



September 26, 2022

To all parties concerned,

Company Name: Hitachi Metals, Ltd.  
Name of Representative: Mitsuaki Nishiyama  
Chairperson, President, and CEO  
(Code: 5486; Prime Market of the Tokyo Stock Exchange)  
Contact: Izumi Tsubouchi  
General Manager, Corporate Communications Dept.  
(Phone: +81-3-6774-3077)

**Announcement of Opinion in Support of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd., and Recommendation of Tender**

Hitachi Metals, Ltd. (the “Company”) was notified on September 20, 2022 that K.K. BCJ-52 (the “Tender Offeror”) intends to commence a tender offer (the “Tender Offer”) for the common shares of the Company (the “Company’s Shares”) with a Tender Offer Commencement Date of September 27, 2022, as was publicized in the “Announcement of Opinion in Support of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd., and Recommendation of Tender” (“The Company’s Press Release”) dated April 28, 2021. Based on this, at the board of directors meeting held on September 26, 2022, the Company reaffirmed its opinion in favor of the Tender through a resolution, and resolved to recommend the Company’s shareholders to tender their shares in the Tender Offer. The Company thereby issues the following notification. In addition, according to the “Announcement on Commencement of Tender Offer for Shares of Hitachi Metals, Ltd. (Securities Code: 5486)” (the “Tender Offeror Press Release”) issued on September 26, 2022 by the Tender Offerors (defined below “[1] Summary of the Tender Offer” under “(2) Grounds and reasons for the opinions concerning the Tender Offer” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer”; the same shall apply hereinafter), the Tender Offerors have completed the series of procedures as described under “(5) Policy on reorganization after the Tender Offer (matters concerning the so-called two-step acquisition)” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer”, and “[1] Summary of the Tender Offer” under “(2) Grounds and reasons for the opinions concerning the Tender Offer”, with the intention of making the Company a wholly owned subsidiary of the Tender Offeror and delisting the Company’s Shares.

The aforementioned resolution by the board of directors has been made on the assumption that the Tender Offeror intends to acquire all the Company’s Shares and that the Tender Offeror intends to delist the Company’s Shares through the Transaction (defined “[1] Summary of the Tender Offer” under “(2) Grounds and reasons

for the opinions concerning the Tender Offer” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer”, the same shall apply hereinafter) including the Tender Offer.

#### 1. Overview of the Tender Offeror

①Name	K.K BCJ-52
②Location	5F, Palace Building 1-1-1 Marunouchi, Chiyoda-ku, Tokyo
③Name and Title of Representative	Yuji Sugimoto, Representative Director
④Type of Business	Acquire and own shares of the Company, and control and manage the Company’ business activities
⑤Amount of Capital	25,000 yen
⑥Date of Foundation	April 23, 2021
⑦Major Shareholders and Shareholding Ratio	G.K. BCJ-51 (Shareholding ratio: 100.00%) (Note)
⑧Relationship between the Company and the Tender Offeror	
Capital Relationship	Not applicable
Personal Relationship	Not applicable
T r a n s a c t i o n R e l a t i o n s h i p	Not applicable
Status as a Related Party	Not applicable

Note: As stated in “[1] Summary of the Tender Offer” under “(2) Grounds and reasons for the opinions concerning the Tender Offer” of “3. Details of, and grounds and reasons for, the opinion on the Tender Offer”, a fund advised by the investment fund to which Bain Capital (as defined below “[1] Summary of the Tender Offer” under “(2) Grounds and reasons for the opinions concerning the Tender Offer” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” concerning the Tender Offer”) provides investment advice indirectly owns all of the outstanding shares of the G.K. BCJ-51.

#### 2. Price of the Tender Offer

Common shares: JPY 2,181 per 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 the board of directors meeting held on April 28, 2021, the Company resolved, on the grounds and reasons set out in “(2) Grounds and reasons for the opinions concerning the Tender Offer” below, that

as the current opinion of the Company with respect to the Transaction, if the Tender Offer were to be commenced, the Company would express its opinion supporting the Tender Offer and would recommend the Company's shareholders to tender their shares in the Tender Offer.

The Company has been notified on September 20, 2022 that the Tender Offeror intends to commence the Tender Offer with a Tender Offer Commencement Date of September 27, 2022, on the assumption that clearance has been acquired (Note 1) by the Tender Offerors for the necessary approvals and permits based on competition laws and relevant regulations domestically and internationally (Japan, Brazil, China, the EU, Serbia, South Korea, Taiwan, and Vietnam, but excluding the necessary permits and authorizations based on the Foreign Exchange and Foreign Trade Act of Japan (Act No. 228 of 1949; as amended) (the “FEFTA”)), and on the assumption that all other conditions (Note 2) have been fulfilled (the “Tender Offer Preconditions”) or the Tender Offeror waives all other Tender Offer Preconditions. Based on the environment surrounding the Company’s business performance and the Transaction, and having once again seriously considered all the conditions of the Tender Offer, as of September 26, 2022, because the Company believe that there is no cause to alter our judgment regarding this Tender Offer, the Company has resolved, at the board of directors’ meeting on September 26, 2022, based on the procedures and reasons outlined below under “[4] The process of decision-making for how the Company came to agree with the Tender Offer, and the grounds therefor” under “(2) Grounds and reasons for the opinions concerning the Tender Offer,” to once again indicate our support for the Tender Offer, and to recommend the Company’s shareholders to tender their shares in the Tender Offer. Both of the aforementioned resolutions were made through the methods described in “[5] Approval of all of the Company’s directors with no interest” 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: “Obtaining clearance” refers to obtaining and implementing all necessary permits and authorizations, including (i) if legally mandated waiting periods relating to such permits and authorizations (including inaction period and other similar periods; hereinafter the same), where such period has passed, and (ii) the absence of any prohibition order, cease and desist orders, or other similar orders against the acquisition of the Company’s Shares through the Tender Offer (the “Share Acquisition”), or the absence of procedures for the implementation of such orders (according to the Tender Offeror, which includes the passage of legally mandated waiting periods and the reception of an Article 9 notification from the Fair Trade Commission in relation to the notification under Article 10, Paragraph 2 of the Act Concerning Prohibition of Private Monopoly and Maintenance of Fair Trade (Act No. 54 of 1947; as amended), and the approval or the expiration of the waiting period(s) for the notifications under the competition laws of Brazil, China, the EU, Serbia, South Korea, Taiwan and Vietnam, the expiration of the waiting period for advance notification under the FEFTA of Japan, and the completion of notification to the Committee on Foreign Investment in the United States (CFIUS) and the notification under the International Traffic in Arms Reduction (ITAR)).

Note 2: According to the Tender Offeror, the following are the Conditions for Commencement of the Tender Offer: [1] The Company’s special committee has given its positive opinions with regard to

the supportive opinion of the Company's board of directors of the Tender Offer, and has not withdrawn those opinions; [2] the Company's board of directors has adopted a resolution expressing its opinion in support of the Tender Offer, and that opinion has been published in accordance with laws and regulations and has not been withdrawn, and no other resolutions that are contradictory to that opinion have been adopted; [3] no decision to limit or prohibit any portion of the Transaction has been rendered by domestic and international juridical and government agencies, and there is no specific likelihood thereof; [4] all obligations to be fulfilled or complied with by Hitachi Ltd. ("Hitachi") under the Non-Tender Agreement (as defined in "[1] Summary of the Tender Offer" of "(2) Grounds and reasons for the opinions concerning the Tender Offer" below; hereinafter the same) have been fulfilled and complied with in all material respects (however, as long as the violation of such obligations does not cause any serious adverse effects, the obligations are deemed to have been fulfilled); [5] the representations and warranties of Hitachi as set forth in the Non-Tender Agreement are true and accurate in all material respects (however, as long as the violation of such representations and warranties does not cause any serious adverse effects, the representations and warranties are deemed to have been fulfilled); [6] the obtaining clearance has been completed for permits and authorizations under domestic and international competition laws and other regulations; [7] confirmation has been obtained from the Company that there are no material facts (meaning those set forth in Article 166, Paragraph 2 of the Financial Instruments and Exchange Act (Act No.25 of 1948; as amended, the "Act") regarding the Company's operations that the Company has not disclosed (which has the meaning set forth in Article 166, Paragraph 4 of the Act); [8] the Memorandum of Understanding (as defined in "[2] The Memorandum of Understanding" of "4. Matters concerning important agreements relating to the Tender Offer" below; hereinafter the same) has been executed, effectively, between the Tender Offeror and the Company, and it remains effective, the Company's representations and warranties as set forth in the Memorandum of Understanding are true and accurate in all material respects, and obligations to be fulfilled and complied with by the Company under the Memorandum of Understanding have been fulfilled and complied with in all material respects (however, as long as the violation of such obligations and such representations and warranties do not cause any serious adverse effects, they are deemed to have been fulfilled).

## (2) Grounds and reasons for the opinions concerning the Tender Offer

The descriptions about the Tender Offeror contained in Grounds and Reasons for the Opinion is based on explanations received from the Tender Offeror.

### [1] Summary of the Tender Offer

The Tender Offeror is a stock company (*kabushiki kaisha*) established on April 23, 2021, with the primary goal of supporting and managing the business activities of the Company following completion of the Tender Offer, owned by G.K.BCJ-51 ("Parent Company of Tender Offeror"). As

of today, the investment fund to which Bain Capital Private Equity, LP and its group (“Bain Capital”) provide investment advice indirectly owns all of the outstanding shares of the Parent Company of Tender Offeror. The Parent Company of Tender Offeror plans to be invested before the settlement date of the Tender Offer (“Investment”) from the investment fund to which Bain Capital provides investment, the fund managed, operated and provided information by Japan Industrial Partners, Inc. (“JIP”) (Including any fund that is created by JIP to obtain and possess shares of the Parent company of tender offeror. The same shall apply below) and the investment fund managed by JIS Japan Industrial Solutions K.K. (Including any fund that is created by JIS to obtain and possess shares of the Parent company of tender offeror. The same shall apply below) (“JIS,” and Bain Capital, JIP and JIS are collectively “BC Consortium,” and Tender Offeror, Parent Company of Tender Offeror, BC Consortium are collectively “Tender Offerors”). After Investment, the investment fund to which Bain Capital provides investment with the fund managed, operated and provided information by JIP and the fund managed by JIS will indirectly own the entire outstanding shares of the Parent Company of Tender Offeror. The respective investment ratios (Rounded to the second decimal place. The same shall be adopted to the ratio calculation in the “Current Status” below) are expected to be 77%, 14% and 9%. As of today, the Offeror holds no Company’s Shares.

Bain Capital is the international investment company that globally owns approximately 160 billion USD of the assets under management. They opened the Tokyo branch in 2006 in Japan. Since then, they have pursued to increase corporate values of their investment target companies with more than 50 investment professionals. Their professionals mainly consist of experts experienced in industrial companies and consulting firms. In addition to capital and financial supports that the typical investment company usually offers, their support is deep down to the operational level of business to carry out sound growth strategy. They have many track records of successful cases of increasing corporate values. In Japan, Bain Capital has a track record of investing in 24 companies as of today including Tri-Stage Inc., Kirindo Co., Ltd., Linc’well inc., Nihon Safety Co., Ltd., Ignis Ltd. hey, Inc., NICHIIIGAKKAN CO., LTD., SHOWA AIRCRAFT INDUSTRY CO., LTD., Cheetah Digital Co., Ltd. (current EmberPoint Co., Ltd.), Works Human Intelligence Co., Ltd., Toshiba Memory Corporation (current Kioxia Corporation), Japan wind Development Co., Ltd., Oedo-Onsen-Monogatari Co., Ltd., ADK Holdings Inc., Jupiter Shop Channel Co., Ltd., Skylark Holdings Co., Ltd., Domino’s Pizza Japan, Inc., Macromill, Inc. and Bellssystem, INC. Globally they have invested in about 300 companies, and about in 1,000 companies including additional investment since their establishment in 1984.

JIP is a stock company (*kabushiki kaisha*) established in Japan in November 2002 with an aim to develop Japanese style private equity business to contribute business restructuring and reconstruction of Japanese companies. JIP provided capital and management support to Japanese companies so that they can activate their potentials to use their existing business foundations and

accelerate their business growth. JIP has also been involved with 29 investments (as of today) including carve-out (spin-off or independence of a subsidiary) in business sectors and some non-disclosed cases such as BIGLOBE Inc. carved-out from Nippon Electric Co., Ltd. (“NEC”) and NEC’s affiliated companies, PC unit carved-out from Sony Corporation, the Tender Offer to the Hitachi Kokusai Electric Inc. and the video and communication business unit carved-out from Hitachi Kokusai Electric Inc. JIP’s basic principle in investment is to let the investment target company bring out the full growth potentials by making the most of their business foundations they have built so far. JIP is investing to their investment target companies so that the executives and staff of such companies can be satisfied through providing good and quality products and services to customers, and aims to make their business successful. At present, JIP reportedly has no capital relationship with Bain Capital or JIS.

Also, JIP has tried to understand the history and development, and corporate culture of their portfolio companies, and support the management style to make good use of “people” and “business” through making the most of capabilities of executives and staff. Furthermore, JIP provides both financial and management assistance, using their accumulated know-how and knowledge for business strategies and action plans that the management prepares to realize the business operation plan, financial arrangement and system solutions, etc.

JIS was established in Japan in September 2010 with Development Bank of Japan Inc., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd., which are the leading financial institutions in Japan, as anchors. JIS aims to increase corporate values and strengthen industries competitiveness of their portfolio companies as a partner who can bring out potentials of the companies to the maximum, broadly collaborating with Japan’s leading financial institutions, government agencies and institutional investors, and using JIS’s experience, know-how and network.

When investing, JIS first establishes close communication relationship with the management of their portfolio companies to share values regarding management policy. JIS provides diversified and advanced support to realize the management action plans as a commitment to stakeholders. Especially, JIS focuses on increasing corporate values in the various field of business by investment professionals. Also, JIS provides growth support to their portfolio companies through finding and introducing the right persons in the right jobs from JIS’s broad network. In addition, in the business restructuring and revitalization, three units of the portfolio company’s management, the financial institution as a lender and JIS provide support in a cooperative way.

JIS has invested in 15 projects mainly focusing on the global manufactures such as MITSUBA Corporation, Nihon Dempa Kogyo Co., Ltd., Akebono Brake Industry Co., Ltd., Nippon Sheet Glass Company, Ltd., SHARP Corporation. JIS reportedly has no capital relationship with Bain Capital or JIP at present.

As the Company announced in the Company's Press Release, on the assumption that the Tender Offer preconditions were fulfilled or the Tender Offeror waives all other Tender Offer Preconditions, the Tender Offeror intends to obtain the Company's Shares through the process of the Tender Offer, with those preconditions (the "Tender Offer Preconditions") being: ① At the Company's special committee, the board of directors reported positively about supporting this Tender Offer, and that this report has not been withdrawn; ② the Company's board of directors has passed a resolution on expressing an opinion in favor of the Tender Offer, which opinion has been publicized in line with relevant laws and regulations, and that any such expressed opinion has not been withdrawn, and no contradictory resolutions have subsequently been passed; ③ the Transaction has not been the subject of a judgment by any administrative or governmental institution domestically or internationally limiting or forbidding it, and there is no specific risk of this occurring; ④ Hitachi Ltd. has fulfilled and complied with all major obligations that it must fulfill or comply with in all major respects, under the Non-Tender Agreement (however, this condition will be considered met where a violation of such an obligation does not produce a major negative effect); ⑤ Hitachi Ltd.'s expressions and guarantees are in all major respects true and accurate, under the Non-Tender Agreement (however, this condition will be considered met where violations of such expressions or guarantees do not produce a major negative effect); ⑥ the obtaining of clearances has been completed for permits and authorizations under relevant competition laws and other regulations domestically and internationally; ⑦ it has been confirmed that there exist no major undisclosed (in the sense of Article 166, Paragraph 4 of the Act (Act No. 25 of 1948; as amended)) significant facts (referring to the items set out in Article 166, Paragraph 2 of the Act) relating to the Company's operations; and ⑧ a valid Memorandum of Understanding has been concluded between the Tender Offeror and the Company, which continues to be in effect, the expressions and guarantees of the Company as stipulated in the Memorandum of Understanding are true and accurate in all major respects, and the Company has, in all major respects, fulfilled and complied with every obligation that it must fulfill and comply with under the Memorandum of Understanding (however, this condition will be considered met where a violation of such an obligation or where violations of such expressions or guarantees do not produce a major negative effect). As indicated in the Company's Press Release, as of April 28, 2021, the Tender Offer was expected to commence in late November 2021. However, as we indicated through the publication of "Announcement Concerning Progress of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd. (Securities Code 5486)," which expressed that procedures and measures based on competition law in certain countries had not been completed as we had not completed procedures and measures based on competition law in China as of November 30, 2021, due to a need for time in order to complete procedures and measures based on competition law in China. Thereafter, the Tender Offeror confirmed and decided that the obtaining of clearance is



reportedly fully completed and all other Tender Offer Preconditions have been fulfilled or the Tender Offeror waives all other Tender Offer Preconditions as of September 20, 2022 (Note 1), resolved to execute the Tender Offer on September 26, 2022 as part of the transaction to make the Company a wholly-owned subsidiary of the Tender Offeror (the “Transaction”) through Tender Offer and Share Consolidation (as defined in “(5) Policy on reorganization after the Tender Offer (matters concerning the so-called two-step acquisition),” the same shall apply hereafter) with a Tender Offer commencement date of September 27, 2022, and repurchase of all of the Company’s Shares that Hitachi owns (228,221,199 shares, shareholding ratio (Note 2): 53.38%, “Shares To Be Sold by Hitachi”) by the Company (“Share Repurchase”).

