Process by the Company (after market hours on June 16, 2021), June 16, 2021, the transactions on which having been conducted before such press reports were made, was set as a reference date (“Reference Date 1”); based on the closing price of the Company Shares on Reference Date 1 on the Tokyo Stock Exchange of 3,915 yen, the simple average closing price for the past one-month period up to Reference Date 1 of 3,575 yen, the simple average closing price for the past three-month period up to Reference Date 1 of 3,545 yen, and the simple average closing price for the past six-month period up to Reference Date 1 of 3,408 yen, the per-share price of the Company Shares was assessed to range from 3,399 yen to 3,915 yen, and (ii) April 27, 2022, the business day immediately preceding the announcement date of the Tender Offer (today), was set as a reference date (“Reference Date 2”); based on the closing price of the Company Shares on the Tokyo Stock Exchange of 8,270 yen, the simple average closing price for the most recent one-month period of 6,877 yen, the simple average closing price for the most recent three-month period of 6,341 yen, and the simple average closing price for the most recent six-month period of 5,681 yen, the per-share price of the Company Shares (Note 2) was assessed to range from 5,681 yen to 8,270 yen.

Under the comparable companies analysis, the share value of the Company was assessed through comparison with trading prices and financial indices indicating profitability, etc. of listed companies engaged in businesses considered to be relatively similar to those of the Company. The per-share value of the Company Shares was assessed to range from 2,796 yen to 5,093 yen.

Under the DCF analysis, the per-share value of the Company Shares (Note 2) was assessed to range from 3,618 yen to 6,407 yen, after analyzing the corporate value and share value of the Company based on business plans on a consolidated basis for five fiscal years from the fiscal year ending March 2023 to the fiscal year ending March 2027 prepared by the Company (the “Consolidated Financial Projection”) and the Company’s financial forecast considering various elements, such as information disclosed to the public, by discounting the free cash flows that are expected to be generated by the Company to the present value at a certain discount rate.

The Special Committee received explanations from the Company, asked questions and received answers about the assumptions, figures, etc. that were set in the preparation of the Consolidated

Financial Projection and were used by UBS Securities as the basis of the DCF analysis, and did not find anything particularly unreasonable. Regarding the Consolidated Financial Projection based on which the above-mentioned DCF analysis was conducted, a significant increase in profits attributable to the owners of the parent company by approximately 80% compared to the previous year is expected for the fiscal year ending March 2023. Specifically, since an allowance for losses resulting from a fire which occurred at a logistics center of Hitachi Transport System West Japan Co., Ltd., a group company of the Company, on November 29, 2021 was recorded for the fiscal year ended March 2022, profits attributable to the owners of the parent company for that fiscal year decreased. In response thereto, insurance proceeds for the fire will be paid in the fiscal year ending March 2023, (i.e., the following year), and a significant increase in profits attributable to the owners of the parent company is expected. Other than this fiscal year, there is no fiscal year in which a significant increase or decrease in profits is expected. Regarding the impact of the fire that occurred at a logistics center of Hitachi Transport System West Japan Co., Ltd., one of the Company's group companies, on November 29, 2021, the financial impact reasonably calculated based on information grasped by the Company as of April 15, 2022 is factored into the Consolidated Financial Projection. In addition, the Consolidated Financial Projection incorporates the impact of the revision of the consolidated earnings forecast in the "Recognition of Other Expenses (Loss by Fire) Related to a Fire at a Logistics Center and Revision of Consolidated Financial Forecasts for the Fiscal Year Ended March 31, 2022" released by the Company on April 15, 2022.

The synergy effects expected to be realized as a result of the Capital Transaction are not reflected in the Consolidated Financial Projection as it is difficult to estimate them at present.

(Note 1) The Stock Valuation Report has been delivered solely for the board of directors of the Company to examine, in its capacity, the Tender Offer Price from a financial point of view. The Stock Valuation Report does not express any opinion or view on the consideration to be received by holders of any kind of securities, creditors, or other stakeholders of the Company in connection with the Capital Transaction. The Stock Valuation Report does not express any opinion or view on the following: (a) the terms of, or other aspects of, the Capital Transaction (including, without limitation, the manner or structure of the Capital Transaction or other elements) or (b) the relative advantage of the Capital Transaction compared with other strategies or transactions that may be adopted or implemented by the Company, or business decision-making related to promoting or implementing the Capital Transaction. Furthermore, the Stock Valuation Report does not express any opinion or make any recommendations in connection with the Capital Transaction or any matters related thereto, as to whether the Company's shareholders should tender their shares in the Capital Transaction, or how they should exercise their voting rights or conduct themselves. The Stock Valuation Report also does not express any opinion or view on the fairness (whether

financial or otherwise), as compared with the Tender Offer Price in the Capital Transaction, of the amount, nature, or other aspects of any remuneration for officers, directors, or employees of any party to the Capital Transaction. The Stock Valuation Report does not express any opinion on the price at which the Company Shares should be transacted at any time, including after the Capital Transaction is publicly announced or commences.

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

No representation, warranty, or undertaking, express or implied, is or will be given by UBS Securities or its directors, officers, employees, agents, representatives, or advisors in relation to the accuracy, completeness, reliability, or sufficiency of the information contained in the Stock Valuation Report or the reasonableness of any assumption contained in the Stock Valuation Report.

The Stock Valuation Report is provided solely for the benefit of the board of directors of the Company, and the Company's shareholders and other persons should not rely upon the Stock Valuation Report and will not be conferred any interests, rights, or remedies by the Stock Valuation Report.

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

The Stock Valuation Report may also contain forward-looking statements, projections, estimates, forecasts, targets, and/or opinions (collectively, the "Forecasts") provided to UBS Securities by the Company, and UBS Securities has relied upon the opinion of the Company's management as to the reasonableness and achievability of the Forecasts (and the assumptions and bases thereof). UBS Securities has assumed that the Forecasts represent the best currently available assessments and judgments of the Company's management and that the Forecasts will be realized in the amounts and time periods contemplated by the Company's management. All assumptions contained in the Stock Valuation Report have been discussed and agreed with the Company. The Forecasts involve significant

assumptions and subjective judgments which may or may not prove to be correct, and there can be no assurance that any Forecasts are a reliable indicator of future performance, nor that they are attainable or will be realized. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any Forecasts contained in the Stock Valuation Report.

The Stock Valuation Report was prepared based on the economic, regulatory, market, and other conditions as in effect on the date thereof and the information made available to UBS Securities as of the same date. Subsequent changes in these conditions may affect the information contained in the Stock Valuation Report. The Stock Valuation Report speaks as at the date thereof (unless an earlier date is otherwise indicated therein), and in furnishing the Stock Valuation Report, no obligation is undertaken, nor is any representation or undertaking given, by any person: [1] to provide the Company with any additional information, [2] to update, revise, or re-affirm any information in the Stock Valuation Report, including any Forecasts, or [3] to correct any inaccuracies therein which may become apparent.