Through the Transaction, ultimately the Tender Offeror plans to make the Company a wholly-owned subsidiary of the Tender Offeror, and the Tender Offeror and its Associates plan to acquire all of the Company’s Shares (however, this excludes shares the Company holds in itself) by: [1] making the shareholder of the Company only the Tender Offeror and Hitachi through Tender Offer and Share Consolidation in case the Offeror cannot obtain all of the Company Shares (except treasury stocks and Shares To Be Sold by Hitachi ) in Tender Offer, [2] with the aim of securing necessary money and distributable amount, (i) financing from the Offeror as the funder for Share Repurchase (“Funding”), by means of investment, lending and bond underwriting (or a combination thereof) for the Company by the Tender Offeror, and (ii) the reduction of capital, capital reserve and retained earning reserve based on Companies Act, Article 447, Paragraph 1 and the Article 448, Paragraph 1 of the Companies Act (Act No. 86 of 2005; as amended), (Note 3: “Capital Reduction Etc.”), as well as the reception or borrowing of surplus funds distributed from the subsidiary (Note 4), and [3] Share Repurchase.

The Tender Offeror concluded the non-application contract of the Tender Offer (“Non-Tender Agreement”) with Hitachi, parent company of the Company as of April 28, 2021, which rules Hitachi shall not apply to the Tender Offer with regard to Shares to be sold by Hitachi and that Hitachi shall sell all the shares to be sold by Hitachi in response to the Share Repurchase that the Company plans after the Share Consolidation comes into effect. Please refer to below (1) “Non-Tender Agreement” under “4. Matters concerning important agreements relating to the Tender Offer” for details.

Note 1: Regarding necessary permits and authorizations based on competition laws and other and regulations domestically and internationally (Japan, Brazil, China, the EU, Serbia, South Korea, Taiwan and Vietnam, but excluding the necessary permits and authorizations based on the FEFTA of Japan), as of September 7, 2022 (local time), the obtaining of clearance is reportedly fully completed. The notification through the Bank of Japan to the Minister of Finance and the competent minister in accordance with Article 27, paragraph 1 of FEFTA, was received on September 20, 2022

Note 2: The shareholding ratio means the percentage to the number of shares (427,553,868 shares) obtained that the treasury stocks the Company owns (1,350,484 shares) as of June 30, 2022 is deducted from our outstanding shares (428,904,352 shares) as of such same date that is stated in the “Consolidated Financial Report [IFRS] For the Year Ended March 31, 2022” (the “Financial Report”) announced on July 27, 2022. (Rounded to the second decimal place; the same shall apply hereinafter.)

Note 3: The Capital Reduction Etc. means that the capital, capital reserve and retained earning reserve of the Company will be reduced and the reduced portion will be transferred to the other capital surplus or retained earnings carried forward.

Note 4: The Company is able to receive or borrow surplus funds from its subsidiaries (or some combination of the two) in combination with the Funding in order to execute the Share Repurchase or to secure funds for dividends when the amount of capital is less than expected as of today, but it is decided based on the consideration of the level of cash held by the Company at the time of the Share Repurchase and cash level required to operate business. Therefore, at the time of the submission of this document, has no plans to do so.

The Tender Offeror will not purchase all of the Tendered Shares in case the total number of share certificates (applied in response to the Tender Offer (“Tendered Shares”) does not meet the minimum number of stocks (56,814,701 shares, 13.29% of shares outstanding after deducting the number of treasury stock) to be purchased. On the other hand, as the Tender Offeror aims to make the Company a wholly owned subsidiary, there is no limit for the maximum number of shares to be purchased. Thus, the Tender Offeror will purchase all of the Tendered Shares in case the number of Tendered Shares exceeds the minimum number of stocks to be purchased (56,814,701 shares). The minimum number of shares to be purchased in the Tender Offer (56,814,701 shares) was set as the number of shares remaining after subtracting the (228,221,199 shares to be sold by Hitachi Ltd.) from the number of shares resulting from multiplying (x) 2,850,359, which represents two thirds of the number of voting rights (4,275,538) attributable to the number of shares (427,553,868 shares) remaining after subtracting the number of shares of treasury stock (1,350,484 shares) held by the Company as of June 30, 2022 from the total of 428,904,352 issued shares as disclosed in the Company’s Financial Report by (y) 100. The lower limit of the planned number of shares to be purchased was set for the following reason: The purpose of Tender Offer is to convert the Company into the wholly owned company, and when carrying out the Share Consolidation procedure described in “(5) Policy on reorganization after the Tender Offer (matters concerning the so-called two-step acquisition)” below, since a special resolution at the general meeting of shareholders stipulated in Article 309, Paragraph 2 of the Company Act will become a requirement, in order to ensure the execution of the transaction, the Offeror and Hitachi will own 66.67% or more of the

total voting rights of all shareholders of the company after the Tender Offer.

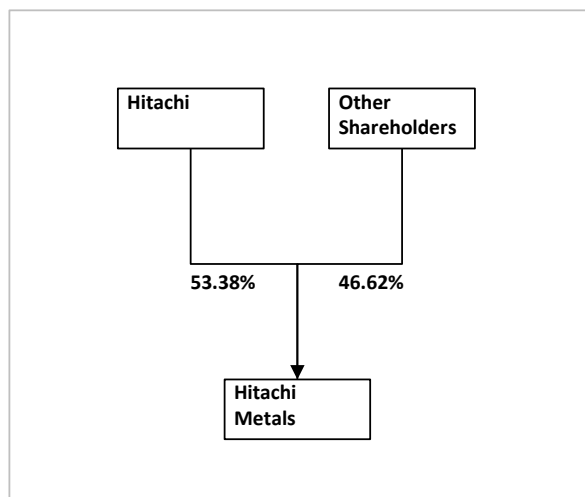
If the Tender Offeror is unable to acquire all of the Company's Shares through the Tender Offer (except for shares held by the Company or set to be sold by Hitachi Ltd.), the Tender Offeror plans to request the execution of the Share Consolidation as part of the Transaction towards the Company after the completion of the Tender Offer, as set out below in "(5) Policy on reorganization after the Tender Offer (matters concerning the so-called two-step acquisition)." Refer to "(5) Policy on reorganization after the Tender Offer (matters concerning the so-called two-step acquisition)" for details on the Share Consolidation.

The below chart illustrates the overall transaction.

#### Scheme of Transaction

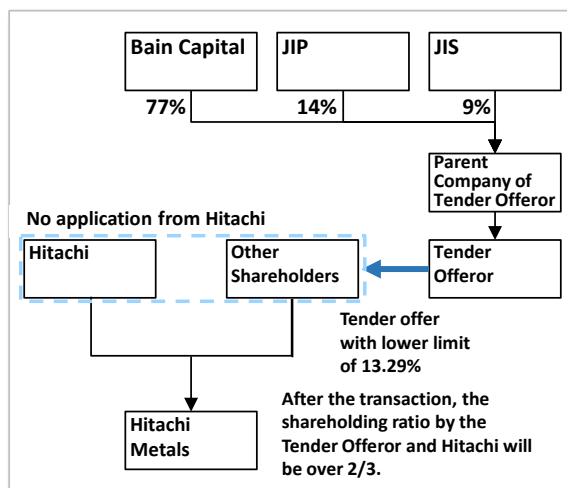
##### **Current Status**

- As of time of writing, 53.38% (Proportion of the total number of shares held after deducting treasury stock. Rounded to the second decimal place. The same shall apply below in this scheme) of the Company Shares are owned by Hitachi. and the remaining 46.62% are owned by other shareholders (Synonymous with "minority shareholder" in Article 441-2 of the Tokyo Stock Exchange Ownership Securities Listing Regulations and its Regulations for Enforcement Article 436-3).



### **Tender Offer and Financing for its Settlement by Tender Offeror**

- Tender Offeror will launch Tender Offer targeting at all of the Company Shares excluding treasury stocks held by the Company and Shares to Be Sold by Hitachi.

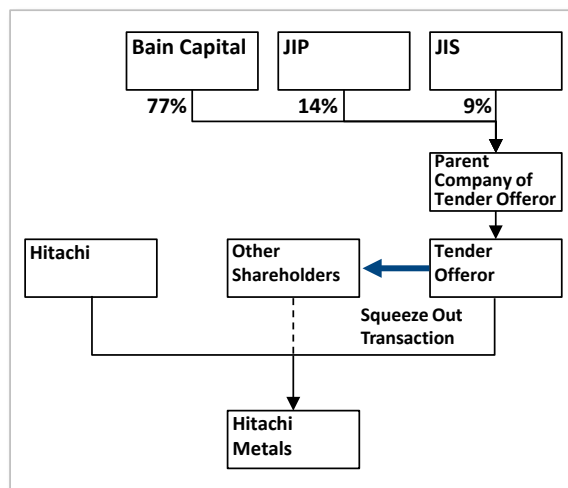


- Tender Offeror plans to raise necessary funds for settlement of Tender Offer through equity investment from Parent Company of Tender Offeror (“Investment from Parent Company of Tender Offeror”) and borrowings from The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd., Shinsei Bank, Ltd. and Aozora Bank, Ltd. (“Borrowings for Tender Offer Settlement”), and plans to receive Investment from Parent Company of Tender Offeror and Borrowings for Tender Offer Settlement by one business day before the settlement date of Tender Offer, conditional upon the completion of Tender Offer. In addition, Parent Company of Tender Offeror plans to raise necessary funds for Investment from Parent Company of Tender Offeror through Investments by funds operated by BC Consortium, and plans to receive Investments by one business day before the settlement date of Tender Offer, conditional upon the completion of Tender Offer.
- After this investment, the investment fund to which Bain Capital provides investment advice is set to own 77% of the stake in Parent Company of Tender Offeror. Moreover, the investment fund, JIP manages, operates, and provides with information, and the investment fund managed by JIS are set to own 14% and 9% respectively. The proportion of this investment was not settled at the time of publication of the Company’s press release, as discussions between the Tender Offeror and financial institutions were still ongoing over the amount to be borrowed to close the Tender Offer. Since the publication of the

Company's press release, there has been no change in the total amount to be borrowed from financial institutions related to the Transaction, however, based on discussions between the Tender Offerors and financial institutions about the portion of that amount that is required to close the Tender Offer, the parties have arrived at a final agreement, and based on this amount, the investment fund to which Bain Capital provides investment advice, the investment fund managed, operated and provided information by JIP and the investment fund managed by JIS have held discussions and arrived at a final agreement over the amount each will contribute to this equity investment, as a result of which the matter has been decided.

#### **Squeeze Out by Tender Offeror through Share Consolidation**

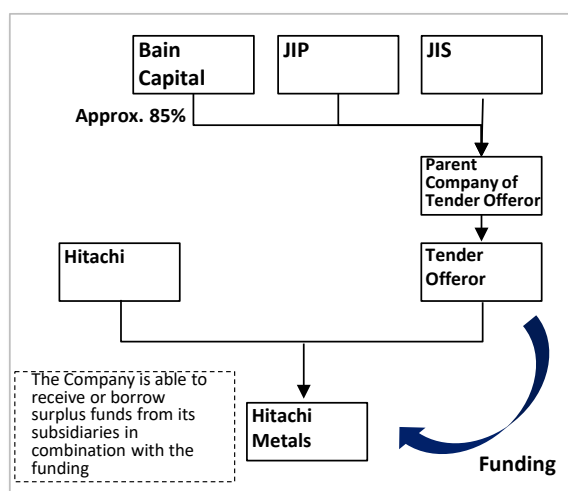
- In the event Tender Offeror is unable to acquire all of the Company Shares (excluding treasury stocks held by the Company and Shares to Be Sold by Hitachi) after the completion of Tender Offer, Tender Offeror will request to conduct Share Consolidation to make Tender Offeror and Hitachi the only shareholders of the Company.



- The Share Consolidation is expected to take effect after the approval by the extraordinary shareholders meeting (as defined in “(5) Policy on reorganization after the Tender Offer (matters concerning the so-called two-step acquisition),” the same shall apply hereafter) to be held after the completion of the Tender Offer.

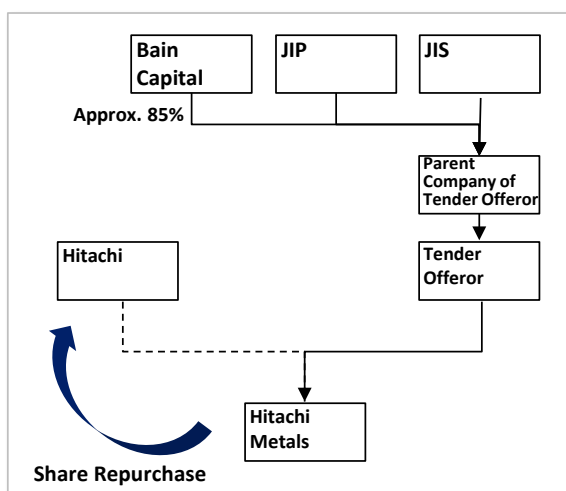
#### **Funding from Tender Offeror to the Company, Share Repurchase by the Company from Hitachi and Capital Reduction etc. to Secure Distributable Amount for Share Repurchase**

- The Tender Offeror plans to immediately conduct Capital Reduction (reduction of capital, capital reserve and retained earnings reserve) in order to secure necessary distributable amount for Share Repurchase by the Company from Hitachi.
- The Tender Offeror as the funding provider plan to lend money or underwrite corporate bonds as funds for Share Repurchase (or a combination thereof), considering the cash required for Share Repurchase, cash and equivalents held by the Company, and the amount of cash and equivalents necessary for its business operation, and the Company plans to allot the funds to the payment to Hitachi, when the Company applies those funds to the Share Repurchase.
- The Tender Offeror is planning to receive capital contribution from the parent company of Tender Offeror before the funding, the parent company of the Tender Offeror is planning to receive capital contribution from the investment fund to which Bain Capital provides investment advice prior to the capital contribution. After the investment, investment ratio of the investment fund to which Bain Capital provides investment advice in the parent company of Tender Offeror is expected to be approximately 85%, but this may vary according to the cash reserves of the parent company of the Tender Offeror at the time of the Share Repurchase, the cash reserves of the Company and the level of the cash reserves required to maintain the business.



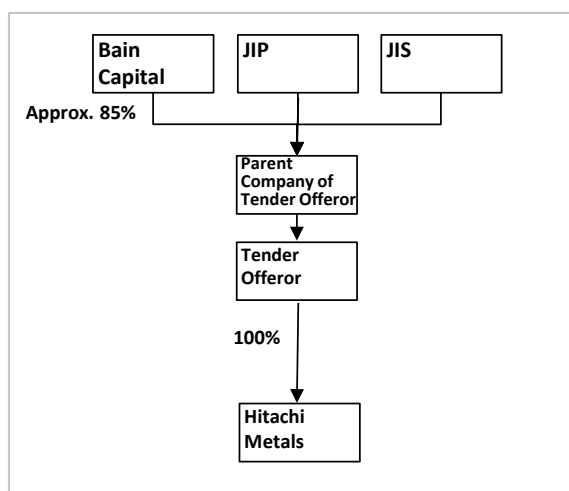
- The extraordinary shareholders meeting where Capital Reduction will be brought as a matter to be resolved will be held after Share Consolidation comes to be effective and Tender Offeror and Hitachi become the only shareholders of the Company.
- After completion of Tender Offer, Share Consolidation, Funding and Capital Reduction, it is planned that the Company will purchase all of Shares to Be Sold by Hitachi through Share Repurchase.
- Share Repurchase is possible to be launched before approval of exemption from submission of the Securities Report is given after Share Consolidation. However, the launch will be after

delisting the Company Shares and the targeted shares (Defined in Article 27-22, paragraph 2 of the Act. The same shall apply hereinafter) after delisting will not be considered “Listed Share Certificates, etc.” (The Act, Article 24-6, paragraph 1, and its Order for Enforcement Article 4-3 (including Government Ordinance No. 321 of 1965 and subsequent amendments to the law)), therefore the Tender Offeror will not conduct a tender offer for share repurchase.