The analyses conducted by UBS Securities described in the Stock Valuation Report are summaries of the material financial analyses presented by UBS Securities to the board of directors of the Company in connection with the Stock Valuation Report and are not comprehensive descriptions of all analyses undertaken or information referred to by UBS Securities in connection with the Stock Valuation Report. The preparation of the Stock Valuation Report and its underlying analysis are a complex analytical process involving various judgments about the appropriateness and relevance of methods of financial analysis and the application of those methods to the particular circumstances; therefore, a part or summary of the analysis results do not necessarily accurately present all aspects of the analyses. UBS Securities' analysis results must be considered holistically, and reference to a part or summary thereof, without considering all of such analysis results as a whole, may give rise to failure to obtain a correct understanding of the processes underlying UBS Securities' analyses. In expressing its opinion, UBS Securities considered each analysis and factor in a comprehensive and holistic manner, did not attribute any special weight to any particular analyses or factors, and did not state an opinion as to whether or how much any individual analysis or factor, considered in isolation, supported the analysis results by UBS Securities. None of the companies reviewed in UBS Securities' analyses as a comparable company is identical to any business units or subsidiaries of the Company, and these companies were selected because they were publicly traded companies with businesses that, for purposes of UBS Securities' analyses, could be considered similar to those of the Company. The analyses made by UBS Securities necessarily involve complex

considerations and judgments concerning differences in financial and business characteristics of the companies reviewed for comparison with the Company and other factors that could affect these companies.

In preparing the Stock Valuation Report, UBS Securities has: [1] not made any independent valuation or appraisal of the physical assets and liabilities of the Company or any other company referred to in the Stock Valuation Report, nor been furnished with any such valuation or appraisal; [2] not carried out any assessment as to the commercial merits of the Capital Transaction; [3] not conducted any legal, tax, accounting, or other analysis in respect of the Capital Transaction, and where relevant, has relied solely upon the judgments of the relevant professional advisors in these areas; and [4] assumed that in the course of obtaining any regulatory or third party approvals, consents, and releases for the Capital Transaction, no delay, limitation, restriction, or condition would be imposed that would have an adverse effect on the Company, any other company referred to in the Stock Valuation Report, or the Capital Transaction.

UBS Securities is acting as financial advisor of the Company in connection with the Capital Transaction and will receive compensation for its services as financial advisor, a substantial portion of which will become payable only if the Capital Transaction is consummated. In addition, the Company has agreed to indemnify UBS Securities for all costs borne by UBS Securities in relation to UBS Securities' involvement and certain liabilities arising out of UBS Securities' engagement.

UBS Securities and its affiliates are, as principal or agent, engaged in a wide range of commercial banking, investment banking, and other business activities globally (including investment advisory, asset management, research, securities issuance, trading (on its own account and customer account) and brokerage), and may have long or short positions in, or trade or make a market in any securities, currencies, financial instruments, or other assets-underlying transactions to which the Stock Valuation Report relates. UBS Securities' and its affiliates' banking, trading, or hedging activities may have an impact on the price of the underlying assets and may give rise to conflicting interests or duties. UBS Securities and its affiliates may provide services to any of the Company's group companies, its directors, officers or employees, or any other entity or person (a "Third Party"), engage in any transaction (on its own account or customer account) with respect to the Company or a Third Party, or act in relation to any matter for itself or any Third Party, and such provision of services, transactions, or actions may be adverse to the Company or any of its group companies, and UBS Securities or any of its affiliates may gain any related remuneration or profit.

(Note 2) The number of shares used in the calculation of the per share value of the Company

Shares is the number of shares (83,873,184 shares) obtained by subtracting the treasury shares held by the Company as of March 31, 2022 (228,530 shares) (excluding the number of Company Shares held by the board benefit trust being a performance-based stock remuneration plan for the Company's executive officers as of the same date: 184,700 shares) from the total number of the Company's issued shares as of the same date as stated in the Consolidated Financial Report [IFRS] For the Year Ended March 31, 2022 (84,101,714 shares).

[2] Calculation Method of the Tender Offeror

According to the Tender Offeror, in determining the Tender Offer Price, KKR conducted a comprehensive and multifaceted analysis of the Company's business and financial status based on the Company's disclosed materials, such as financial information, and the results of the due diligence conducted with respect to the Company between early January and late February 2022, whereupon it prepared a financial model that has reflected the results of the analysis, and calculated a tender offer price that would ensure the investment returns required by KKR. In light of the fact that the Company Shares are traded on a financial instruments exchange, the Tender Offeror also referred to (i) the closing price (8,270 yen) of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of April 27, 2022, the business day immediately preceding the date of announcement of the Tender Offeror conducting the Tender Offer (today), and (ii) the history of changes in the simple average of the closing price of the Company Shares for the most recent one month (from March 28, 2022 to April 27, 2022), the most recent three months (from January 28, 2022 to April 27, 2022), and the most recent six months (from October 28, 2021 to April 27, 2022) (6,877 yen, 6,341 yen and 5,681 yen, respectively). The analysis of the Company's stock value was also conducted by comparative analysis of, among others, the market stock price and financial indicators, showing profitability and other factors, of multiple other listed companies which have business scopes, business scales, and profit and loss situations, etc. that are comparatively similar to those of the Company.

According to the Tender Offeror, as the Tender Offeror has determined the Tender Offer Price by comprehensively taking into consideration the various factors described above, as well as through consultations and negotiations with the Company and Hitachi, the Tender Offeror has not acquired a stock valuation report from a third-party valuation institution.

According to the Tender Offeror, the Tender Offer Price of 8,913 yen represents a premium of 7.78% on 8,270 yen, the closing price of the Company Shares on the Prime Market of the Tokyo Stock Exchange as of April 27, 2022, which is the business day immediately preceding the date on which the Tender Offer was announced to be conducted (today); or 29.61%, 40.56%, and 56.89% premiums on 6,877 yen, 6,341 yen, and 5,681 yen, the respective simple average closing prices of

the Company Shares for the past one-month, three-month, and six-month periods up to that date of April 27, 2022.

(4) Possibility of Delisting and Grounds Therefor

As of today, the Company Shares are listed on the Prime Market of the Tokyo Stock Exchange. However, since the Tender Offeror has not set an upper limit on the number of shares to be purchased in the Tender Offer, the Company Shares may be delisted through prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange, depending on the results of the Tender Offer.

Additionally, according to the Tender Offeror, even if the aforementioned standards do not apply at the point in time when the Tender Offer is completed, the Tender Offeror intends to implement the Squeeze-Out Procedures described in “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)” below after completion of the Tender Offer; accordingly, in this case, the Company Shares will be delisted through prescribed procedures in accordance with the delisting standards of the Tokyo Stock Exchange. After delisting, the Company Shares will no longer be tradeable on the Prime Market of the Tokyo Stock Exchange.

(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition)

According to the Tender Offeror, as described in “[1] Overview of the Tender Offer” of “(2) Grounds and Reasons for the Opinion on the Tender Offer,” in the event that the Tender Offeror is unable to acquire all of the Company Shares (excluding the Shares to Be Sold and the treasury shares held by the Company) upon completion of the Tender Offer, then the Tender Offeror intends to request that the Company implement the following procedures. Specifically, after completion of the settlement of the Tender Offer, the Tender Offeror intends to request that the Company promptly hold an extraordinary shareholders’ meeting (the “Extraordinary Shareholders’ Meeting”) pursuant to Article 180 of the Companies Act with the target date set for mid-December 2022, the agenda for which will include the following proposals: (i) a consolidation of the Company Shares (the “Share Consolidation”) and (ii) an amendment to the Company’s articles of incorporation to abolish the share unit number provisions, subject to the Share Consolidation taking effect. The Tender Offeror and Hitachi intend to approve such proposals at the Extraordinary Shareholders’ Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Company will, on the effective date of the Share Consolidation, hold the number of Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders’ Meeting. If, due to the Share Consolidation, fractions of less than one share arise in the number of shares, each shareholder of the Company holding such fractional shares will receive an amount of cash obtained by selling the Company Shares equivalent to the total number of such fractional shares (with such total number rounded down to the nearest whole number if there is

any fraction less than one share; the same shall apply hereinafter) to the Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. According to the Tender Offeror, regarding the sale price of the Company Shares equivalent to the total number of such fractional shares, it is intended that as a result of the sale, the amount of cash received by each shareholder of the Company who did not tender in the Tender Offer (excluding the Tender Offeror, Hitachi, and the Company) would be equal to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder. Thereafter, the Tender Offeror will request that the Company file a petition with a court seeking permission for a voluntary sale of such Company Shares on this basis. Although the ratio of the consolidation of the Company Shares has not been determined as of the date hereof, it is intended that the Company Shares held by the Company's shareholders who did not tender in the Tender Offer (excluding the Tender Offeror, Hitachi, and the Company) will become a fractional amount less than one share in order for the Tender Offeror and Hitachi to become the sole holders of all of the Company Shares (excluding treasury shares held by the Company).

If the Tender Offer is completed, the Company plans to accept these requests of the Tender Offeror.

According to the procedures under the Companies Act aiming to protect the rights of minority shareholders to which the procedures described above relate, if the Share Consolidation is conducted and fractions of less than one share arise in the number of shares due to the Share Consolidation, each shareholder of the Company may request that the Company purchase, from among the shares held by the shareholder, all fractional shares less than one share at a fair price, and each such shareholder may file a petition with a court to determine the price of the Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. In the event that such petition is filed, the purchase price of the Company Shares will be finally determined by the court.

It is further noted that shareholders of the Company will not be solicited to support the Tender Offer at the Extraordinary Shareholders' Meeting.

With regard to the above procedures, it is possible that, depending on situations such as amendments to or enforcement of the relevant laws and regulations or the interpretation of the relevant laws and regulations by the authorities, more time may be required for their implementation or a change may arise in the method of their implementation. However, according to the Tender Offeror, even in such a case, if the Tender Offer is completed, a method is intended to be used whereby the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror, Hitachi, and the Company) will ultimately receive cash, in which case the amount of cash to be delivered to each such shareholder of the Company will be calculated so that it will be equivalent to the price obtained by multiplying the Tender Offer Price by the number of Company Shares held by each such shareholder.

In such a case, the Company will announce specific procedures and the timing of their

implementation, etc. promptly once determined through discussion between the Tender Offeror and the Company. Shareholders of the Company are solely responsible for seeking advice from their own tax experts with regard to the tax consequences of tendering in the Tender Offer or of the procedures outlined 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 Conflicts of Interest

Since the Capital Transaction is a transaction proposed by Hitachi, as the largest shareholder holding approximately 40% of the Company's voting rights, and in light of the possibility that the interests of Hitachi and those of the Company's minority shareholders are not necessarily the same, the Tender Offeror and the Company implemented the following measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest.

The Tender Offeror has not set a lower limit on the so-called "Majority of Minority" shares planned to be purchased through the Tender Offer, because given that the Shares to Be Sold amount to 33,471,578 shares (ownership ratio: 39.91%), the Tender Offeror thought that if a lower limit on the "Majority of Minority" shares planned to be purchased were to be set in the Tender Offer, successful completion of the Tender Offer would become uncertain, resulting in the possibility of non-contribution to the interests of minority shareholders who wish to tender their shares in the Tender Offer. However, as the measures described in [1] to [6] below have been taken by the Tender Offeror and the Company, the Tender Offeror believes that adequate care has been taken regarding protection of the interests of the Company's minority shareholders.

Also, of the measures described below, descriptions regarding those implemented by the Tender Offeror are based on the explanations received from the Tender Offeror.

[1] Implementation of Bidding Procedure

As described in "[2] Background, Purpose, and Decision-Making Process Leading to the Tender Offeror's Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer" in "(2) Grounds and Reasons for the Opinion on the Tender Offer," the Company implemented the Bidding Process, which targeted multiple candidates, starting from late May 2021, and received a final letter of intent from multiple candidates after granting multiple candidates, including KKR, opportunities to conduct due diligence from mid-January 2022 until late February 2022.

Thereafter, KKR, the Company, and Hitachi continued discussions and negotiations on a continuing basis, and consequently, the Company reached the conclusion that there was no candidate presenting conditions more favorable to the Company's shareholders than those presented by KKR given that the share valuation and tender offer price presented by KKR were the highest of all share valuations and tender offer prices presented by the other Second Round Candidates participating in

the Second Round Bidding Process; the fundraising capabilities and the conditions precedent for fundraising were superior compared with those of the other Second Round Candidates participating in the Second Round Bidding Process; the proposed details relating to the post-Capital Transaction growth strategies, the financial strategies considering the maintenance of the financial soundness of the Company; and the supporting structure therefor were determined to be superior compared with those of the other Second Round Candidates participating in the Second Round Bidding Process; and the conditions presented by KKR were superior in terms of the certainty of implementation of the Capital Transaction because they presented specific measures for procedures like acquisition of clearance under competition law and other applicable laws and regulations.

[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions

Because, in the Capital Transaction, it is planned that one of the candidates to be finally selected as the purchaser and Hitachi, as the largest shareholder holding approximately 40% of the Company's voting rights, will execute a final agreement containing provisions regarding implementation of the Tender Offer, the Company established on April 27, 2021, immediately after the start of consideration of the Capital Transaction, a Special Committee composed of 3 members—Mr. Mitsudo Urano (outside director and independent officer of the Company), Mr. Takashi Nishijima (outside director and independent officer of the Company), and Mr. Hajime Watanabe (an attorney and outside director and independent officer of the Company)—independent of the Tender Offeror, Hitachi, and the Company, in light of the possibility that the interests of Hitachi and those of minority shareholders of the Company are not necessarily the same, and in order to consider and determine the propriety of the Capital Transaction, the appropriateness of the transaction conditions, including the transaction structure, as well as the fairness of procedures, including the offeror (partner) selection process, from the perspectives of eliminating the arbitrariness in the Company's decision making regarding the Capital Transaction and the candidate selection process through the Bidding Process, and of improving corporate value and the interests of minority shareholders. Furthermore, Mr. Mitsudo Urano was elected as chair of the Special Committee by an internal vote thereof. Regarding remuneration for members of the Special Committee, as Mr. Mitsudo Urano, Mr. Takashi Nishijima, and Mr. Hajime Watanabe are outside directors of the Company, it was decided that remuneration in accordance with their duties as committee members would be separately considered at the compensation committee. After the matter was considered at the Company's compensation committee meeting held on April 21, 2022, the committee decided that no separate remuneration or allowance would be paid to the members of the Special Committee; accordingly, performance fees conditional upon completion of the Capital Transaction were not adopted.