#### After Transaction

- After the Transaction, the Tender Offeror will own all of the issued shares of the Company (excluding treasury stocks held by the Company).



[2] Purpose and Background of the Translation, including the Tender Offer, and Management Policy Following the Tender Offer

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

(i) Business Environment Surrounding the Company

The company was separated from Hitachi in April 1956, and in October 1956, the company took over the business of the steel division of Hitachi and started operations. It was listed on the Second Section of the Tokyo Stock Exchange, Inc. (hereinafter referred to as the "Tokyo Stock Exchange") in October 1961 of the Osaka Stock Exchange, Inc., and redesignated in the First Section in August 1962, and after the market integration of the Tokyo Stock Exchange and the Osaka Stock Exchange, as well as the transition to the market segmentation in the Tokyo Stock Exchange from April 4, 2022, as of today, it is listed in the Prime Market of the Tokyo Stock Exchange.

The company has established the "Hitachi Metals WAY," which systematically developed their Corporate Creed (Mission), Corporate Philosophy (Value) and their diverse DNA and Company uses it as its principles of conduct and judgment criteria. Company creed is "contribute to society by being the best enterprise" and to realize this mission, Company embraces the values of corporate philosophy "*Wa sureba tsuyoshi*," the founding spirit of Company. Based on this creed and philosophy, the Company's basic management policy aims to contribute to make the society better through establishing a good relationship with our shareholders, investors, business partners and stakeholders of our affiliated group companies. As regards to the development and manufacture of products, the Company creates new products and new business through the advancement of foundational technology and challenging new technology, taking into account the environment to be handed over to the next generation. With these activities, the Company makes efforts to increase our long-term corporate value.

Within Medium-term Management Plan for Fiscal 2021 of the Company that started from April 2019, the Company has been working for enhancing and expanding their "Only 1, No.1" business and products, with the basic principles of contributing to the society as a "high-performance materials company that supporting a sustainable society". Especially, the Company is working on focusing their resources in the field of high growth and high profits, maximizing synergy through organizational reform, full deployment of capital investment in large plants and equipment, strengthening the front field, building cooperative relationships with clients, structural reform and strengthening the management base. The Company is also trying to



improve profitability through cost restructuring within “review of the medium-term management plan” announced in October 2020 with maintaining the basic policy mentioned above.

	Business Overview
Special steel Products	Development, manufacture and sale of tool steel, automobile parts, razor blade and metal band saw blade, precision castings, aircraft & energy component materials, materials for large/small flat panel displays, materials for semiconductor package, battery materials, strip mill rolls, components for injection/extrusion molding machines, ceramics, aluminum foundry related products
Functional Components and Equipment	Development, manufacture and sale of ductile cast iron products, cast iron products for transport machines, heat-resistant cast steel, aluminum die-casting, piping components (various fittings / valves, stainless steel and plastic piping components, cold water supply equipment, mass flow controllers)
Magnetic Materials and Applications	Development, manufacture and sale of rare earth magnets, ferrite magnets, various other magnet-applied products, soft magnetic materials (amorphous, nanocrystal soft magnetic materials, soft ferrite) and their applied products, ceramic products
Wires, Cables, and Related Products	Development, manufacture and sale of electric wires for industrial applications, electric wires for equipment, electrical materials, cable processed products, industrial rubber, electrical components for automobiles, brake hoses

In automobile related fields, the Company is facing a period of transformation from the conventional internal combustion engine (engine) to electrification (xEV) (see note), and manufacturers in China and emerging countries are coming to the forefront in the area of tool steel. In order to flexibly respond to these market changes, the Company is working to differentiate them from competitors and strengthen their supply chain by measures such as enhancing our manufacturing lines, expanding their product lineup, and introducing high-performance products. (Note) Electric vehicles (EV), hybrid electric vehicles (HEV), plug-in hybrid electric vehicles (PHEV)

In the industrial infrastructure related field, although there is a wide range of end customer industries, the Company gives examples of dependence on specific customers and products for aircraft-related materials, intensifying competition in the field of piping components (fittings) due to the liberalization of gas prices, a decrease in Chinese railway investment in electric wires, and other examples in their securities reports and other disclosure materials. The company efforts to

respond to these changes include introducing new next-generation products based on special technologies acquired by strengthened business with aircraft engine manufacturers, differentiating the Company from competitors by measures such as introduction of new joint products ahead of schedule, and increasing local production and expanding product lineups for wires for vehicles.

In the electronics related field, customer needs and technologies are changing rapidly, so the Company is striving to perceive these changes early and respond quickly through measures such as development of new products.

Against this backdrop, the Company formulated our Mid-Term Management Plan for Fiscal Year 2021 (announced in April 2019), setting “Create People, Create Innovation, and Create the Future” as our vision, where we aim to become a high-functional materials company that supports a sustainable society by promoting management strategies and measures to further strengthen our development capabilities to create “Only one, Number one” products, which are our strengths, through collaborative creation with customers in various business fields, and strengthen our manufacturing capabilities to mass-produce them. To this end, specifically, we have been working on the following action plans: [1] concentration of resources on high-growth, high-profit areas, [2] maximization of synergies through organizational reforms [3] strengthening of the front-end structure and collaborative creation with customers, [4] full utilization of large-scale capital investments, and [5] implementation of structural reforms and measures to strengthen the management base. However, since the announcement of the medium-term management plan, profitability has deteriorated, such as impairment loss recorded in the second quarter financial results for FY2019 (announced on October 29, 2019), and down ward revision in the full-year consolidated earnings forecast for FY2019, due to factors such as the fact that demand in the automotive sector, factory automation, robotics and other industrial sectors, as well as in the electronics sector, has become more severe than anticipated at the time of the announcement. Since then, we have continued to consider various measures to fundamentally restore its business performance and to develop growth strategies. In addition, the business environment has changed significantly due to the recent outbreak of COVID-19. In particular, in the automotive sector, a decline in global automobile sales volume has led to a decline in demand for many key products, while in the aircraft sector, a decline in demand for aircraft-related materials has resulted from a decline in demand for aircraft. Although we stated that it would improve capital efficiency and concentrate resources on growth business in the medium-term management plan, it has not achieved results and its profitability has deteriorated due to a decrease in sales revenue, resulting in the announcement of the outlook of negative adjusted operating margin in FY2020 (2021/3), announced on May 27, 2020. Also, we have also announced “Misrepresentation of Test Results in the Inspection Reports with Respect to Certain Products of the Company and Its Subsidiaries” on April 27, 2020, and as of the end of May 2020, multiple directors including the CEO, as well as

one director who was a former CEO have resigned. To accelerate decision making going forward, the chairperson of the board of directors has also been made to serve as the CEO as of June 1, 2020, while the Company is also appointing new directors, and moving to a new management structure.

Based on the above profitability and consideration, we decided on middle of June that it is necessary to improve speed of decision-making, obtain funds for investment, and introduce external knowledge in order to increase its enterprise value by reinforcing its competitiveness and profitability, and that the best way for that goal was to proceed with reforms after delisting without being restricted by the current capital structure. This decision does not have any direct relationship with the content of the aforementioned “Misrepresentation of Test Results in the Inspection Reports with Respect to Certain Products of the Company and Its Subsidiaries,” nor with the subsequent move to a new management structure.

Based on the above stated circumstances, Bain Capital believes that it is possible to maximize the interests of the Company, our shareholders, managements, and other stakeholders because they have many professionals with hands-on experience in management consulting or managing business companies, who can leverage their background to create the business strategy for business improvement of the companies in which they invest and can also help in the execution of the strategy in the day-to-day business scenes, and because they can provide knowledge based on the extensive investment experience in the Company’s related industries and can introduce the companies in which they have invested to collaborate with the Company.

In particular, in the industries in which our end customers operate, Bain Capital believes that they can provide a wide range of support backed by its extensive track record in the areas such as automotive or semiconductors, and that its extensive investment experience in Japan and strong commitment to the Japanese market will enable them to further enhance our corporate value.

In addition, as among of the most active Japanese funds, Bain Capital’s partner JIP and JIS have a large number of investment track record mainly in the Japanese manufacturing industry, and they are known have profound knowledge and extensive experience for corporate management and business operations of Japanese companies and structural reforms of the Japanese manufacturing industry.

The BC Consortium, which has above mentioned characteristics, thinks they can maximize the interests of the Company, its shareholders, management, and other stakeholders by providing knowledge based on abundant investment experience in related industries and introducing their portfolio companies.

- (ii) Discussions between the Tender Offeror, the Company and Hitachi and the decision-making process of the Tender Offeror

The parties of BC Consortium, Bain Capital, JIP and JIS exchanged information about opportunities for joint considerations that would contribute to creating new investment opportunities before they commenced their initial bid process in early November 2020, as part of their pitching activities aimed at exploring investment opportunities with companies, including companies other than the Company. As part of these pitching activities, the consortium began discussions from late November 2019 prior to commencing the initial bid process (referred to hereafter in combination with the final bidding process as the “Bidding Process”) to advance the three companies’ joint considerations in the event that an opportunity were to arise to participate in the Company’s capital restructuring, with agreement between each company being reached in early October 2020, based on speculative reports such as an observation article from March 8, 2019 about the sale of a Hitachi subsidiary and reporting from October 25, 2019 of a speech by Hitachi President Toshiaki Higashihara discussing the capital relationships of Hitachi and its four listed subsidiaries. In specific terms, the three companies reached the above agreement having achieved confidence that the proposal had benefits for all three consortium members, the Company and the Company’s shareholders, based on the increasing probability that the large scale fundraising required to restructure the Company’s capital structure, the ability of the domestic and global funds to cooperate to more fully support the Company’s operations in Japan and abroad, the concentration of knowledge and experience among the three companies related to domestic manufacturing and the Company’s industry, and the ability of the consortium (through JIP) to make use of its past experience investing in Hitachi Group companies. Taken together, this lead, in early October 2020, to an agreement that Bain Capital would contribute at least a majority of the investment in the investment ratio against the Tender Offeror parent company by the three funds. Bain Capital and JIP also have a track record of past joint investments and have built up a positive relationship across many years. Bain Capital and JIS, meanwhile, have deepened their mutual understandings of their respective investment policies and methods of managing companies through the interpersonal networks of their staff, thus confirming that they would be suitable partners in joint considerations.

The Company appointed Nishimura & Asahi as our legal advisor in mid-April 2020 and BofA Securities Japan Co., Ltd. ( “BofA Securities”) as our financial advisor in early June 2020, and began to examine ways to quickly restore our competitiveness in the global market and our ability to earn more than our cost of capital through changes in the shareholding structure and its reorganization, and carefully considered various options, including integrating the Company with a business company by way of reorganization, or selling shares owned by Hitachi through a tender offer. In late July 2020, the Company also discussed future direction with Hitachi and agreed on the policy that various options should be considered without being confined by the current capital structure to strengthen its competitiveness and enhance our corporate value, including integrating

the Company with a business company by way of reorganization, or selling shares owned by Hitachi through a tender offer. Hitachi appointed Goldman Sachs Japan Co., Ltd. as its financial advisor effective early September 2020. After considering various options, including integrating the Company with a business company by way of reorganization, or selling shares owned by Hitachi through a tender offer, in Early September 2020, the Company decided that, in order to improve the corporate value, the implementation of bidding procedures for candidate bidders to acquire 100% ownership of the Company is desirable by targeting multiple candidate bidders deemed most likely to have a strong interest in our business, and in early November of the same year, the Company and Hitachi invited Bain Capital, JIP, JIS, and other candidate bidders, and initiated the first round bidding process to sell the Company's Shares. A number of candidate bidders conducted initial due diligence on the Company's business and finances during the relevant first round Bidding Process from early November 2020 to later that month. At the end of November 2020, Bain Capital, JIP, JIS, and other candidate bidders submitted preliminary proposals (which include the proposal price at that time to select the bidder to participate in the final process before the full-scale due diligence and before the confirmation of financing terms with the financial institutions), so the Company and Hitachi interviewed each candidate bidder, and then carefully compared and considered their preliminary proposal details from the perspectives of equity value valuation, transaction structure, financing capacity / conditions to financing, management strategy and support system after implementation of this transaction including measures to enhance value, management policy such as employee treatment and governance system, etc., and maximization of the profit of general shareholders. In mid-December 2020, the Company and Hitachi permitted Bain Capital, JIP, JIS, and other candidate bidders to participate in the final Bidding Process.

During the first round Bidding Process, Bain Capital, JIP and JIS submitted separate rather than joint preliminary proposals. In late November 2020, Goldman Sachs and BofA Securities jointly, in the process letter distributed to the candidates (a guidance document setting the content required in the preliminary proposals and the deadline for submission), specified that "they would not accept joint proposals by any consortia," and requested that the candidates indicate the names of consortium partners and the advantages of such consortia, only if any proposed consortium proposal would be thought to improve the proposal. Consequently, in the separate proposals submitted by Bain Capital, JIP and JIS respectively in compliance with those stipulations, each company indicated that they were considering forming a consortium of those three companies and requested that they be allowed to hold discussions with Hitachi and the Company as part of the bidding process and to submit a final proposal jointly (hereafter referred to as the "Joint Proposal"). Hitachi and the Company communicated in mid-December, 2020, that the Company would permit the Joint Proposal in the final bidding process by the consortium consisting of Bain

Capital, JIP and JIS (hereafter referred to as the “Consortium”), on the grounds that this had the potential to contribute to raising the necessary funds for the Transaction due to the existence of multiple investors, and on the grounds that this could maximize the profits of the Company’s general shareholders through the participation of diverse investors with a variety of knowledge and backgrounds. Later, the Consortium is formed, and at the point in time when the final proposal was to be submitted, the consortium notified Hitachi and the Company that Bain Capital would be contributing over two thirds of the funding to the Tender Offeror parent company. Bain Capital contributing over two thirds of the funding to the Tender Offeror parent company represented the three companies coming to more concrete terms and notifying the Company thereof in regards to the projected investment ratio in the Tender Offer parent company, based on the agreement in the Consortium from before the initial bidding process that Bain Capital would contribute at least more than half of the funding for the Tender Offer parent company, and the outlook about the total amount to be invested formed as considerations about the valuation of the Company’s shares progressed in the process of the bid. While Bain Capital contributing over two thirds of the funding to the Tender Offeror parent company represented confirmation by the Consortium at the time of submitting the final proposal of the investment ratio, as this included the agreement from before the initial bidding process that Bain Capital would contribute at least more than half of the funding for the Tender Offer parent company, this did not represent the members of the Consortium engaging in new discussions or coming to new agreements about the investment ratio.

Later, from the end of December 2020, Hitachi and the Company commenced the final bidding process for the sale of the Company’s shares with the selected candidate companies. For approximately 13 weeks from mid-December of the same year to mid-March 2021, Bain Capital, JIP and JIS worked as the BC Consortium, progressing in further analysis and considerations around the acquisition of the Company’s shares through due diligence over the Company’s operational, financial and legal affairs, and through interviews with the management. In late March 2021, Hitachi and the Company received final proposals from the candidates including the BC Consortium and held presentation sessions with each of the candidates to go over the content of their final proposals.

Bain Capital, JIP and JIS as the BC consortium proposed a staged acquisition in their final proposal as of March 24, 2021 with a stock valuation of all of the Company’s outstanding shares (except treasury shares the Company owns) of 780.3 billion yen, and that [1] Tender Offeror will acquire all of the Company’s Shares except the treasury shares the Company owns and Shares to Be Sold by Hitachi. through the Tender Offer and subsequent share consolidation, and [2] the Company to repurchase Shares to Be Sold by Hitachi, after being delisted through the Tender Offer and subsequent Share Consolidation. In this final proposal, they showed the transaction scheme (including about investment ratio within the BC Consortium, Bain Capital would contribute over

two thirds of the funding to the parent company of the Tender Offeror) after setting the Tender Offer Price at JPY 2,140 per share and the Share Repurchase Price at JPY 1,550 per share with the idea that they can maximize the Tender Offer Price by increasing the benefit allocation to the Company's general shareholders while they ensure fairness among shareholders, given that the rules on exclusion from gross revenue of deemed dividend stipulated under the Corporate Tax Act must be applied to Hitachi.