As the premise for considering the content of the opinions that the Company must express, the

Company's board of directors inquired with the Special Committee as to the following matters on April 27, 2021: (i) the justifiability/rationality of the objectives of the Capital Transaction (including whether the Capital Transaction will contribute to corporate value improvement), (ii) the fairness of the Capital Transaction procedures (including the partner selection process), (iii) the fairness/appropriateness of the Capital Transaction conditions, (iv) where a tender offer is implemented upon the Capital Transaction, the appropriateness of the Company's board of directors expressing an opinion in support of the tender offer and recommending that the Company's shareholders tender their shares in the tender offer, and (v) whether the Company's board of directors' making a decision regarding the Capital Transaction would be disadvantageous for the Company's minority shareholders in light of (i) to (iv) above (the "Matters of Inquiry"). Further, in relation to the establishment of the Special Committee, the Company's board of directors has also made the following resolutions: (a) in deciding to conduct the Capital Transaction, the Company's board of directors will give the utmost respect to the opinions of the Special Committee, and it will not make a decision to conduct the Capital Transaction if the Special Committee deems conducting the Capital Transaction inappropriate, (b) the Special Committee will be substantially involved in the process of selecting partners and negotiating transaction conditions by such means as confirming policies relating to the process of selecting partners and negotiating transaction conditions in advance, receiving reports on their status in a timely manner, and providing opinions, directions, and requests at critical phases, and the Special Committee will be able to engage in direct negotiation as deemed necessary, (c) where the Special Committee determines it necessary in relation to, among other matters, consideration of the Matters of Inquiry, the Special Committee will be granted the power to independently select advisors, etc. at the reasonable expense of the Company, and the Special Committee will be able to seek professional advice from the Company's advisors, etc., if it determines that they are reliable, in light of, among other matters, their having advanced expertise and there being no issues regarding their independence, and (d) the Special Committee will be able to request that the Company or the Company's advisors collect any information that will be necessary for the Special Committee to provide a report. However, the Special Committee has not exercised the power to select advisors independently, as the Company's financial advisor and third-party valuation institution – UBS Securities – and legal advisor – Nishimura & Asahi – have no issues regarding independence or expertise.

Special Committee meetings were held a total of 20 times from April 27, 2021 through April 28, 2022, over a total of approximately 20 hours, discussing and considering the Matters of Inquiry.

Specifically, the Special Committee gathered and considered all of the various materials and other necessary information/materials submitted by KKR and the Company, and it also received explanations from UBS Securities as the Company's financial advisor, and Nishimura & Asahi as the Company's legal advisor, and held question and answer sessions regarding an overview of the

Tender Offeror selection process, selection methods, confirmation of the selection procedures, the process and background of the Capital Transaction, including the Tender Offer, the details thereof, the significance and objectives thereof, the impact on the Company's corporate value, the relationships and the details of the current alliance between the Tender Offeror and Hitachi, the independence of each advisor, the rationality of the calculation method used for the Tender Offer Price, the appropriateness of the facts the analysis was premised on, the presence/absence of unreasonable interference by interested parties, the status of the Company and the appropriateness of the background and consideration process leading up to the respective decision making by the Company, the appropriateness of disclosures, and other matters concerning the Capital Transaction. Furthermore, the Special Committee received an explanation of the Company's business plan from the Company's officers and employees, and after a question and answer session, the Special Committee confirmed the rationality of the business plan and received an explanation of the Stock Valuation Report submitted to the Company by the Company's financial advisor – UBS Securities – and investigated the premises of the relevant price calculations and so on through interviews. Additionally, the Special Committee also received an explanation from the Company's legal advisor – Nishimura & Asahi – regarding the legal advice obtained from the legal advisor by the Company on the Company's decision-making process relating to the Capital Transaction, including the Tender Offer, decision-making methods, and other points to note in decision making concerning the Capital Transaction, including the Tender Offer, and considered such legal advice. Furthermore, in the Bidding Process, the Special Committee was substantially involved in the candidate selection process and the process of negotiating the transaction conditions by receiving reports from the Company in a timely manner concerning the content of price proposals from the First Round Candidates, including the Tender Offeror, whenever received by the Company and by stating opinions on transaction conditions, including the tender offer price, at important phases such as candidate selection, after hearing, deliberating and considering the opinion of the Company, which took into consideration advice from a financial perspective received by the Company from UBS Securities.

Under such background, after deliberating the Matters of Inquiry, the Special Committee submitted on April 28, 2022 a report to the Company's board of directors, with the contents summarized below, with the unanimous consent of all committee members, on certain preconditions such as the content of explanations provided, and the content of materials disclosed, to the Special Committee being accurate and correct.

(i) Justifiability/Rationality of the Objectives of the Capital Transaction (Including Whether the Capital Transaction Will Contribute to Corporate Value Improvements)

The Company's corporate vision is to become the most preferred global supply chain

solutions provider for all of its stakeholders, including customers, shareholders, and employees, in the sophisticated, diversified and wide-ranging global supply chain, and the Company aims to achieve sustainable growth. Given the Company's above-mentioned corporate vision and goal, the purpose of the Capital Transaction is to make the Company a private company and thereby enable the Company, without being restricted by its current capital structure, to improve the speed of decision making more than ever before, to obtain funds for investment, and to introduce external knowledge in order to increase the Company's corporate value by extending its competitiveness and profitability and by attaining new growth, with new partners. These purposes of the Capital Transaction are rational; in addition, improving the speed of decision making, obtaining funds for investment, and introducing external knowledge will lead to the sustainable development of the Company Group and improved profitability. The Capital Transaction is therefore logical because it can be said that the Capital Transaction will improve the corporate value of the Company Group.

Further, regarding the growth strategy and measures to increase business value assumed by KKR, although there are differences in recognition between the Company's management and KKR, these differences are not significant enough to have an impact on the Company's strategic direction, and the Company's management considers that there is nothing that gives rise to a sense of incongruity or that is irrational in that strategic direction or those concrete measures; in particular, regarding M&A, being deemed the most important business area in conditions of the Company's future corporate value, that the Company's management has concluded that a careful investigation has been made based on the Company's business issues. Accordingly, the Special Committee cannot specifically find any irrational point in this respect.