Subsequently, the BC Consortium, Hitachi, Ltd., and the Company held repeated discussions and negotiations since the final proposal was submitted on March 24, 2021, with the result that in early April 2021, the BC Consortium has re-evaluated the tax implications of this share repurchase and has resubmitted their final proposal after multiple revisions submissions, which includes an equity value valuation on all of the Company's outstanding shares (except treasury shares the Company owns) of 816.6 billion yen, and under which the Tender Offer Price is JPY 2,164 per share and our Share Repurchase Price at JPY 1,688. We and Hitachi assessed that recapitalization by the BC Consortium may be able to increase the corporate value of our business in terms of speeding up decision-making, obtaining investment funding for growth areas and use of external experts and human resources. Then, in early April, we selected the BC Consortium, the proposal of which was deemed logical in all respects and the best overall in terms of the final proposal details from the above perspectives among our final candidates, and started negotiations with the BC Consortium regarding transactions including the treasury stock buyback, after carefully considering the candidate proposals from the perspective of equity value valuation, the transaction structure proposed by the BC Consortium, contract terms, financing ability/funding prerequisites, management strategy and support system after the implementation of this transaction including measures to enhance value, management policy such as employee treatment and governance system, etc., necessity and required procedures such as acquisition of clearance based on various conditions, competition law and other applicable laws and regulations and other matters. While the investment ratio within the BC Consortium had not been decided at the final proposal submission stage, we were notified by the BC Consortium side on March 24, 2021, that Bain Capital would be providing over two thirds of the funding for the parent company of the Tender Offeror. In response, the Company notified the BC Consortium that we deemed the basic structure in which Bain Capital would be provide a majority of funding to the parent company of the Tender Offeror any, while JIP and JIS would be minority shareholders, to be an important element in evaluating the proposal, so the specific proportions in which each company was involved in the investment ratio would not be an important element. Subsequently, on the basis of new foundational information related to tax matters (specifically, this was the capital amount for tax purposes needed for calculating the net proceeds after tax for Hitachi and the effective corporate tax rate that would be applied to Hitachi) received from Hitachi on April 22, 2021, on April 23, 2021, the Offeror decided that the Tender

Offer Price shall be 2,181 yen per share, and the Share Repurchase Price shall be 1,674 yen per share. For this calculation, the standard is set as (i) the amount calculated as after-tax income if the Share Repurchase was implemented with the Share Repurchase Price and (ii) is the same as after-tax income to be obtained when Hitachi apply to the Tender Offer at the Tender Offer Price for Hitachi, to whom the rules of exclusion from gross revenue of deemed dividend must be applied.

The BC Consortium members, Bain Capital, JIP and JIS, in early February 2021, began talks on important items in the shareholders' contract such as the number of executives members that each Consortium companies would be appointed after the completion of the Transaction and stipulations preventing the companies from transferring their shares in the Parent Company of the Tender Offeror to third parties, except in specific exceptional cases. On March 24, 2021, which was also the date of the final proposal submission, the BC Consortium members Bain Capital, JIP and JIS reached agreement over these important items in the shareholders' contract and entered into the shareholders' agreement on September 26, 2022. For more information about the shareholders' agreement, please refer to "[3] The Shareholders' Agreement" under "4. Matters concerning important agreements relating to the Tender Offer." Since the publication of the Company's press release on April 28, 2021, discussions have continued within the BC Consortium about the conditions of the shareholders' agreement, however no change has been made to the agreement reached on March 24, 2021, regarding the intention of Bain Capital to provide a majority of the funding for the parent company of Tender Offeror, or management policy after the Tender Offeror.

Since then, as indicated in the Company's press release, "Announcement Concerning Progress of the Tender Offer by K.K. BCJ-52 for the Shares of Hitachi Metals, Ltd. (Securities Code 5486)," procedures and measures based on competition law in certain countries, where clearance is required, had not been completed as of November 30, 2021. However, the Tender Offerors indicated that, on September 7, 2022 the obtaining of clearance is reportedly fully completed. (but excluding the necessary permits and authorizations based on the FEFTA of Japan) The Tender Offerors notified the Company on September 20, 2022 that they intend to commence the Tender Offer with the Tender Offer commencement date of September 27, 2022, and on the assumption that all other Tender Offer Preconditions have been fulfilled or the Tender Offeror waives all other Tender Offer Preconditions, as the Tender Offerors have resolved to execute the Tender Offer on September 26, 2022, as part of the Transaction.

[3] Management policy after the Tender Offer

The Tender Offeror expects to provide extensive value-added knowledge to the company that Bain Capital, JIP and JIS have accumulated. Specifically, the Tender Offeror plans to increase market shares and presence in the global market, to enhance the products with high growth



potential, to create partnership with others and conduct M&A for the targeted business portfolio in order for the company's further acceleration of growth to maximize the business potential.

The Tender Offeror expects that the Company's executive officers will continue to play a leading role in our business operation. Moreover, after completing the Tender Offer, the Tender Offeror is going to request a resolution of appointment of post-transaction Company directors, so that their appointed directors should become a majority. The appointment of the Company's executive officers has been decided based on discussions within the Consortium, mainly taking into account the investment ratio of Bain Capital, JIP and JIS in the Tender Offeror parent company, as well as the post-investment portfolio company management policies of the three funds (including whether or not they second executives to the companies and the degree to which it would contribute to the governance of the investment target to have a structure with a different management team to the directors). Specifically, Bain Capital is contributing over two thirds of the funding for the Tender Offeror parent company and plans to provide more management support personnel to the company than JIP or JIS, Bain Capital is expected to appoint the most directors of the Consortium, with the fund appointing all but one of the directors to be appointed by the Tender Offerors. The remaining member to be appointed by the Tender Offeror shall be appointed by JIP, with JIS not appointing any directors, on the basis of the investment ratio of each against the parent company of the Tender Offeror. Other management system and management policies are undetermined at this stage, and the Tender Offeror and we will discuss and consider these after the Tender Offer.

Currently there is one of the Company's directors who also serves as a Hitachi executive officer. However, he is expected to retire after the transaction. Currently, there is a business relationship between Hitachi. and its group companies for ongoing sale and purchase of products, provision of services, provision of technology, and loaning of funds. After this transaction, the Company will no longer be a subsidiary of Hitachi, and the capital relationship between the company and Hitachi will cease. However, in order to continue the business activities of the company smoothly, the company has concluded a transition service contract, an outsourced research contract, and a Hitachi brand license agreement with Hitachi, Ltd on September 26, 2022. (Note)

Note: The main content of the transition service agreement will be the consignment to Hitachi Ltd. of operations relating to accounting systems and HR services. The main content of outsourced research contract will be the setting of conditions for consigning research and development to Hitachi Ltd. The main content of the Hitachi brand license agreement will be the temporary licensing of the non-exclusive use of the Hitachi brand against Hitachi Ltd. and its group companies.

The Tender Offeror and the Company of the agreement, under the Memorandum of Understanding, also agree in principle not to revise the employment and the employment

conditions of staff not already subject to staff reductions announced in the 2021 mid-term business plan, for the time being following the transactions that come after the Tender Offer. For details of the Memorandum of Understanding, please refer to “[2] The Memorandum of Understanding” under “4. Matters concerning important agreements relating to the Tender Offer”.

According to the Tender Offeror, with respect to the impact of the company ceasing to be a subsidiary of Hitachi, Ltd. after the recapitalization, through the information disclosed in the bidding process (details of services outsourced to Hitachi, Ltd.) and interviews with the Company’s management, the Tender Offeror has confirmed that the important functions related to the Company’s business operations (technology, production, procurement, sales), as well as the Company’s organization and human resources, are highly independent of Hitachi, Ltd. (In addition, for some of the operations that have been supported by Hitachi, Ltd. in the past, Hitachi has granted permission for continued use for a certain period of time after capital reorganization in the Transition Services Agreement, which ensures a sufficient period of time to switch to external services in the future.) Therefore, even if the Company becomes independent from the Hitachi Group in terms of capital relationship through the capital restructuring, we believe that it will not interfere with its business operations.

[4] The process of decision-making for how the Company came to agree with the Tender Offer, and the grounds therefor

As described in “[2] Purpose and Background of the Translation, including the Tender Offer, and Management Policy Following the Tender Offer” above, the Company and Hitachi started the Bidding Process, which was comprised of two stages: the first bidding process and the final bidding process for the selection of the partner candidates, from early November 2020, which included due diligence by several candidates and discussions with each candidate. Through this bidding process and as a result of considering the proposal details of each candidate comprehensively, the Company selected BC Consortium as the final purchaser candidate from among several candidates in early April 2021 and started discussions and considerations for implementation of the Transaction, including the Share Repurchase, with BC Consortium.

The purchaser finally selected from among the candidates and the Company’s parent company, Hitachi, will execute a non-Tender Agreement as a final contract that covers implementation of the Tender Offer. As described in “(6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest” below, considering that there might be a chance that Hitachi and the Company’s general shareholders might have conflicts of interest, the Company established a special committee on September 3, 2020, before the start of the first bidding process, in order to eliminate arbitrariness in the Company’s

decision-making concerning the 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 Transaction or the structure and fairness of the procedures, including the process of selecting the purchaser (partner), from the standpoint of aiming to increase corporate value and to make profits for general shareholders. The Company has consulted with the special committee on the fairness and validity of the Transaction procedures, among other matters (for the composition of the committee and other specific matters regarding which it was consulted, please refer to “[2] Establishment of a special committee independent of the Company and acquisition of opinions” of “(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 the selection of candidates in and conditions for the Transaction, considering details in the stock valuation report obtained from BofA 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, 2021 (the “**April 2021 Report**”).

In order to increase corporate value, the Company comprehensively considered, from perspectives of the stock valuation, transaction structure, contract terms, financing ability/funding prerequisites, management strategy and support system after implementation of the Transaction including value-up measures, whether any changes are planned to the terms and conditions of the management policy, such as treatment of employees and the governance system, the necessity of procedures like acquisition of clearance under competition law and other regulatory laws and whether the required period for such procedures are within a reasonable range, and how the Company can maximize the profits of its general shareholders. As a result, the Company came to the conclusion that BC Consortium is the best purchaser as a partner for the Company, to aim for further growth, and will contribute to the improvement of corporate value in the future, from the standpoint of the highest stock valuation and the Tender Offer Price, as well as its financial capability and preconditions for financing being not inferior to those of other candidates, and the proposed management strategy and support system after implementation of the Transaction, including value-up measures.

The Company notified all candidates in the first-round bidding process that we would not accept joint proposals by consortia with third parties, as if we allowed candidates to form a consortium freely, this would lead to the sharing of proposal terms and conditions including proposal values among candidates, thus possibly leading to the bidding process losing its validity and fairness. In the final bidding process, however, we permitted Bain Capital, JIP and JIS to form a consortium as they wished, and also permitted other candidates to form consortia with candidates other than Bain Capital,

JIP and JIS, as the pool of candidates was limited as result of the first round, and as it was critical for consortium participants to align on matters such as post-investment policy.

In addition, with regard to the Tender Offer Price, (a) as mentioned above, the stock valuation BC Consortium provided was the highest amount compared with the stock valuations presented by each candidate that participated in the final bidding process, (b) as described in “[1] Obtainment of a Stock Valuation Report of an Independent Financial Advisor and Third-Party Valuation Institution by the Company” of “(3) Matters related to the Valuation” below, in the valuation of the Company’s stock as stated in the April 2021 Stock Valuation Report (as defined in “(i) Name of Third-Party Financial Advisor and Valuation Institution, Relationship with the Company and Relationship with the Offeror” of “[1] Obtainment of a Stock Valuation Report of an Independent Third-Party Valuation Institution by the Company” of “(3) Matters Related to the Valuation” below) by BofA Securities, the Tender Offer Price exceeds the upper limit of the calculation obtained through market price analysis, comparable companies analysis, and comparable transactions analysis, and it also exceeds the median of the calculation range in the discounted cash flow analysis (“**DCF Analysis**”), (c) it is the price after adding a premium of 74.48% (rounded to the second decimal place; the same shall be adopted below in the calculation of the premium rate) to JPY 1,250, the closing price of the Company Shares on the Tokyo Stock Exchange on October 25, 2019, which was the day when the news that Hitachi was discussing capital relations with its four listed subsidiaries, which triggered the fluctuation in the stock price of the Company due to expectations that the Hitachi group would be reorganized, was announced by President Toshiaki Higashihara of Hitachi after the close of trading of the Company Shares on the Tokyo Stock Exchange; 80.25% (rounded to the nearest whole number; the same shall be adopted below in the calculation of the simple average value) to JPY1,210, the simple average value of closing prices for one month prior to that point of time; 86.57% to JPY1,169, the simple average value of closing prices for three months prior to that point of time; and 85.93% to JPY1,173, the simple average value of closing prices for six months prior to that point of time, and it is the price after adding a premium of 15.76% to JPY1,884, the closing price of the Company Shares on the Tokyo Stock Exchange on April 27, 2021, the business day prior to the date of announcement of the Tender Offer, 16.32% to JPY1,875, the simple average value of closing prices for one month prior to that point of time; 21.23% to JPY1,799, the simple average value of closing prices for three months prior to that point of time; and 30.99% to JPY1,665, the simple average value of closing prices for six months prior to that point of time, and these premium are considered reasonable compared to past cases involving tender offers by persons other than issuers acting with the aim of making a wholly-owned subsidiary, 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 profits of general shareholders have been

considered. Given the above, the Company came to the conclusion that the Tender Offer will provide the Company's shareholders with a reasonable opportunity to sell their shares.

Therefore, at the board of directors' meeting held on April 28, 2021, as the Company's opinion at that point in time, the Company adopted a resolution to express its opinion to support the Tender Offer when the Tender Offer commences and to recommend that the Company's shareholders tender in the Tender Offer.

In addition, the Tender Offer will commence promptly when the Conditions for the Commencement of the Tender Offer have been satisfied (or waived by the Tender Offeror). According to the Tender Offeror, as of April 28, 2021, the Tender Offeror planned to commence the Tender Offer in late November 2021; however, it was difficult to estimate the period required for the procedures involving domestic and international competition authorities accurately. Therefore, the board of directors' meeting above also adopted a resolution that when the Tender Offer commences, the board of directors will request that the special committee established by the Company consider whether there are changes in its opinions as expressed to the board of directors on April 28, 2021, and, if there are no changes, make a statement to that effect, or, if there are changes, state the changed opinions (the "Additional Matters of Inquiry"), and that based on such opinions, the Company will express its opinions on the Tender Offer again when the Tender Offer commences, and the Company consulted with the special committee on the Additional Matters of Inquiry.

Thereafter, having been notified by the Tender Offerors on September 20, 2022 that it intends to commence the Tender Offer with a Tender Offer Commencement Date of September 27, 2022, as clearances had been obtained on September 7, 2022 (local times) for the necessary permits and authorizations based on competition laws and other regulatory laws domestically and internationally (Japan, Brazil, China, the EU, Serbia, South Korea, Taiwan and Vietnam, but excluding the necessary permits and authorizations based on the FEFTA of Japan), and on the assumption that all other Tender Offer Preconditions have been fulfilled or the Tender Offeror waives all other Tender Offer Preconditions, the Company shared details on the status of the Company and the Tender Offerors with all members of the Special Committee at its 24th meeting held on September 26, 2022. As described in "[2] Establishment of a special committee independent of the Company and acquisition 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, the special committee deliberated carefully about the Additional Matters of Inquiry. As a result, the special committee submitted a supplementary report (the "Supplementary Report") dated September 26, 2022 to the Company's board of directors indicating that its opinion dated April 28, 2021 had not changed.

Consequently, the Company once again carefully deliberated on and considered the content of the various conditions related to the Tender Offer, on the basis of the Company's business performance,

including the effects of COVID-19, progress of yen depreciation, soaring raw material prices, and changes in the market environment since April 28, 2021, by fully respecting the content of the Supplementary Report submitted by the special committee to the utmost. Therefore, the Company concluded that (a) as of September 26, 2022, there is no cause to change the judgment it made regarding the Tender Offer on April 28, 2021, given facts such as that the Transaction will contribute to the Company's corporate value, the unchanged necessity to improve the Company's corporate value by recovering its prior competitiveness and earning power and to renew its growth, and also that (b) in the valuation of the Company's stock as stated in the September 2022 Stock Valuation Report (as defined in "(i) Name of Third-Party Financial Advisor and Valuation Institution, Relationship with the Company and Relationship with the Offeror" of "[1] Obtainment of a Stock Valuation Report of an Independent Third-Party Valuation Institution by the Company" of "(3) Matters Related to the Valuation" below) by BofA Securities described in "[1] Obtainment of a Stock Valuation Report of an Independent Financial Advisor and Third-Party Valuation Institution by the Company" of "(3) Matters related to the Valuation" below, the Tender Offer Price exceeds the upper limit of the calculation obtained through market price analysis, comparable companies analysis, and comparable transactions analysis, as well as the median of the calculation range in the DCF Analysis. Thus, at the board of directors' meeting held on September 26, 2022, the Company once again adopted a resolution to express its opinion to support the Tender Offer, and to recommend that its shareholders tender in the Tender Offer via unanimous decision of all directors with no interest. The Tender Offer Price represents a premium of 0.37% over the closing price (2,173 yen) of the Company Share on the Tokyo Stock Exchange Prime Market on September 22, 2022 which is the business day preceding the announcement of the commencement of the Tender Offer, a premium of 3.51% over the simple average closing price for the most recent one-month period (2,107 yen), a premium of 5.98% over the simple average closing price for the most recent three-month period (2,058 yen), or a premium of 6.91% over the simple average closing price for the most recent six-month period (2,040 yen).

For details of the resolutions of the Company's board of directors, please refer to "[5] Approval of all of the Company's directors with no interest" of "(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.

### (3) Matters Related to the Valuation

#### [1] Obtainment of a Stock Valuation Report of an Independent Financial Advisor and Third-Party Valuation Institution by the Company

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

In arriving at our opinion, in order to ensure the fairness of the decision-making process concerning the Tender Offer Price presented by the Offeror, the Company requested BofA Securities, its financial advisor and third-party valuation institution independent from the Offeror, Hitachi, Ltd. and the Company, to assess the value of the Company's Shares and conduct financial analysis incidental thereto. The Company obtained the Valuation Analysis Report dated April 28, 2021. (the "April 2021 Stock Valuation Report") Also, the company examined whether there are any changes in value of its shares from April 28, 2021 to September 22, 2022 to guarantee the fairness of decision-making processes for the Tender Offer Price of the Tender Offer for expressing the Company's opinion regarding the Tender Offer. Therefore, the Company also obtained the Valuation Analysis Report dated September 26, 2022 (the "September 2022 Stock Valuation Report" and, collectively with the April 2021 Stock Valuation Report the "Stock Valuation Reports"), subject to the assumptions set forth in (Note 1) of (iii) below and certain other conditions. BofA Securities is not a party related to the Offeror, Hitachi, Ltd. or the Company, and does not have any material interest in the Transactions including the Tender Offer needing to be disclosed. Further, the Company has not obtained from BofA Securities any opinion concerning the fairness of the Tender Offer Price (Fairness Opinion).

Please note that the compensation payable to BofA Securities in connection with the Transactions consists of contingent compensation that is payable subject to completion of the Transactions and fixed-amount monthly compensation that is payable irrespective of whether the Transactions are completed. The Company has appointed BofA Securities as its financial advisor and third-party valuation institution based on said compensation arrangement, taking into consideration the general customary practice in similar type of transactions and other factors, as well as the conditions for the compensation to be borne by the Company regardless of whether the Transactions are completed.

(ii) Outline of the April 2021 Stock Valuation Report

After considering the various valuation methods of the equity value of the Company's Shares, BofA Securities assessed the equity value of the Company's Shares using each of (i) market price analysis because the Company's Shares are listed on the First Section of the Tokyo Stock Exchange, (ii) comparable companies analysis because there are multiple listed companies comparable to the Company and it is possible to value the Company's Shares by comparing the Company with such comparable companies, (iii) comparable transactions analysis because there are multiple publicly announced transactions conducted in the past that are considered to be relatively similar to the Tender Offer and therefore it is possible to analogize the value of the Company's Shares by comparing the Tender Offer with similar transactions, and (iv) DCF analysis so as to reflect in the

evaluation the future business activities, subject to the assumptions 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's Shares in multiple ways.

According to BofA Securities, the methods used, and the corresponding ranges of per-share prices of the Company's Shares evaluated by such methods, are as follows. For assumptions, points of attention, etc. in the preparation of the April 2021 Stock Valuation Report and the underlying valuation analysis therefor, please refer to (Note 1) below.

Market Price Analysis:	1,665 yen – 1,884 yen
Comparable Companies Analysis:	714 yen – 1,491 yen
Comparable Transactions Analysis:	528 yen – 978 yen
DCF Analysis:	1,381 yen – 2,542 yen

Under the market price analysis, the per-share price of the Company's Shares was assessed to range from 1,665 yen to 1,884 yen, based on the closing price of the Company's Shares on the Tokyo Stock Exchange on April 27, 2021 (1,884 yen), which is the business day immediately preceding the date of the Company's Press Release, the simple average closing price for the most recent one-month period (1,875 yen), the simple average closing price for the most recent three-month period (1,799 yen) and the simple average closing price for the most recent six-month period (1,665 yen).

Under the comparable companies analysis, the Company's share value was analyzed via comparison with trading prices and financial indices indicating profitability, etc. of listed companies engaged in businesses that are considered to be relatively similar to those of the Company. The per share value of the Company's Shares was assessed to range from 714 yen to 1,491 yen, based on the ratio of EBITDA to the enterprise value (EV/EBITDA ratio) compared to listed companies which are deemed to be relatively similar to the Company and were selected for this purpose after comprehensively taking into consideration the market capitalization and the scale of business, the similarities of areas in which the Company has operations and business structure and other factors.

Under the comparable transactions analysis, the per share value of the Company's Shares was assessed to range from 528 yen to 978 yen, via comparison with trading prices and financial indices indicating profitability, etc. in publicly announced transactions conducted in the past, which were determined to be relatively similar to the Tender Offer.

Under the DCF analysis, the per-share value of the Company's Shares was evaluated to



range from 1,381 yen to 2,542 yen, after analyzing the enterprise value and the equity value of the Company based on the financial forecast for seven (7) fiscal years from the fiscal year ending March 2022 to the fiscal year ending March 2028 (including free cash flows) prepared by the Company, by discounting such free cash flows for the fiscal year ending March 2022 and thereafter to the present value at a certain discount rate. Please note that the weighted average cost of capital was adopted as the discount rate, and the exit multiple method using EV/EBITDA ratio and the perpetual growth rate method were adopted for the evaluation of the going concern value.

The Special Committee received explanations from the Company, asked questions and received answers about the assumptions and figures, etc. made in the preparation of the business plan provided by the Company on April 27, 2021 (the “April 2021 Business Plan”), which were used by BofA Securities as the basis of the DCF analysis, and did not find anything particularly unreasonable. Please note that the April 2021 Business Plan includes fiscal years in which a significant increase in profits is expected. Specifically, in the fiscal year ending March 2022, it is expected that the consolidated adjusted operating income will increase significantly to 34,000 million yen (up 39,000 million yen from the previous year) due to an increase in sales resulting from a recovery in market conditions from the deterioration in market conditions caused by the effect of spread of the new coronavirus infection in the previous fiscal year and due to the implementation of various management reform measures and other factors. In addition, the synergies expected by the Transactions being completed are not reflected in the April 2021 Business Plan because it is difficult to specifically estimate those synergies as of the date of the April 2021 Stock Valuation Report (April 28, 2021).

(iii) Outline of the September 2022 Stock Valuation Report

After considering the various valuation methods of the equity value of the Company’s Shares, BofA Securities assessed the equity value of the Company’s Shares using each of (i) market price analysis because the Company’s Shares are listed on the Prime Market of the Tokyo Stock Exchange, (ii) comparable companies analysis because there are multiple listed companies comparable to the Company and it is possible to value the Company’s Shares by comparing the Company with such comparable companies, (iii) comparable transactions analysis because there are multiple publicly announced transactions conducted in the past that are considered to be relatively similar to the Tender Offer and therefore it is possible to analogize the value of the Company’s Shares by comparing the Tender Offer with similar transactions, and (iv) DCF analysis so as to reflect in the evaluation the future business activities, subject to the assumptions 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's Shares in multiple ways.

According to BofA Securities, the methods used, and the corresponding ranges of per-share prices of the Company's Shares evaluated by such methods, are as follows. For assumptions, points of attention, etc. in the preparation of the September 2022 Stock Valuation Report and the underlying valuation analysis therefor, please refer to (Note 1) below.

Market Price Analysis:	1,665 yen – 1,884 yen
Comparable Companies Analysis:	968 yen – 1,687 yen
Comparable Transactions Analysis:	552 yen – 1,150 yen
DCF Analysis:	1,497 yen – 2,755 yen

Under the market price analysis, given that the per-share price of the Company's Shares is considered to have been affected by the announcement of the Tender Offer, including the Tender Offer Price, by the Company's Press Release dated April 28, 2021, the per-share price of the Company's Shares was assessed to range from 1,665 yen to 1,884 yen, based on the closing price of the Company's Shares on the Tokyo Stock Exchange on April 27, 2021 (1,884 yen), which is the business day immediately preceding the business day affected by such announcement, the simple average closing price for the most recent one-month period (1,875 yen), the simple average closing price for the most recent three-month period (1,799 yen) and the simple average closing price for the most recent six-month period (1,665 yen).

Under the comparable companies analysis, the Company's share value was analyzed via comparison with trading prices and financial indices indicating profitability, etc. of listed companies engaged in businesses that are considered to be relatively similar to those of the Company. The per share value of the Company's Shares was assessed to range from 968 yen to 1,687 yen, based on the ratio of EBITDA to the enterprise value (EV/EBITDA ratio) compared to listed companies which are deemed to be relatively similar to the Company and were selected for this purpose after comprehensively taking into consideration the market capitalization and the scale of business, the similarities of areas in which the Company has operations and business structure and other factors.

Under the comparable transactions analysis, the per share value of the Company's Shares was assessed to range from 552 yen to 1,150 yen, via comparison with trading prices and financial indices indicating profitability, etc. in publicly announced transactions conducted in the past, which were determined to be relatively similar to the Tender Offer.

Under the DCF analysis, the per-share value of the Company's Shares was evaluated to range from 1,497 yen to 2,755 yen, after analyzing the enterprise value and the equity value of

the Company based on the financial forecast for 6.5 fiscal years from the fiscal year ending March 2022 to the fiscal year ending March 2028 (including free cash flows) prepared by the Company, by discounting such free cash flows for the fiscal year ending March 2022 and thereafter to the present value at a certain discount rate. Please note that the weighted average cost of capital was adopted as the discount rate, and the exit multiple method using EV/EBITDA ratio and the perpetual growth rate method were adopted for the evaluation of the going concern value.

The Special Committee received explanations from the Company, asked questions and received answers about the assumptions and figures, etc. made in the preparation of the business plan provided by the Company on September 22, 2022 (the “September 2022 Business Plan”), which were used by BofA Securities as the basis of the DCF analysis, and did not find anything particularly unreasonable. Please note that the September 2022 Business Plan includes fiscal years in which a significant increase in profits is expected. Specifically, in the fiscal year ending March 2023, it is expected that the consolidated adjusted operating income will increase significantly to 71,200 million yen (up 44,391 million yen from the previous year) due to an increase in sales resulting from a recovery in market conditions from the deterioration in market conditions caused by the effect of spread of the new coronavirus infection in the previous fiscal year and due to the implementation of various management reform measures and other factors. In addition, the synergies expected by the Transactions being completed are not reflected in the September 2022 Business Plan because it is difficult to specifically estimate those synergies as of the date of the September 2022 Stock Valuation Report (September 26, 2022).

In addition, regarding the recent environment surrounding the Company’s business performance, there has been no significant change overall since the date of preparation of the April 2021 Business Plan, although there have been several events which affect the Company’s business performance slightly such as the increased profit as a result of continued depreciation of the Japanese yen on the one hand, and the effects of adjustments in automotive production and soaring raw material prices etc., on the other hand. Regarding the Company’s profitability in the September 2022 Business Plan, compared to the April 2021 Business Plan, the revenue is higher due to reasons such as the foreign exchange rate and impacts of fuel surcharge related to soaring raw material prices, but the adjusted operating income is lower due to reasons such as shortages in semiconductors related to automotive business and production adjustments by Automotive OEMs due to lockdowns and other policies against the spread of COVID-19 in Southeast Asian countries. Also, for the revenue and adjusted operating income for FY2022 in the September 2022 Business Plan, the budget for FY2022, recent foreign exchange rates, soaring raw material prices etc. are reflected, which do not significantly exceed the expected figures in the April 2021 Business Plan.

Note 1) The above-mentioned Stock Valuation Reports have been delivered solely for the use and benefit of the board of directors of the Company in its capacity as such in connection with and for purposes of its evaluation of the Tender Offer Price from a financial point of view. The Stock Valuation Reports do not express any opinion or view with respect to any consideration received in connection with the Transactions by the holders of any class of securities, creditors or other constituencies of any party. The Stock Valuation Reports do not express any opinion or view as to the fairness of the Tender Offer Price or as to any terms or other aspects or implications of the Transactions, including, without limitation, the form or structure of the Transactions or any terms or other aspects or implications of any other agreement, arrangement or understanding entered into in connection with or related to the Transactions or otherwise. Furthermore, BofA Securities does not express any opinion or view as to the relative merits of the Transactions in comparison to other strategies or transactions that might be available to the Company or in which the Company might engage or as to the underlying business decision of the Company to proceed with or effect the Transactions. In addition, BofA Securities does not express any opinion or recommendation to any stockholder of the Company as to whether to tender their Company's shares in the Tender Offer or how to vote or act in connection with the Transactions or any related matter. Moreover, BofA Securities also does not express any opinion or view with respect to, and have relied, with the consent of the Company, upon the assessments of the Company regarding legal, regulatory, accounting, tax and similar matters relating to the Company, the Offerors or any other entity and the Transactions (including the contemplated benefits thereof).

In addition, BofA Securities does not express any opinion or view with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Transactions, or class of such persons, relative to the Tender Offer Price or otherwise. The Stock Valuation Reports do not express any opinion as to the prices at which the Company's Shares will be traded at any time, including following the announcement or consummation of the Transactions.

In preparing the Stock Valuation Reports and conducting its underlying valuation analysis, BofA Securities has assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with BofA Securities and has relied upon the assurances of the management of the Company that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. Further, with respect to the April 2021 Business Plan that formed the basis for the April 2021 Stock Valuation Report and the September 2022 Consolidated Financial Forecast that formed the basis for the September 2022 Stock Valuation Report, BofA Securities has been

advised by the Company, and has assumed, with the consent of the Company, that each has been reasonably prepared on bases reflecting the best available estimates and good faith judgments of the management of the Company as of the respective date of each of the Stock Valuation Reports as to the future financial performance of the Company. Except as otherwise noted, the Stock Valuation Reports are necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Securities as of, the date of each of the Stock Valuation Reports (April 28, 2021, for the April 2021 Stock Valuation Report, and September 26, 2022 for the September 2022 Stock Valuation Report); except as otherwise stated in the relevant Stock Valuation Report). The credit, financial and stock markets have been experiencing unusual volatility and BofA Securities expresses no opinion or view as to any potential effects of such volatility on the Company, the Offerors or the Transactions. It should be understood that developments subsequent to the date of the Stock Valuation Reports (April 28, 2021, for the April 2021 Stock Valuation Report, and September 26, 2022 for the September 2022 Stock Valuation Report); except as otherwise stated in the relevant Stock Valuation Report) may affect the Stock Valuation Reports, and BofA Securities does not have any obligation to update, revise, or reaffirm such report.

As noted above, the descriptions of the analyses conducted by BofA Securities set forth above are summaries of the material financial analyses presented by BofA Securities to the board of directors of the Company in connection with the above-mentioned Stock Valuation Reports and are not comprehensive descriptions of all analyses undertaken by BofA Securities in connection with such report. The preparation of the Stock Valuation Reports and its underlying analysis is a complex analytical process involving various judgments about the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances; therefore, BofA Securities believes that its analyses must be considered holistically. BofA Securities further believes that selecting portions of its analyses and the factors considered or focusing on any information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Securities' analysis. The fact that any specific analysis has been referred to in the summary set out above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in such summary.