In addition, regarding management policies after the Capital Transaction explained by the Tender Offeror, it is assumed that the Company's current management team will continue to play a certain role in terms of the growth of the business operated by the Company after the Capital Transaction, and no irregular points were found in the policy that those who well understand the Company's business will engage in management under an even stronger support system.

Regarding the measures to increase corporate value, KKR has set reasonably high numerical targets. According to the Company's management, they believe that these numerical targets are basically at an achievable level; accordingly, it can be evaluated that the measures to increase corporate value are not irrational, either. Further, the management policies after the Capital Transaction are also appropriate as management policies of a company to be delisted; in addition, consideration has been given based on, among others, the Company's requests regarding maintenance of its corporate loan structure and reorganization of liabilities and capital. Accordingly, it can be evaluated that there is no irrational point in the management policies

assumed by KKR.

On the other hand, as potential disadvantages associated with implementing the Capital Transaction, the following impacts are assumed: impact from becoming independent from the Hitachi Group, impact from being delisted, impact from the burden on the Company of liabilities and so on, and the impact from entering a foreign company's wing. However, it is recognized that appropriate measures to handle and resolve each of these impacts can be taken. Accordingly, it can be evaluated that operation of the Company's business in the same manner as before the Capital Transaction will not be prevented, nor will the Company's corporate value suffer from significant adverse effects.

As per the above, it is considered that the purpose of the Capital Transaction is to increase the Company Group's corporate value and is justifiable and rational.

(ii) The Fairness of the Procedures for the Capital Transaction (Including the Partner Selection Process)

In light of, the fact that various measures to ensure fairness have been taken for the Capital Transaction, as follows, it is believed that the procedures for the Capital Transaction are fair.

- It is recognized that the Special Committee was substantially involved in the negotiation process, etc. with the candidates and Hitachi throughout the entire Capital Transaction process, including negotiations regarding the method for conducting the Bidding Process, after due processes having been taken as follows: the Special Committee was established from the stage before the initial transaction conditions were presented by candidates for the First Round Bidding Process and was granted the power to appoint advisors, etc.; and the Company's board of directors resolved that the Company would not make a decision to conduct the Capital Transaction if the Special Committee deems the Capital Transaction inappropriate, by according maximum respect to the opinions of the Special Committee. Further, there are no specific issues recognized regarding the independence of the Special Committee members, the composition of the Special Committee in terms of its members' attributes/specialties, etc., the processes for establishing the Special Committee and selecting its members, the system for examination of advisors, etc., the system for information acquisition, matters relating to rewards for committee members, and the Company's internal examination system, etc. Therefore, based on these matters, it is recognized that an independent Special Committee was established and is functioning effectively.
- The Company appointed Nishimura & Asahi as a legal advisor independent of the Company, Hitachi, the Tender Offeror, and candidates, and received legal advice.
- The Company asked UBS Securities, a financial advisor and third-party valuation institution

independent of the Company, Hitachi, the Tender Offeror, and candidates, to calculate the Company's share value and conduct associated financial analysis, and acquired the Stock Valuation Report as of April 28, 2022.

- The Bidding Process was conducted while exploring the best scheme and candidates through discussions and negotiations among the Company, Hitachi, and candidates, and it can be evaluated that appropriate consideration was given to the Bidding Process.
- In the Tender Offer, the Tender Offer Period is set at 21 business days. Meanwhile, the Tender Offer is a so-called pre-announcement type tender offer, and a certain period will be secured after announcement of a series of transaction conditions, including the Tender Offer Price, until commencement of the Tender Offer. Therefore, if the period after the announcement is also considered, it can be evaluated that appropriate opportunities have been secured for the Company's shareholders to make decisions on whether to tender their shares in the Tender Offer and that opportunities have also been secured for persons other than the Tender Offeror to make counter purchases, etc. of the Company Shares.
- It is recognized that information on the Special Committee, information on stock valuation reports, and other information have been fully disclosed in the Company's disclosure materials.
- Consideration has been given to avoid pressuring minority shareholders.

Although so-called "Majority of Minority" conditions were not set for the Capital Transaction, the Special Committee believes that it cannot be said that not setting "Majority of Minority" conditions has diminished the fairness of the Capital Transaction procedures in light of, the following: [1] Hitachi holds 33,471,578 shares (ownership ratio: 39.91%), and if "Majority of Minority" conditions were to be set, the lower limit of shares planned to be purchased in the Tender Offer would rise and successful completion of the Tender Offer would become uncertain, resulting in the possibility of non-contribution to the interests of tendering minority shareholders; and [2] as described above, measures to ensure fairness have been taken.

(iii) The Fairness/Appropriateness of the Capital Transaction Conditions

The transaction conditions for the Capital Transaction underwent a market check through the Bidding Process, in which the Tender Offeror proposed the highest price. Accordingly, the Special Committee did not find any circumstances casting doubt on the transparency or fairness of the Bidding Process, nor did the Special Committee find any questionable point regarding the status of negotiations of the Capital Transaction.

Further, according to the Stock Valuation Report, the value per share of the Company Shares is from 3,408 to 3,915 yen based on the average market price analysis (Reference Date 1), from 5,681 to 8,270 yen based on the average market price analysis (Reference Date 2), from 2,796

to 5,093 yen based on the comparable companies analysis, and from 3,618 to 6,407 yen based on the DCF analysis. Meanwhile, the Tender Offer Price of 8,913 yen and the stock valuation presented by KKR are higher than the upper limit calculated using the average market price analysis (Reference Date 1), comparable companies analysis, and DCF analysis, the Tender Offer Price is higher than the upper limit calculated using the average market price analysis (Reference Date 2), and the stock valuation presented by KKR is close to the upper limit of the range of the calculation results obtained through the average market price analysis (Reference Date 2). And in regard to the above, there are no irrational points regarding the business plan, being the basis of the stock valuation, regarding the selection of the method to evaluate the stock valuation, or regarding the content of such valuation; accordingly, the valuation materials are deemed reliable and the Tender Offer Price falls within a reasonable scope also in relation to the results of the stock valuation shown in the valuation materials.

Even from the perspective of the premium level, the Tender Offer Price is recognized to have considerably reflected the stock value to be realized by the Company through the synergy effects expected from the Capital Transaction because the Tender Offer Price exceeds the upper limit of the range of the valuation results obtained by the average market price analysis, the comparable companies analysis, and the DCF analysis. In particular, the following circumstances are deemed important circumstances substantiating the appropriateness of the Tender Offer Price: (a) the fact that the Tender Offer Price exceeds the upper limit of the valuation results obtained by the average market price analysis even though, unlike normal transactions, the Company's share price has already reflected a certain expectation for acquisition of the Company partly due to several press reports that were made based on leaked information concerning the Capital Transaction, and (b) the fact that the Tender Offer Price greatly exceeds the upper limit of the range of the evaluation results obtained by the DCF analysis that show the Company's intrinsic value.