In performing its analyses, BofA Securities considered industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Offerors and the Company. The estimates of the future performance of the Company based on which BofA Securities' analyses were made are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than such estimates.

BofA Securities' analyses were performed solely as part of its analysis contained in the Stock Valuation Reports and were provided to the board of directors of the Company in connection with the delivery of such reports. BofA Securities' analyses do not purport to be appraisals or to reflect the prices at which a company or business might actually be sold or the prices at which any securities have been traded or may be traded at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Securities' view of the actual value of the Company.

The Tender Offer Price was determined through negotiations between the Offerors and the Company (or the special committee), rather than by any financial advisor, and was approved by the board of directors of the Company. The determination to express its opinion to support the Tender Offer was made solely by the board of directors of the Company. As described above, the Stock Valuation Reports were only one of many factors considered by the board of directors of the Company (in its capacity as such) in its evaluation of the Transactions and should not be viewed as determinative of the views of the board of directors or the management of the Company with respect to the Transactions or the Tender Offer Price.

BofA Securities has not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the Company or any other entity, nor has it made any physical inspection of the properties or assets of the Company or any other entity. BofA Securities has not evaluated the solvency or fair value of the Company, the Offerors or any other entity under any local, national or other laws or regulations relating to bankruptcy, insolvency or similar matters.

BofA Securities has acted as financial advisor to the Company in connection with the Transactions and will receive a fee for its services, substantial portion of which is contingent upon consummation of the Transactions. In addition, the Company has agreed to reimburse expenses incurred in connection with, and indemnify BofA Securities against, certain liabilities arising out of the engagement.

BofA Securities and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of its businesses, BofA Securities and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or

other securities or financial instruments (including derivatives, bank loans or other obligations) of the Offerors, the Company and certain of their respective affiliates.

BofA Securities and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to the Company and its affiliates, including Hitachi, Ltd., and have received or in the future may receive compensation for the rendering of such services, including having acted as Hitachi, Ltd.'s financial advisor in connection with its divestiture of its stake in Showa Denko Materials Co., Ltd. (formerly known as Hitachi Chemical Co., Ltd.) announced in December 2019.

In addition, BofA Securities and its affiliates in the past have provided, currently are providing and in the future may provide, investment banking, commercial banking and other financial services to any of Bain Capital and its affiliates or portfolio companies and have received or in the future may receive compensation for the rendering of these services. Further, BofA Securities and its affiliates may provide investment banking, commercial banking and other financial services to any of JIP and JIS and their affiliates or portfolio companies and may receive compensation for the rendering of these services.

BofA Securities does not provide any legal, accounting or tax-related advice

## [2] Calculation method of the Offeror

Considering that the Company shares are traded on financial instruments exchanges, the Tender Offeror referred the closing price as of October 25, 2019 (1,250 yen), the simple average of the closing prices for the past month at that time (1,210 yen), 1,169 yen for the past 3 months and 1,173 yen for the past 6 months on the Tokyo Stock Exchange, when Hitachi's President Toshiaki Higashihara is reported to say that Hitachi is discussing capital relationships with four listed subsidiaries of Hitachi, which triggered fluctuations in the Company's stock price due to expectations. The Offeror considered all those information including the premium in the past five years of the relevant deals (tender offer intended for making a target a wholly-owned company), outlook on agreement and probability of the success of the Tender Offer and decided the Tender Offer Price of 2,181 yen on April 23, 2021, through discussions and negotiations with the Company

Note that the Tender Offeror did not obtain a stock price valuation from an independent third-party valuation institution.

The Tender Offer Price represents a premium of 74.48% over the closing price (1,250 yen) of the Company Share on Tokyo Stock Exchange as of October 25, 2019 when Hitachi's President Toshiaki Higashihara is reported to say that Hitachi is discussing capital relationships with four listed subsidiaries of Hitachi, which triggered fluctuations in the Company's stock price due to

expectations, or a premium of 80.25% over the simple average closing price for the most recent one-month period (1,210 yen), or premium of 86.57% over the simple average closing price for the most recent three-month period (1,169 yen), or a premium of 85.93% over the simple average closing price for the most recent six-month period (1,173 yen). The Tender Offer Price represents a premium of 15.76% over the closing price (1,884 yen) of the Company Share on Tokyo Stock Exchange as of April 27, 2021 which is the business day before the announcement of the Tender Offer, or a premium of 16.32% over the simple average closing price for the most recent one-month period (1,875 yen), or premium of 21.23% over the simple average closing price for the most recent three-month period (1,799 yen), or a premium of 30.99% over the simple average closing price for the most recent six-month period (1,665 yen). It also represents a premium of 0.37% to JPY 2,173, the final price of the shares in question on the Tokyo Stock Exchange Prime Market on June 22, 2022, the business day preceding the announcement of the commencement of the Tender Offer, 3.51% to JPY 2,107, the simple average of the final prices over the preceding month, 5.98% to JPY 2,058, the simple average of the final prices over the preceding 3 months, and 6.91% to JPY 2,040, the simple average of the final prices over the preceding 6 months

#### (4) Expectations for delisting and the grounds therefor

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

Also, according to the Tender Offeror, even if the aforementioned standards do not apply at the point in time when the Tender Offer is successfully completed, the Tender Offeror plans to conduct procedures for the purpose of acquiring all of the Company Shares (excluding treasury shares owned by the Company and Shares to Be Sold by Hitachi) as described in “(5) Policy on reorganization after the Tender Offer (matters concerning the so-called two-step acquisition)” below after successful completion of the Tender Offer, and in this case, the Company Shares will be delisted after going through the prescribed procedures in accordance with the Tokyo Stock Exchange's delisting standards. After the Company Shares are delisted, they cannot be traded on 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] Summary of the Tender Offer” of “(2) Grounds and reasons for the opinions concerning the Tender Offer” above, the Tender Offeror plans to make the Company its wholly-owned subsidiary, and plans to request that the Company perform the following procedures after successful completion of the Tender Offer in the event the Tender Offeror fails to acquire all of the Company Shares (excluding treasury shares owned by the Company and Shares to Be



Sold by Hitachi) in the Tender Offer.

Specifically, according to the Tender Offeror, after successful completion of the Tender Offer, it plans to request that the Company promptly hold an extraordinary general meeting of shareholders (the “**Extraordinary Shareholders Meeting**”), at which the proposals for discussion will include implementation of a consolidation of the Company Shares (the “**Share Consolidation**”) and an amendment to the Articles of Incorporation abolishing the provisions on share units, on the condition of the effectuation of the Share Consolidation, and the Tender Offeror and Hitachi plan to agree to the proposals at the Extraordinary Shareholders Meeting.

In the event that the proposal for the Share Consolidation is approved at the Extraordinary Shareholders Meeting, the Company’s shareholders will own Company Shares in a number corresponding to the ratio of the Share Consolidation for which approval is to be obtained at the Extraordinary Shareholders Meeting on the date the Share Consolidation takes effect. Should fractions of less than one share arise in the number of shares as a result of the Share Consolidation, in accordance with the procedures set forth in Article 235 of the Companies Act and other relevant laws and regulations, the Company’s shareholders holding fractional shares will be paid money that they will obtain through a sale of Company Shares equivalent to the total of said fractions (however, if the total contains fractions of less than one share, such fractions will be rounded down; the same shall apply hereinafter) to the Company or the Tender Offeror. With regard to the sale price of the Company Shares equivalent to the total of said fractions, the Tender Offeror plans to request that the Company file a petition with a court seeking permission for a voluntary sale, after performing a calculation such that the amount of money to be paid to the Company’s shareholders (excluding the Tender Offeror, Hitachi, and the Company) not tendering in the Tender Offer as a result of such sale is the same as the Tender Offer Price multiplied by the number of Company Shares owned by each of the Company’s shareholders. Furthermore, while the ratio of the Share Consolidation is currently undecided, the Tender Offeror plans to determine that the Company Shares owned by the Company’s shareholders (excluding the Tender Offeror and Hitachi) not tendering in the Tender Offer become a fractional amount less than one share, in order for the Tender Offeror and Hitachi alone to own all Company Shares (excluding treasury shares owned by the Company).

If the Tender Offer is successfully completed, the Company plans to accept those requests from the Tender Offeror.

Furthermore, as a provision of the Companies Act intended to protect the rights of general shareholders in relation to Share Consolidations, Articles 182-4 and 182-5 of the Companies Act, as well as other relevant laws and regulations, stipulate that in the event a Share Consolidation is conducted, and should fractions of less than one share arise as a result of the Share Consolidation, the Company’s shareholders may request that the Company purchase all of their Company Shares equivalent to fractions of less than one share at fair market price, and may file a petition with a court

for determination of the price to be paid for the Company Shares. As detailed above, the Company Shares owned by the Company's shareholders (excluding the Tender Offeror, Hitachi, and the Company) not tendering in the Tender Offer is planned to be fractions of less than one share upon the Share Consolidation, so any Company shareholders opposing the Share Consolidation may file a petition for determination of the price.

There is a possibility that time will be required to perform the procedures above, or that the method of performance will change due to the status of amendments to, enforcement of, and regulatory authorities' interpretations of relevant laws and regulations, among other matters. However, even in such a case, if the Tender Offer is successfully completed, ultimately, a cash payment is planned to be made to the Company's shareholders (excluding the Tender Offeror and Hitachi) not tendering in the Tender Offer, and in such case, the amount of cash to be paid to the Company's shareholders is planned to be the same amount as the Tender Offer Price multiplied by the number of Company Shares owned by the Company's shareholders. The specific procedures and the time for their implementation in the case above will be determined through consultations between the Tender Offeror and the Company and will be published by the Company promptly upon determination.

Furthermore, the Tender Offer is not intended to solicit the approval of the Company's shareholders at the Extraordinary Shareholders Meeting. Additionally, the Company's shareholders are kindly asked to confirm the tax consequences of tendering in the Tender Offer and the procedures above with a tax specialist, at their own responsibility.

(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 Hitachi, as the controlling shareholder (parent company) of the Company, planned to execute a final agreement, including the implementation of the Tender Offer, with a candidate finally selected, and in light of the possibility that the interests of Hitachi and those of the Company's general 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.

As described in "[1] Summary of the Tender Offer" in "(2) Grounds and reasons for the opinions concerning the Tender Offer" above, the Tender Offeror has not set any lower limit for the so-called "Majority of Minority" shares that it plans to purchase through the Tender Offer, given that Hitachi (the parent company of the Company) holds 228,221,199 shares (ownership ratio: 53.38%) and in light of the possibility that, if a limit for a "Majority of Minority" shares is set, the lower limit of shares planned to be purchased in the Tender Offer will rise and successful completion of the Tender Offer will become uncertain, resulting in non-contribution to the interests of tendering general shareholders. However, as the following measures 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 general shareholders.

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

[1] Implementation of bidding procedure

As described in "[2] Purpose and Background of the Translation, including the Tender Offer, and Management Policy Following the Tender Offer" of "(2) Grounds and reasons for the opinions concerning the Tender Offer," the Company implemented the Bidding Process, which targeted multiple candidates selected by the Company and Hitachi and which consisted of two stages, the initial bidding process and the final bidding process, starting from early November 2020, and received a final proposal from multiple candidates, including the BC Consortium, after granting opportunities for multiple candidates, including Bain Capital, to conduct due diligence from mid-December 2020 until mid-March 2021. Thereafter, BC Consortium, Hitachi, and the Company continued discussions and negotiations on a continuing basis, and given that the various conditions of the Transaction were the most favorable, such that the share valuation in the amended final proposal received from the BC Consortium in early April 2021 was the highest of all share valuation presented by the respective candidates participating in the final bidding process, the superiority of the proposal from the BC Consortium in terms of the burden of liability on the Company after the Transaction, and the financing conditions for the BC Consortium was more favorable compared with those of other candidates, there was no candidate presenting conditions more favorable to the Company's shareholders than those presented by the BC Consortium.

[2] Establishment of a special committee independent of the Company and acquisition of opinions

Hitachi (the parent company of the Company) planned to execute a final agreement, including implementation of the Tender Offer with a candidate finally selected; thus, the Company established a special committee composed of 4 members—Mr. Makoto Uenoyama (outside director and independent officer of the Company), Mr. Koichi Fukuo (outside director and independent officer of the Company), Ms. Toshiko Oka (outside director and independent officer of the Company), and Mr. Eiji Masuda, an outside intellectual with extensive experience as a special committee member and an attorney in transactions similar to the Transaction—independent of the Tender Offeror, Hitachi, and the Company, on September 3, 2020, in advance of the start of the initial bidding process, in light of the possibility that the interests of Hitachi and those of general shareholders of the Company are not necessarily the same, and in order to consider and determine the appropriateness of the transaction conditions including appropriateness, non-appropriateness, and structure, as well as the fairness of procedures, including the offeror (partner) selection process, from the perspectives of eliminating the arbitrary nature of the Company's decision-making regarding the Transaction and the

candidate selection process through the Bidding Process, and of improving corporate value and the interests of general shareholders. Furthermore, Mr. Eiji Masuda was elected as chair of the special committee by an internal vote thereof. Additionally, in light of concerns over conflicts of interest with a company at which Ms. Toshiko Oka concurrently serves as a director, from the perspective of avoiding suspicions of conflicts of interest and ensuring the fairness of the Transaction, she resigned as a special committee member voluntarily on March 26, 2021, prior to the commencement of substantial discussions by the special committee regarding candidates who responded to the secondary bidding. Remuneration for members of the special committee will be calculated by multiplying hourly rates by working hours for Mr. Eiji Masuda (the outside intellectual), and performance fees conditional upon the completion of the Transaction were not adopted. Furthermore, as Mr. Makoto Uenoyama, Mr. Koichi Fukuo, and Ms. Toshiko Oka are outside directors of the Company and their duties as committee members are considered to be included in the duties as outside directors of the Company, it was decided based on consideration at the compensation committee that remuneration in accordance with their duties as committee members would be paid in the form of fixed compensation, and performance fees conditional upon the completion of the Transaction were not adopted. Ms. Toshiko Oka has resigned her position as an outside director of the Company as of June 18, 2021.

On the premise of considering the content of the opinions the Company must express, the Company's board of directors has inquired of the special committee as to the following matters: (i) the rationality of the objectives of the Transaction (including whether the Transaction contributes to the improvement of the Company's corporate value), (ii) the fairness/appropriateness of the Transaction procedures (including the partner selection process), (iii) the fairness/appropriateness of the Transaction conditions, (iv) the appropriateness of the board of directors of the Company expressing an opinion in support of the Tender Offer and recommending that the Company's shareholders tender in the Tender Offer, and (v) whether the Company's decision regarding the Transaction would be disadvantageous to the Company's general shareholders in light of the above (the "Matters of Inquiry"), as well as granted the power to independently select advisors, etc., and the power to seek professional advice from the Company's advisors, etc., if the special committee determines that they are reliable, in light of their advanced expertise and independence. However, the special committee has not exercised the power to select advisors independently, as the Company's financial advisor and third-party valuation institution – BofA Securities – and legal advisor – Nishimura & Asahi – have no issues regarding independence or expertise. Furthermore, the Company's board of directors has also resolved to respect the content of the report from the special committee to the utmost in the course of making decisions concerning the Transaction. Additionally, with regard to the selection of special committee members, the Company has confirmed that attention

is to be given to ensure a situation where the special committee may have a substantial impact on the candidate selection process and the process of negotiating the transaction conditions, in light of the specific circumstances of the Transaction.

Special committee meetings were held a total of 21 times from October 23, 2020, through April 28, 2021, over a total of 43 hours, discussing and considering the Matters of Inquiry. Furthermore, the special committee frequently submitted reports, shared information via email, and conducted deliberations and decision-making, etc., even between meetings.

Specifically, the special committee gathered and considered all of the various materials and other necessary information/materials submitted by the Tender Offeror and the Company, and held interviews, through meetings with BofA Securities as the Company's financial advisor, Nishimura & Asahi as the Company's legal advisor, and the Company's officers and employees, and also received explanations 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 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 of unreasonable interference by interested parties, the appropriateness of the status(es) of the Tender Offerors, Hitachi and the Company, and the background and consideration process leading up to the respective decision-making by each of them, the appropriateness of disclosures, and other matters concerning the 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 committee confirmed the rationality of the business plan and received an explanation of the April 2021 Stock Valuation Report submitted to the Company by the Company's financial advisor – BofA Securities – and investigated the premises of the relevant price calculations through interviews, etc. Additionally, the special committee also received an explanation from the Company's legal advisor – Nishimura & Asahi – regarding the content of the legal advice obtained from the legal advisor by the Company on the Company's decision-making process relating to the Transaction, including the Tender Offer, decision-making methods, and other points to note in decision-making concerning the Transaction, including the Tender Offer. 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 when the Company received from various candidates including the Tender Offeror, by stating opinions concerning transaction terms, including the tender offer price, on important aspects of candidate selection, after deliberating and considering the opinion of the

Company, which took into consideration advice from a financial perspective received by the Company from BofA Securities.

Through this process, based on the content of various explanations and question and answer sessions, and after cautious consideration of the Matters of Inquiry, the special committee submitted a report to the Company's board of directors, with its contents as summarized below, with the unanimous consent of all committee members, on April 28, 2021, on the precondition that all information disclosed or explained to the special committee was accurate and correct.

(i) Rationality of the objective of the transaction (including contributions to corporate value improvements by the transaction)

Since the announcement of the medium-term management plan, the profitability has deteriorated due to factors such as the fact that demand in the automotive sector, factory automation, robotics and other industrial sectors, as well as in the electronics sector, has become more severe than anticipated at the time of the announcement. In addition, the business environment has changed significantly due to the recent outbreak of COVID-19. In particular, in the automotive sector, a decline in global automobile sales volume has led to a decline in demand for many key products, while in the aircraft sector, a decline in demand for aircraft-related materials has resulted from a decline in demand for aircraft. Although we stated that it would improve capital efficiency and concentrate resources on growth business in the medium-term management plan, it has not achieved results and its profitability has deteriorated due to a decrease in sales revenue.

Under these circumstances, based on the Company's understanding that it is important to implement a growth strategy without any restrictions by Hitachi's portfolio strategy, and to establish a strategy and significant reform from a longer-term perspective and with a sense of urgency, without regard to quarterly performance, the Company believes that by executing this transaction to make the Company a private company, and by undertaking business reforms under the new partners, without being restricted by the current capital structure, the Company can expedite its decision-making, obtain investment funds, introduce external knowledge, regain our competitiveness and profitability, and aim to enhance corporate value by achieving regrowth. The purpose of this is not for Hitachi, its management, or others to use their positions to benefit themselves or a third party at the expense of general shareholders. In addition, expediting our decision-making, obtaining funds for investment, and introducing external knowledge will lead to the sustainable development and improved profitability of the Company group. The transaction is therefore logical because it can improve the corporate value of the Company group.

In addition, the Tender Offerors think that the Company is a high-performance materials

company having a wide range of businesses, and in order to realize the company's vision, they think that it will be important to secure world-class technological capabilities and profit levels in each business segment and aim for achieving the business growth once again. As specific growth strategies, the Tender Offerors will strongly support [1] continuous investment in basic technologies, [2] business expansion in growth markets, and [3] execution of structural reforms across the entire company. In addition, for improving the corporate value of the Company, the Tender Offerors envision three phases: (i) business concentration and selection and structural reforms, (ii) strengthening business capabilities in growth business areas including M&A and alliances, and (iii) developing new businesses. None of these growth strategies and business value enhancement measures are unreasonable to doubt their feasibility. They are rational because they will contribute to restoring the company's competitiveness and profitability in terms of speeding up decision-making, obtaining investment funds in growth areas, and utilizing external knowledge and human resources. In addition, there are no unreasonable points in the management policy explained by the Tender Offerors.

It is also recognized that matters have been handled appropriately even where they could be disadvantageous through this transaction. For example, in association with the Transaction, the Company will be independent from the Hitachi Group, but the Company plans to conclude a rational migration service contract, commissioned research contracts, and licensing agreements to use the Hitachi brand with Hitachi, Ltd., and it is scheduled that business operation in a format as per the status before implementation of the transaction will be possible for a certain period through these contracts. Based on the execution of these contracts, the Company's competitiveness will not be lost. Even concerning the interest payment burden for loans, etc. for the Company being provided these funds related to this Transaction, it is also recognized as having been handled appropriately, i.e. there is no notable obstacle to repayment.

As per the above, it is considered that this transaction is able to increase our corporate value, and its purpose is rational.

(ii) The fairness/validity of the procedures for the Transaction (including the partner selection process)

Various measures to ensure fairness have been taken for the Transaction, as follows:

Regarding the Transaction, (a) an independent special committee was established from the initial stage to formulate the transaction terms, etc., related to the Transaction prior to starting the first round bidding process, and it was granted the power to appoint and approve advisors, etc., and the power to substantially participate in the negotiation process regarding the transaction terms, etc., related to the Transaction. The Company's board of directors approved a resolution that the Company would make decisions related to the Transaction by fully

respecting the details of the special committee's report to the utmost. As a practical matter, the special committee was allowed to be involved in the negotiation process, etc., for the transaction terms with Hitachi and the Tender Offerors by exercising its authority, and that there was no notable hindrance to the independence of the special committee members, the structure of its attributes/specialties, etc., the processes for establishing the special committee and selecting its members, the system of examination of advisors, etc., the system of information acquisition, the Company's internal examination system, and rewards, etc.; (b) the Company appointed Nishimura & Asahi as a legal advisor independent of the Company, Hitachi, and the Tender Offerors, and received various advice; (c) the Company asked BofA Securities, a financial advisor and a third-party valuation institution independent of the Company, Hitachi, and the Tender Offerors, to calculate the Company's share value and conduct associated financial analysis, and obtained the April 2021 Stock Valuation Report as of April 28, 2021; (d) the Bidding Process was conducted by Hitachi and the Company and with the substantial involvement of the special committee, and appropriate consideration was given to the Bidding Process; (e) based on the special committee's opinion, the Company requested that Hitachi and the Tender Offeror set the Tender Offer Period at 30 business days and held discussions with them, but finally Hitachi and the Tender Offeror agreed on 20 business days for the Tender Offer Period, which is the shortest period provided by law. However, considering that it is anticipated that it will take a reasonable period of time from the announcement to the commencement of the Tender Offer, etc., even with a period of 20 business days, it can be said that appropriate opportunities for general shareholders to make decisions on whether to tender their shares in the Tender Offer have been ensured at some level, and that opportunities for persons who wish to propose a counter-purchase to make such counter-purchase, etc., also have been ensured; (f) due consideration has been given to avoid pressuring general shareholders. Therefore, it is believed that the procedures for the Transaction are fair.

Although so-called "Majority of Minority" conditions were not set for the Transaction, bearing in mind the following, it cannot be said that not setting majority of the minority conditions has diminished the fairness of the Transaction procedures. (i) Hitachi (the parent company of the Company), holds 228,221,199 shares (ownership ratio: 53.38%), and if majority of the minority conditions are set, the lower limit of shares planned to be purchased in the Tender Offer will rise and successful completion of the Tender Offer will become uncertain, resulting in non-contribution to the interests of tendering general shareholders; and (ii) as described above, measures to ensure fairness have been taken; notably, after sincerely discussing and negotiating the transaction terms with Hitachi and the Tender Offerors, with the substantial involvement of the special committee, the BC Consortium – which offered the best conditions when comparing



the share valuation presented by candidates who participated in the final bidding process – has been selected as the final purchasing candidate, and 2,181 yen has been agreed upon as the Tender Offer Price between the BC Consortium and Hitachi.

(iii) The fairness/validity of the transaction terms of the Transaction

(a) For the discussion/negotiation process on the transaction terms, agreement was reached as a result of the Bidding Process implemented by the Company and Hitachi, and for the Bidding Process, the price was negotiated multiple times among the Company, Hitachi and the BC Consortium as per the Special Committee's request. As a result, it is recognized that ensuring a situation where reasonable efforts are made so as to implement the Transaction under the most advantageous terms possible for general shareholders while improving corporate value, such as agreement has been made after achieving meaningful concessions from the BC Consortium.

(b) According to the April 2021 Stock Valuation Report, per-share prices of the Company's Share is from 1,665 to 1,884 yen based on the Market Price Analysis, from 714 to 1,491 yen based on the Comparable Companies Analysis, from 528 to 978 yen on the Comparable Transaction Analysis, and from 1,381 to 2,542 yen based on the DCF Analysis. The Tender Offer Price of 2,181 yen is higher than the upper range of Market Price Analysis, Comparable Companies Analysis, Comparable Transaction Analysis, and in the higher than the median for the range calculated using the DCF Analysis. Also, according to the Company's explanation on the business plan details, and BofA Securities' explanation and questions and answers regarding details of the April 2021 Stock Valuation Report, no notably irrational point is recognized regarding the assumptions made to establish the April 2021 Consolidated Financial Forecast, or the numerical data based on that, the method adopted by BofA Securities for calculating the Company's stock value, process, and the results of the stock value calculation.

(c) The following premium has been added to the 2,181yen Tender Offer Price; (A) 15.76% of 1,884 yen as our closing price on the Tokyo Stock Exchange on April 27, 2021, which is the business day prior to the announcement of the Tender Offer (April 28, 2021), 16.32% of 1,875 yen that is the simple average of the closing stock price for the past one month, 21.23% of 1,799 yen that is the simple average of the closing stock price for the last three months, and 30.99% of 1,665 yen that is the simple average of the closing stock price for the last six months, (B) the following premium is added to the Tender Offer Price, 74.48% of 1,250 yen that is the closing price of our stock on the day when news that President Toshiaki Higashihara of Hitachi, Ltd. discussed capital-related issues with four listed subsidiaries was delivered on October 25, 2019 which caused the changes in our stock price related to the restructuring of the Hitachi Group, 80.25% of 1,210 yen that is the simple average of the closing stock price for the past one month, 86.57% of 1,169 yen that is the simple average of the closing stock price for the last three

months, and 85.93% of 1,173 yen that is the simple average of the closing stock price for the last six months; until now, our stock price had been increasing significantly from EBITDA multiple trends of listed companies whose business details are similar to ours, and the Nikkei stock average caused by news reports that President Toshiaki Higashihara of Hitachi discussed capital-related issues with four listed subsidiaries. Thus, it cannot be said that the view that our stock price since the president's statement was made has been affected by expectations for restructuring of the Hitachi Group caused by the statement is irrational. (C) Our (a) premium standard for the stock market price based on the business day prior to the announcement day for the Tender Offer is not necessarily high compared to the premium standards for similar cases in the past, but (b) it can be evaluated that a reasonable and comparable premium has been added compared to the stock market price on the day that news that President Toshiaki Higashihara of Hitachi discussed capital-related issues with four listed subsidiaries was delivered on October 25, 2019. Thus, the Tender Offer Price is fair and valid.

Regarding other transaction terms and conditions, (a) the Share Consolidation is scheduled to be carried out after the Tender Offer, but the Share Consolidation is scheduled to be carried out by the share consolidation based on the Companies Act. No scheme has been adopted in which shareholders who oppose the Transaction cannot secure shareholder purchase claims or pricing claims, and considering the assumption of disclosure of the Share Consolidation, consideration has been given so that if the applicant does not apply for the Tender Offer, such applicant will not be treated unfavorably. Therefore, the terms and conditions of the Transaction can be said to be fair and reasonable. (b) The Share Repurchase is scheduled to be carried out after the Share Consolidation, and the Share Repurchase Price is 1,674 yen. The Tender Offer Price and the Share Repurchase Price are set so that the proceeds after tax to Hitachi will be approximately equal between the case where Hitachi sells through the Tender Offer and the case where it sells through the Share Repurchase. By adopting a scheme that combines the Tender Offer and the Share Repurchase, the Tender Offer Price of the Tender Offer offered by ordinary shareholders can be set higher than when Hitachi sells the company's shares through the Tender Offer. Therefore, it will not be disadvantageous to ordinary shareholders, and including the scheme associated with the Share Repurchase as a part of the transaction terms of the Transaction cannot be deemed to lack fairness and validity. (c) Considering that the financing by the Tender Offerors does not have a significant adverse effect on the financial condition of the company, it is considered that the other terms and conditions of the Transaction are fair and appropriate.

- (iv) Whether the Company's board of directors should express supportive opinions on the Tender Offer and should recommend that shareholders of the Company tender their shares in the Tender

## Offer

Based on (i) to (iii) above, the Transaction contributes to improvement of the Company's corporate value, the purpose of the Transaction is considered to be reasonable, the conditions of the Transaction are fair and appropriate, and the procedures related to the Transaction, including the process of selecting the partner, are considered to be fair and appropriate. Therefore, it is reasonable that at the time of the announcement of the Tender Offer, the Company's board of directors resolves to express its supportive opinion and to recommend that shareholders of the Company tender their shares in the Tender Offer.

- (v) Whether the Company's decision on the Transaction is disadvantageous for general shareholders of the Company in light of (i) to (iv) above

Based on (i) to (iv) above, it was concluded that it would be best to provide general shareholders of the Company with the opportunity to sell the Company's Shares at an appropriate price through the Tender Offer, taking into consideration the interests of the shareholders at this time. Since the purpose of the Transaction is considered to be reasonable, the conditions of the Transaction are fair and appropriate, and the procedures related to the Transaction are considered to be fair and appropriate, the Company's decision on the Transaction is not considered to be disadvantageous to general shareholders of the Company.

While the specific investment ratio within the BC Consortium was not yet set as of the April 2021 Report by the Special Committee, the BC Consortium side had notified Hitachi and the Company at the time of submitting the final proposal that Bain Capital would contribute over two thirds of the funding. The Special Committee made the judgment that Bain Capital contributing at least the majority of the funding, with JIP and JIS contributing a minority stake of the funding, or, in other words, Bain Capital playing the leading role in the Consortium was the important fact, and that further details about the investment ratio would not sway the opinion of the Special Committee.

Thereafter, since the process of Obtaining Clearance for the necessary permits and authorizations based on competition laws and other regulatory laws of part of countries (i.e., Japan, Brazil, the EU, Serbia, South Korea, Taiwan and Vietnam) has been completed once, the Company shared details on the status of the Company and the Tender Offerors with all members of the Special Committee at its 22<sup>nd</sup> meeting, held on November 24, 2021 and its 23<sup>rd</sup> meeting, held on June 6, 2022. With respect to receipt of the Tender Offeror's notification by the Minister of Finance and the competent minister for the business and the passing of the waiting period pursuant to the FEFTA of Japan, which is necessary for the Tender Offeror to acquire the Company's Shares, a public notice was issued on

November 19, 2021 stating that the waiting period was shortened, and from November 20, 2021, the Tender Offeror was able to acquire the Company's Shares. However, as the notification enables only transactions and acts taking place within six months of the receipt of the notification, the Tender Offeror filed a notification with the Minister of Finance and the competent minister for the business. Subsequently, on September 20, 2022, the Company was informed by the Tender Offeror that it intends to commence the Tender Offer with a Tender Offer Commencement Date of September 27, 2022, as Obtaining Clearance for the necessary permits and authorizations based on competition laws in all countries (Japan, Brazil, China, the EU, Serbia, South Korea, Taiwan and Vietnam), domestic and international has been completed on September 7 (local times), 2022, and the notification to the Minister of Finance and the competent minister for the business pursuant to the FEFTA of Japan was received on September 20, 2022, the process of Obtaining Clearance (excluding the necessary permits and authorizations based on the FEFTA of Japan) was fully completed), and on the assumption that all other Tender Offer Preconditions have been fulfilled or the Tender Offeror waives all other Tender Offer Preconditions. Therefore, the Company shared the details of the status of the Company and the Tender Offerors with all members of the Special Committee at its 24th meeting held on September 26, 2022. The Special Committee carefully deliberated the Additional Matters of Inquiry, which are whether there were no changes to the opinion expressed in the April 2021 Report, taking into account the Company's business performance, including the effects of COVID-19, progress of yen depreciation, soaring raw material prices, and changes in the market environment since April 28, 2021, as well as the results of the stock value calculation in the September 2022 Valuation Report. As a result, the Special Committee confirmed that the recent business environment surrounding the Company has not changed significantly from that at the time of submission of the April 2021 Report, although there have been some changes, such as an increase in profit due to the progress of yen depreciation, and on the other hand, the impact of production adjustments in the automobile industry and soaring raw material prices. And the Special Committee considered that as of September 26, 2022, the Transaction would contribute to the Company's corporate value, and no circumstances could be found that would necessitate any change to the content of the April 2021 Report, even taking into account the circumstances from the period from April 28, 2021, to September 26, 2022. In addition, according to the September 2022 Stock Valuation Report, the per-share prices of the Company's Shares are from 1,655 to 1,884 yen based on the Market Price Analysis, from 968 to 1,687 yen based on the Comparable Companies Analysis, from 552 to 1,150 yen based on the Comparable Transaction Analysis, and from 1,497 to 2,755 yen based on the DCF Analysis, and the Tender Offer Price of 2,181 yen is higher than the upper range of the Market Price Analysis, Comparable Companies Analysis, and Comparable Transaction Analysis and is higher than the median of the range calculated using the DCF Analysis. Thus, the Special Committee submitted a supplementary report to the Company's board of directors on September 26, 2022, to the effect that

there were no changes to the opinion expressed in the April 2021 Report. The Special committee meetings were additionally held a total of 3 times from November 24, 2021, through September 26, 2022, for approximately a total of 5 hours, deliberating and considering the Additional Matters of Inquiry.