Further, under the Capital Transaction, it is ensured that minority shareholders will obtain consideration in the same amount as that obtainable under the Tender Offer regardless of whether they obtain consideration in the Tender Offer or in the procedures for making the Company a wholly-owned subsidiary of the Tender Offeror to be taken after completion of the Tender Offer.

Consequently, the Special Committee can conclude that the Company's corporate value is properly evaluated and that the transaction conditions of the Capital Transaction, including the Tender Offer Price and the amount of consideration to be delivered, upon the Share Consolidation, to the Company's shareholders who do not tender their shares in the Tender Offer, are properly set. Accordingly, the Special Committee has determined that the conditions of the Capital Transaction are fair and appropriate.

(iv) Where a Tender Offer is Implemented upon the Capital Transaction, the Appropriateness of the Company's Board of Directors Expressing an Opinions in Support of the Tender Offer and Recommending That the Company's Shareholders Tender Their Shares in the Tender Offer

As discussed in (i) to (iii) above, the purpose of the Capital Transaction is considered to be justifiable and rational, the procedures under the Capital Transaction are considered to be fair, and the transaction conditions related to the Capital Transaction are considered to be fair and appropriate. Therefore, it is considered appropriate that the Company's board of directors express a supportive opinion and recommend that shareholders of the Company tender their shares in the Tender Offer.

(v) Whether the Company's Board of Directors' Making Decisions on the Capital Transaction would be Disadvantageous for Company's Minority Shareholders in Light of (i) to (iv) Above

The Capital Transaction is not considered to be detrimental to minority shareholders of the Company for the following reasons: as discussed in (i) to (iv) above, the purpose of the Capital Transaction is deemed fair and rational because the Special Committee concluded that, considering the interests of shareholders, the best choice at present would be to provide, through the Tender Offer, the Company's minority shareholders with an opportunity to sell the Company's common shares at a proper price; the procedures of the Capital Transaction are deemed fair; and the conditions of the Capital Transaction are deemed fair and appropriate.

[3] Acquisition of Advice from the Company's Independent Legal Advisor

In order to ensure careful decision making by the Company concerning the Capital Transaction, including the Tender Offer, and to secure the fairness and validity of decision making by the Company's board of directors, as described in "[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions" above, the Company has selected Nishimura & Asahi as a legal advisor independent of the Tender Offeror, Hitachi, and the Company, and has received legal advice from them concerning various procedures for the Capital Transaction including the Tender Offer, methods and processes for decision making by the board of directors, and other points to note in decision making concerning the Capital Transaction (including but not limited to the scope of interested Company directors, the establishment of the Special Committee and its timing, and the preferability of making decisions by giving the utmost respect to the content of the report submitted by the Special Committee).

Furthermore, Nishimura & Asahi is not a related party of the Tender Offeror, Hitachi, or the Company, and has no material interest in the Capital Transaction, including the Tender Offer.

[4] Acquisition of the Stock Valuation Report from the Company's Independent Financial Advisor and Third-party Valuation Institution

In order to obtain professional advice and assistance concerning corporate value appraisals and price negotiations, etc., as described in “[2] Establishment of an Independent Special Committee at the Company and Obtainment of Opinions” above, UBS Securities has been selected as a financial advisor and third-party valuation institution independent of the Tender Offeror, Hitachi, and the Company, and the Company received advice from a financial perspective from UBS Securities and acquired the Stock Valuation Report dated April 28, 2022 under the conditions precedent as described in (Note 1) above and certain other conditions. For an overview of the Stock Valuation Report, please refer to “[1] Acquisition of Stock Valuation Report from an Independent Third-Party Valuation Institution by the Company” of “(3) Matters Related to the Valuation” above.

Furthermore, UBS Securities is not a related party of the Tender Offeror, Hitachi, or the Company, and has no material interest in the Capital Transaction, including the Tender Offer.

[5] Approval of All Disinterested Company Directors

As described in “[3] Process of and Reasons for Decision Making by the Company to Support the Tender Offer” of “(2) Grounds and Reasons for the Opinions on the Tender Offer” above, the Company's board of directors carefully discussed and considered whether the Capital Transaction, including the Tender Offer, would contribute to improvement of the Company's corporate value and whether the transaction conditions related to the Capital Transaction, including the Tender Offer Price, were appropriate, taking into consideration the legal advice received from Nishimura & Asahi, the advice from a financial perspective received from UBS Securities, and the content of the Stock Valuation Report, and giving the utmost respect to the content of the decision of the Special Committee as shown in the Special Committee Report.

As a result, as described in “[3] Process and Reasons for Decision Making by the Company to Support the Tender Offer” of “(2) Grounds and Reasons for the Opinions on the Tender Offer” above, the Company determined that (i) the Transaction, including the Tender Offer, by KKR (whose proposal for the growth strategies after implementation of the Capital Transaction, the financial strategies considering maintenance of the financial soundness of the Company, and the support system therefor was based on a deep understanding of the Company and the Company's business, and was substantiated by the knowledge, resources, strong commitment in the Japanese market, and wealth of achievements of KKR in terms of supporting enhancement of corporate value over the mid to long term, and therefore was superior to the proposals of the other Second Round Candidates that participated in the Second Round Bidding Process) would contribute to improvement of the Company's corporate value and that (ii) the transaction conditions related to the Transaction, including the Tender Offer Price, were valid as they ensured the benefits that should be enjoyed by

minority shareholders of the Company, and the Tender Offer would provide minority shareholders of the Company with a reasonable opportunity to sell the Company Shares, because (a) KKR's proposal was superior to the proposals made by the Second Round Candidates in terms of stock valuation and the tender offer price, (b) the Tender Offer Price is considerably higher than the upper limit of all of the evaluation results shown in the stock valuation reports, (c) it is considered that a reasonable premium has been added to the Tender Offer Price even in the situation where it was not unreasonable to consider that there was considerable influence on the expected value, etc. of the Capital Transaction caused by several speculative press reports on the Capital Transaction, and (d) it is recognized that measures have been taken to ensure the fairness of the Tender Offer and the interests of minority shareholders have been considered; consequently, it adopted a resolution at the meeting of the Company's board of directors held today to express an opinion in support of the Tender Offer and to recommend that shareholders of the Company tender their shares in the Tender Offer via unanimous decision of all eight of the nine directors of the Company participating in the deliberations and resolutions, excluding Mr. Hiroshi Maruta (as explained below).

Furthermore, as described in "[3] The Process and Reasons for Decision Making by the Company to Support the Tender Offer" of "(2) Grounds and Reasons for the Opinions on the Tender Offer" above, it is planned that the Tender Offer will be commenced promptly when the Conditions for Commencement of the Tender Offer are satisfied (or waived by the Tender Offeror). According to the Tender Offeror, as of today, it aims to commence the Tender Offer with the target date set for late September 2022; however, it is difficult to estimate the period required for, among others, procedures involving domestic and international competition authorities and authorities supervising inward direct investments accurately. Therefore, at the board of directors meeting mentioned above, the Company also resolved (i) that when the Tender Offer is commenced, the board of directors will request that the Special Committee of the Company (x) consider whether there are any changes in its opinion as expressed to the Company's board of directors as of today, and (y) if there are no changes, make a statement to that effect, or if there are changes, state the changed opinion, to the board of directors; and (ii) that based on such opinion of the Special Committee, the Company will express its opinions on the Tender Offer again when the Tender Offer is commenced.

Furthermore, in light of the fact that among the Company's directors, Mr. Hiroshi Maruta is originally from Hitachi, he did not participate in any deliberations or resolutions relating to the Capital Transaction at board of directors meetings, including the deliberations and resolutions at the board of directors meeting mentioned above, nor did he, in the capacity of the Company, participate in any discussions or negotiations with the Tender Offeror, in order to avoid suspicions of conflicts of interest and to ensure the fairness of the Capital Transaction.

[6] Measures to Ensure Opportunities for Purchase by Other Purchasers

The Tender Offeror and the Company have not agreed to obligate the Company to support the Tender Offer or to make a tender recommendation; further, the Tender Offeror and the Company have not made any agreement containing a transaction protection clause that prohibits the Company from contacting any Counter-Purchase Proposer other than the Tender Offeror or any other agreement that restricts contact and so on between the Company and the Counter-Purchase Proposer. In this way, the Tender Offeror gives consideration to ensuring the fairness of the Tender Offer, as well as to setting an adequate Tender Offer Period.

Furthermore, as described in “[2] Background, Purpose, and Decision-Making Process Leading to the Tender Offeror’s Decision to Conduct the Tender Offer, and Management Policy Following the Tender Offer” of “(2) Grounds and Reasons for the Opinions on the Tender Offer” above, the Company and Hitachi implemented the Bidding Process by approaching several candidate purchasers, and it was only after comparison with several other candidate purchasers conducted in a certain competitive environment that they commenced discussions and deliberations (including negotiations regarding the final tender offer price) to implement the Transaction, including the Share Repurchase, with KKR, whose final proposal was the best, and thereafter they selected KKR as the final candidate after discussions and negotiations. In addition, in the Tender Offer, a long period is set as the period before commencement of the Tender Offer; therefore, it is believed that opportunities for minority shareholders of the Company to make decisions on whether to tender their shares in the Tender Offer, and opportunities for parties other than the Tender Offeror to make purchases, etc. of the Company Shares, are ensured. Accordingly, the Tender Offeror believes that there are adequate opportunities for purchases, etc. of the Company Shares by parties other than the Tender Offeror.

4. Matters Concerning Important Agreements Relating to the Tender Offer

[1] The Basic Agreement

According to the Tender Offeror, in connection with the Tender Offer, the Tender Offeror executed the Basic Agreement with Hitachi as of today, in which Hitachi agreed not to tender the Shares to Be Sold in the Tender Offer.

However, according to the Tender Offeror, the Basic Agreement sets forth as follows: if any person other than the Tender Offeror commences a tender offer for the Company Shares by the last day of the Tender Offer Period at a purchase price higher than the Tender Offer Price without setting an upper limit on the number of shares to be purchased (the “Counter Tender Offer”), Hitachi may make a request to negotiate with the Tender Offeror to amend the Tender Offer Price and the Company’s Share Repurchase Price. If the negotiations do not lead to the Tender Offeror amending the Tender Offer Price to a price that is not less than the purchase price under the Counter Tender Offer and

changing the Company's Share Repurchase Price to a price that is substantially not less than the purchase price under the Counter Tender Offer when taking into account the effect of the relevant taxes, Hitachi may, without being obligated to pay any money or becoming subject to any other obligations, tender all of the Shares to Be Sold in the Counter Tender Offer or accept share repurchase by the Company (excluding the Share Repurchase) to be conducted after the Counter Tender Offer.

Further, according to the Tender Offeror, the Basic Agreement sets forth as follows: during the period from today to the last day of the Tender Offer Period, Hitachi (i) may not make an agreement with any person other than the Tender Offeror regarding a transaction that substantially conflicts with the Tender Offer or that makes it difficult to implement the Tender Offer; (ii) may not provide any person other than the Tender Offeror with any information regarding the Company Group in relation to the said transaction; and (iii) may not apply for, or solicit applications for, the said transaction or conduct any discussions or negotiations regarding the said transaction. Meanwhile, according to the Tender Offeror, if Hitachi does not breach the said obligations, Hitachi is not prohibited from engaging in the following conduct: (a) where a third party other than the Tender Offeror has commenced a Counter Tender Offer, tendering in the Counter Tender Offer pursuant to the provisions of the preceding paragraph and providing information to, or conducting discussions or negotiations with, the third party that has commenced the Counter Tender Offer in relation to the Counter Tender Offer; and (b) where Hitachi has received a written proposal for a Counter Tender Offer that is reasonably considered to be superior to the Transaction, providing the third party with the minimum necessary information or conducting discussions or negotiations, or making an agreement, with the third party, although in both (a) and (b) above, subject to the condition that Hitachi immediately provides the Tender Offeror with the same information as the said information and the details of the said discussions' progress and if the Tender Offeror requested, the details of the said discussions , negotiations and contents of agreement to the reasonable extent.

Further, according to the Tender Offeror, in the Basic Agreement, Tender Offeror and Hitachi agreed that (i) in the event the Tender Offer is completed and the Tender Offeror is unable to acquire all of the Company Shares (excluding treasury stock held by the Company and the Shares to Be Sold) in the Tender Offer, the Tender Offeror and Hitachi will request that the Company hold a general meeting of shareholders with proposals on the matters required for implementation of the Share Consolidation and will exercise their voting rights to approve said proposals, that (ii) as promptly as practically possible after the Tender Offeror and Hitachi become holders of all of the Company Shares (excluding treasury stock held by the Company) as a result of the Share Consolidation, the Tender Offeror and Hitachi will cause the Company to perform the Capital Reduction in order to ensure the amount available for allocation required for the Share Repurchase, and that (iii) promptly after the Capital Reduction takes effect, Hitachi will, through the Share Repurchase, transfer to the

Company all of the Shares to Be Sold for the total amount of consideration obtained by multiplying the number of the Shares to Be Sold by 6,632 yen, the Company's Share Repurchase Price (however, if, due to the Share Consolidation, fractions of less than one share arise in the number of Shares to Be Sold held by Hitachi, the amount receivable by Hitachi as consideration for the fractions will be deducted from the said total amount of consideration).

According to the Tender Offeror, in the Basic Agreement, the Tender Offeror and Hitachi agreed to matters relating to the terms of the Tender Offer, the Conditions for Commencement of the Tender Offer, matters concerning Hitachi's right to claim that the Tender Offer not be commenced (Note 1), Hitachi's obligation to notify the Tender Offeror in the case where Hitachi receives a proposal for tender offer of the Company's common shares from any person other than the Tender Offeror, the representations and warranties by the Tender Offeror and Hitachi (Note 2), the obligation to make efforts to obtain clearance under competition laws, the obligation relating to implementation of the Transaction and the Hitachi Re-contribution, the obligation of the Company Group to make efforts to conduct business operations within the scope of the ordinary business operations pursuant to prior customary practices during the period until the Share Repurchase, the obligation to prohibit solicitation regarding the Company Group, the obligation to cooperate in fundraising, the indemnification obligation of up to 20 billion yen in the case of the Tender Offeror and 10 billion yen in the case of Hitachi if the Tender Offeror or Hitachi fails to perform its obligations or breaches its representations and warranties under the Basic Agreement, the obligation to bear taxes and public dues and expenses incurred by oneself, the obligation of confidentiality, the obligation to prohibit the transfer of contractual rights and obligations, and provisions relating to cancellation by the Tender Offeror or Hitachi due to a breach of representations and warranties, where a petition has been filed with respect to the other party for commencement of insolvency proceedings, and where the Tender Offer has not been commenced on or before November 30, 2022, among others.

(Note 1) According to the Tender Offeror, if any of the following is not satisfied, Hitachi may request that the Tender Offeror not commence the Tender Offer, even if the Tender Offeror waives the Conditions for Commencement of the Tender Offer that is the same to the conditions not so satisfied:

[1] the Special Committee established by the Company's board of directors for the Tender Offer has made an affirmative report regarding the Company's board of directors expressing an opinion in support of the Transaction, and the report has not been amended (excluding where the amended report approves the Company's board of directors expressing an opinion in support of the Transaction or where it is a minor amendment due to an update of information that is necessarily required due to the passage of time from the execution date of the Basic Agreement to the commencement date of the Tender Offer or otherwise) or withdrawn;

[2] a resolution to express an opinion in support of the Transaction has been adopted at a meeting of

the board of directors of the Company, and that opinion has been disclosed pursuant to the relevant laws and regulations and has not been amended or revoked;

[3] no decision has been made by a judicial or administrative agency to restrain or prohibit any part of the Transaction, and there is no specific possibility thereof;

[4] the Tender Offeror has performed or complied with, in all material respects, its obligations under the Basic Agreement that should be performed or complied with by the commencement date of the Tender Offer (however, unless a breach of any of the obligations has a material adverse effect, this condition shall be deemed to have been satisfied);

[5] the Tender Offeror's representations and warranties are true and correct in all material respects (however, unless a breach of any of the representations and warranties has a material adverse effect, this condition shall be deemed to have been satisfied);

[6] contracts relating to the Transaction exist and have been executed legally and effectively;

[7] acquisition of clearance has been completed regarding necessary approvals and authorizations; and

[8] the Tender Offeror has received from the Company the Letter of Understanding, and the Letter of Understanding has not been revoked by the commencement date of the Tender Offer.

(Note 2) According to the Tender Offeror, the Tender Offeror makes representations and warranties regarding the following in the Basic Agreement: (1) effectiveness of establishment and existence, (2) capacity to hold rights and act as necessary to execute and perform the Basic Agreement, (3) completion of procedures required by relevant laws and regulations and the internal rules of the Tender Offeror regarding execution and performance of the Basic Agreement, (4) validity and compulsory enforceability of the Basic Agreement, (5) no conflict with laws and regulations regarding execution and performance of the Basic Agreement, (6) obtaining required clearances by each of the execution date of the Basic Agreement, the commencement date of the Tender Offer, the expiration date of the Tender Offer Period, and the settlement date of the Tender Offer, (7) no transactions with or involvement by antisocial forces, and (8) certainty of fundraising. According to the Tender Offeror, Hitachi makes representations and warranties regarding the following in the Basic Agreement: (1) effectiveness of establishment and existence, (2) capacity to hold rights and to act as necessary to execute and perform the Basic Agreement, (3) completion of procedures required by relevant laws and regulations and the internal rules of the Hitachi regarding execution and performance of the Basic Agreement, (4) validity and compulsory enforceability of the Basic Agreement, (5) no conflict with laws and regulations regarding execution and performance of the Basic Agreement, (6) lawful and effective ownership of the Shares to Be Sold, (7) matters relating to the Company's shares, and (8) no transactions with or involvement by antisocial forces.

[2] Letter of Understanding

In connection with the Tender Offer, the Company submitted to the Tender Offeror a letter of understanding dated April 28, 2022 (the “Letter of Understanding”), in which the Company agreed on the following, among others: matters relating to the Company Group’s business operations; compliance with anti-corruption laws, money laundering laws, and sanction-related laws, and provision of responses and information at the time of breach thereof; provision of financial information; the Company’s representations and warranties (regarding matters such as obtainment of necessary licenses and approvals, non-existence of breach of competition laws, anti-corruption laws, money laundering laws, and sanction-related laws, and establishment of internal rules for compliance therewith, non-existence of transactions, etc. with government personnel or parties subject to sanctions, and non-existence of government personnel and governmental organizations holding shares in the Company); and the Company’s obligation to make efforts to perform actions that will be necessary for the Company to legally and effectively implement the Transaction pursuant to, among others, laws and regulations, etc., internal rules, collective labor agreements, and agreements that are important in terms of business.

[3] Capital and Business Alliance Agreement

According to the Tender Offeror, in connection with the Transaction, the Company, Hitachi and KKR Fund will execute a capital and business alliance agreement and agree to, among others, the operation of the Company after completion of the Transaction and Hitachi’s right to nominate one director of the Company.

5. Details of Benefit Contributions by the Tender Offeror or Its Specially Related Parties

No relevant matters.

6. Policy on Handling of the Basic Policy for Company Control

No relevant matters.

7. Questions for the Tender Offeror

No relevant matters.

8. Requests for Extension of the Tender Offer Period

No relevant matters.

9. Future Revisions

See “[2] Background, Purpose, and Decision-Making Process Leading to the Tender Offeror’s Decision

to Conduct the Tender Offer, and Management Policy Following the Tender Offer” under “(2) Grounds and Reasons for the Opinion on the Tender Offer” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” above, and see also “(4) Possibility of Delisting and Grounds Therefor,” and “(5) Policy on Reorganization After the Tender Offer (Matters Concerning the So-called Two-step Acquisition) of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” above.

10. Other Matters

(1) Announcement of the “Consolidated Financial Report IFRS For the Year Ended March 31, 2022”

As of April 28, 2022, the Company announced the Consolidated Financial Report For the Year Ended March 31, 2022. Please see the content of said publication of the Company for details.

(2) Announcement of the “Notice concerning Surplus Dividends (Non-Payment of Term-End Dividends)”

As described in the “Notice concerning Surplus Dividends (Non-Payment of Term-End Dividends)” announced as of April 28, 2022, the Company resolved at its board of directors meeting held today on the non-payment of surplus dividends setting September 30, 2022 (end of the second quarter) as a reference date and surplus dividends setting March 31, 2023 (end of the fiscal year) as a reference date. Please see the content of said publication of the Company for details.

End