[3] Acquisition of advice from the company's independent legal advisor

"In order to ensure the fairness and validity of decision-making by the company board of directors and its caution concerning the transaction including the Tender Offer," as listed in "[2] Establishment of a special committee independent of the company" above, the company has selected Nishimura & Asahi as a legal advisor independent of the company, Hitachi and the Offeror, and receives legal advice from the same concerning various procedures for the transaction including the Tender Offer, methods and processes for board of directors decision-making, and other points for consideration in decision-making concerning the transaction (preferably including but not limited to the scope conflicts of interest of the company board of directors, the establishment of the special committee and its timing, and the conduct of decision-making respecting the responses and filings of the special committee to the utmost).

Furthermore, Nishimura & Asahi is not the company, Hitachi, and a related party of the Offerors, and has no important conflict of interest relating to the transaction including the Tender Offer.

[4] Acquisition of the Stock Valuation Reports from the Company's independent financial advisor and third-party valuation institution

In order to obtain specialists' advice and assistance concerning the appraisal of corporate value and price negotiations, etc., as described in "[2] Establishment of a special committee independent of the Company and acquisition of opinions" above, BofA Securities has been selected as a financial advisor and a third-party valuation institution independent of the Tender Offerors, Hitachi, and the Company, and the Company received financial advice from BofA Securities and obtained the April 2021 Valuation Report on April 28, 2021 under the conditions as described in (Note 1) in "(iii) of [1] Obtainment of a Stock Valuation Report of an Independent Financial Advisor and Third-Party Valuation Institution by the Company" of "(3) Matters related to the Valuation" above and other conditions. In addition, in expressing its opinion to support the Tender Offer, the Company obtained the September 2022 Valuation Report on September 26, 2022 under the conditions as described in (Note 1) above and other conditions from BofA Securities, the financial advisor and third-party valuation institution independent of the Tender Offerors, Hitachi, and the Company, in order to consider whether there were any changes in the value of the Company's Shares from April 28, 2021 to September 22, 2022, and the details thereof, and to ensure fairness in the decision-making process concerning the Tender Offer Price. For an overview of the Stock Valuation Report, please refer to

“[1] Obtainment of a Stock Valuation Report of an Independent Financial Advisor and Third-Party Valuation Institution by the Company” of “(3) Matters relate to the Valuation” above.

Furthermore, BofA Securities is not a related party with regard to the Tender Offeror, Hitachi, or the Company, and has no material interest in the Transaction, including the Tender Offer.

[5] Approval of all of the Company’s directors with no interest

As described in “[4] The process of decision-making for how the Company came to agree with the Tender Offer, and the grounds therefor” of “(2) Grounds and reasons for the opinions concerning the Tender Offer” above, the Company’s board of directors carefully deliberated on and considered whether the Transaction, including the Tender Offer, would contribute to improvement of the Company’s corporate value and whether the transaction terms related to the Transaction, including the Tender Offer Price, were appropriate, taking into consideration legal advice received from Nishimura & Asahi, financial advice received from BofA Securities, and the content of the Valuation Report, and respecting the decision of the special committee to the utmost, as shown in the April 2021 Report.

As a result, as described in “[4] The process of decision-making for how the Company came to agree with the Tender Offer, and the grounds therefor” of “(2) Grounds and reasons for the opinions concerning the Tender Offer” above, the Company determined that (i) the Transaction, including the Tender Offer, would contribute to improvement of the Company’s corporate value, and that (ii) the transaction terms related to the Transaction, including the Tender Offer Price, were reasonable and ensured that general shareholders of the Company could enjoy the benefits thereof, and the Tender Offer would provide a reasonable opportunity for sale of the Company Shares at an appropriate premium to general shareholders of the Company, and it approved a resolution at the meeting of the Company’s board of directors held on April 28, 2021, to express a positive 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 four directors of the Company participating in the deliberations and resolutions, excluding Mr. Mamoru Morita and Ms. Toshiko Oka (as explained below), of all six directors of the Company.

Furthermore, as described in “[4] The process of decision-making for how the Company came to agree with the Tender Offer, and the grounds therefor” of “(2) Grounds and reasons for the opinions concerning the Tender Offer” above, it was planned that the Tender Offer would be commenced promptly when the Tender Offer Preconditions were satisfied or waived by the Tender Offeror. According to the Tender Offeror, as of April 28, 2021, it aimed to commence the Tender Offer around late November 2021; however it was difficult to estimate the period required for procedures involving the domestic and international competition authorities accurately. Therefore, at the board of directors meeting mentioned above, the Company also adopted a resolution that when the Tender

Offer was commenced, the board of directors would request that the special committee established by the Company consider whether there were any changes in its opinions as expressed to the Company's board of directors on April 28, 2021, and if there were no changes, to make a statement to that effect, or if there were changes, to state the changed opinions, and that based on such opinions, the Company would express its opinions on the Tender Offer again when the Tender Offer was commenced.

The Company has now, as of September 20, 2022, been notified by the Tender Offeror that it intends to commence the Tender Offer with a Tender Offer Commencement Date of September 27, 2022, as it has obtained clearances for all necessary permits and authorizations based on competition laws and other regulatory laws domestically and internationally (Japan, Brazil, China, the EU, Serbia, South Korea, Taiwan and Vietnam, but excluding the necessary permits and authorizations based on the FEFTA of Japan), and on the assumption that all other Tender Offer Preconditions have been fulfilled or the Tender Offeror waives all other Tender Offer Preconditions. Thus, the Company once again carefully discussed and considered the conditions related to the Tender Offer, by fully respecting the content of the Supplementary Report from the Special Committee to the utmost. As a result, at the board of directors' meeting held on September 26, 2022, the Company once again adopted a resolution to express its opinion to support the Tender Offer and to recommend that its shareholders tender in the Tender Offer via unanimous decision of all directors with no interests.

Furthermore, among the Company's directors, Mr. Mamoru Morita concurrently serves as Senior Vice President and Executive Officer of Hitachi, and Ms. Toshiko Oka faced concerns over conflicts of interest due to her concurrent role as a director of another company, as described in "[2] Establishment of a special committee independent of the Company and acquisition of opinions" above; therefore, in order to avoid conflicts of interest and to ensure the fairness of the Transaction, they did not participate in the deliberations or resolutions at the board of directors' meeting held on April 28, 2021, while Mr. Mamoru Morita did not participate in the deliberations or resolutions at the board of directors meeting on September 26, 2022. Ms. Toshiko Oka resigned as a director of the Company on June 18, 2021. Among the Company's directors, Mr. Mitsuaki Nishiyama was in the position of Representative Executive Officer and Senior Vice President and Executive Officer of Hitachi until March 2020. However, only Mr. Mamoru Morita and Ms. Toshiko Oka are deemed to be directors having interests, as mentioned above, and are subject to the above-mentioned measures, because, among others, since Mr. Mitsuaki Nishiyama resigned from that position in that month, there have been no concurrent relationships with Hitachi or any of Hitachi's subsidiaries other than the Company's group companies; the Transaction is not of a type in which there is a conflict of interest problem due to the structure of the transaction, such as a so-called management buyout or acquisition of a subsidiary company by a controlling shareholder; in this Transaction, a special committee was established on September 3, 2020, before the commencement of the first round

bidding process, and it has been functioning effectively; and Mr. Mitsuaki Nishiyama's knowledge about the Company's business gained through his position as a director of the Company is essential for purposes of examining the Transaction.

[6] Measures to ensure opportunities for purchase by other purchasers

While the Tender Offeror has set the Tender Offer Period at 20 business days, the period from when the Tender Offer was announced on April 28, 2021, to the commencement of the Tender Offer is long. Therefore, according to the Tender Offeror, it is believed that the opportunity for general shareholders of the Company to make decisions on whether to tender their shares in the Tender Offer, and the opportunity for parties other than the Tender Offeror to make purchases, etc., of Company Shares has been ensured.

Furthermore, as described in "[2]Purpose and Background of the Translation, including the Tender Offer, and Management Policy Following the Tender Offer" of "(2) Grounds and reasons for the opinions concerning the Tender Offer" above, the Company implemented a Bidding Process, and the BC Consortium was selected through comparison with multiple other candidates under certain competitive conditions. Accordingly, the Company believes that there were adequate opportunities for purchase, etc., of Company Shares by parties other than the Tender Offeror.

4. Matters concerning important agreements relating to the Tender Offer

[1] Non-Tender Agreement

In connection with the Tender Offer, according to the Tender Offeror, the Tender Offeror concluded a Non-Tender Agreement with Hitachi on April 28, 2021, in which Hitachi agreed not to tender the Shares to Be Sold by Hitachi (228,221,199 shares) in the Tender Offer. However, the parties also agreed as follows: if after commencement of the Tender Offer, by the last day of the Tender Offer Period, a party other than the Tender Offeror commences a tender offer ("Counter Purchase") to acquire all of the Company Shares at a purchase price that exceeds the Tender Offer Price by 5% or more (Note), as long as Hitachi is not in breach of its obligations as set forth in the Non-Tender Agreement, Hitachi may request that the Tender Offeror discuss changes in the Tender Offer Price and the Share Repurchase Price; despite such discussions, if the Tender Offeror does not change the Tender Offer Price to an amount equal to or greater than the purchase price in the Counter Purchase, and the Tender Offeror does not change the Share Repurchase Price to an amount that substantially exceeds the acquisition price in the Counter Purchase in consideration of tax effects, Hitachi may tender all of the Shares to Be Sold by Hitachi in the Counter Purchase.

(Note) The figures were decided through negotiations between the Tender Offeror and Hitachi.

In the Non-Tender Agreement, the parties agreed that (i) in the event the Tender Offer is completed successfully 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 By Hitachi) 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 etc., in order to ensure the amount available for allocation required for the Share Repurchase, and that (iii) promptly after the Capital Reduction etc., takes effect, pursuant to the Share Repurchase, Hitachi will transfer all of the Shares to Be Sold by Hitachi to the Company for the total amount of consideration obtained by multiplying the number of the Shares to Be Sold by Hitachi held by Hitachi excluding shares that account for fractions less than 1 share resulting from the Share Consolidation by 1,674 yen, the Share Repurchase Price.

In the Non-Tender Agreement, the parties agreed to the Tender Offer Preconditions, the representations and warranties by the Tender Offeror and Hitachi (Note), the obligation to make efforts to obtain clearance under competition laws and other regulatory laws, the indemnification if the Tender Offeror or Hitachi fails to perform its obligations or breaches its representations and warranties under the Non-Tender Agreement, the obligation to bear taxes and public dues and expenses incurred by oneself, the obligation of confidentiality, and the obligation to prohibit the transfer of contractual rights and obligations.

(Note) The Tender Offeror makes representations and warranties regarding the following in the Non-Tender Agreement: (1) effectiveness of establishment and existence, (2) capacity to hold rights and act as necessary to execute and perform the Non-Tender Agreement, (3) completion of procedures required by relevant laws and regulations and the internal rules of the Tender Offeror regarding the execution and performance of the Non-Tender Agreement, (4) validity and compulsory enforceability of the Non-Tender Agreement, (5) no conflict with laws and regulations regarding the execution and performance of the Non-Tender Agreement, (6) obtaining required clearances by each of the execution date of the Non-Tender Agreement, the commencement date of the Tender Offer, the expiration date of the Tender Offer Period, and the execution date of the Share Repurchase, (7) no transactions with or involvement by antisocial forces, and (8) certainty of sources of funds. Hitachi makes representations and warranties regarding the following in the Non-Tender Agreement: (1) effectiveness of establishment and existence, (2) capacity to hold rights and to act as necessary to execute and perform the Non-Tender Agreement, (3) completion of procedures required by relevant laws and regulations and the internal rules of the Tender Offeror regarding the conclusion and performance of the Non-Tender Agreement, (4) validity and compulsory enforceability of the Non-

Tender Agreement, (5) no conflict with laws and regulations regarding execution and performance of the Non-Tender Agreement, (6) lawful and effective ownership of the Shares to Be Sold by Hitachi, (7) no commencement of bankruptcy proceedings and non-existence of reasons for the same, and (8) no transactions with or involvement by antisocial forces.

[2] The Memorandum of Understanding

In connection with the Tender Offer, the Company and the Tender Offeror executed a memorandum of understanding dated April 28, 2021 (the “Memorandum of Understanding”), in which the Company provides representations and warranties (no breach of bribery and money laundering related laws and regulations and trade control laws and regulations, non-existence of transactions with antisocial forces, non-existence of undisclosed material facts, etc.) and the parties agree to the Company’s obligation to provide notice if the Company learns of any events that have a specific possibility of rendering the Company’s representations and warranties false or inaccurate, and confidentiality obligations of the Company and the Tender Offeror, and the Tender Offeror agrees, in principle, not to revise the employment or employment conditions of the Company’s employees beyond the headcount reductions announced in the 2021 medium-term business plan, for the time being following the series of transactions after the Tender Offer.

[3] The Shareholders’ Agreement

In connection with the Tender Offer, the investment fund to which Bain Capital provides investment advice, K.K. HMJ Holdings, the fund managed, operated and provided with information by JIP, the fund managed by JIS, and K.K. JISKK executed a shareholders’ agreement dated September 26, 2022, and have agreed that (a) of the Company’s directors to be designated by the Tender Offeror after completion of the Transaction, the fund managed, operated and provided with information by JIP will designate one director, and the investment fund to which Bain Capital provides investment advice will designate the remaining directors, (b) if the investment fund to which Bain Capital provides investment advice transfers the equity of the Parent Company of the Tender Offeror to a third party, the investment fund to which Bain Capital provides investment advice may request that the other owners of the shares of the Parent Company of the Tender Offeror sell the equity of the Parent Company of Tender Offeror to that third party in accordance with their respective investment ratios (drag-along right), (c) if the investment fund to which Bain Capital provides investment advice transfers the equity in the Parent Company of Tender Offeror to a third party, then the other owners of the shares of the Parent Company of the Tender Offeror may sell their equity in the Parent Company of Tender Offeror to that third party in accordance with their respective investment ratios (tag-along rights), and (d) confidentiality obligations, (e) selection of governing law, and (f) jurisdiction.

5. Details of benefit contributions by the Tender Offeror or its specially related parties

No relevant matters.

6. Policy on addressing basic policy for company control

No relevant matters.

7. Questions for the Tender Offeror

No relevant matters.

8. Requests for extension of tender offer period

No relevant matters.

9. Future revisions

See “[2] Purpose and Background of the Translation, including the Tender Offer, and Management Policy Following the Tender Offer” under “(2) Grounds and reasons for the opinions concerning the Tender Offer” of “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer,” “(4) Expectations for delisting and the grounds therefor,” and “(5) Policy on reorganization after the Tender Offer (matters concerning the so-called two-step acquisition).”

Furthermore, as of April 28, 2021, the company published the “Notice concerning Surplus Dividends (Non-Payment of Term-End Dividends).” As listed in said publication, the company resolved at a meeting of the company board of directors on April 28, 2021 for the non-payment of surplus dividends using March 31, 2022 as a reference date. Please see the content of said publication for details.

The Company has also published its quarterly report dated August 5, 2022. For details on this, see the content of the corresponding publication.

10. Matters concerning transactions, etc. with controlling shareholders

(1) The status of application of policy concerning measures for protection of general shareholders and applicability of controlling shareholder to transaction, etc.

As the Offeror has signed a final agreement with Hitachi, the controlling shareholder (parent company) of the company, with one part planning conduct of the Tender Offer with plans for acquisition through acquisition of treasury stock held by Hitachi after the Tender Offer and establishment of Share Consolidation, the company views expression of intent concerning the Tender Offer at the company board of directors to be equivalent to a transaction, etc. with its controlling shareholder.

The “guidelines concerning policy for protection of general shareholders during conduct of

transactions, etc. with the controlling shareholder” shown in the Corporate Governance Reports disclosed on October 1, 2020, July 1, 2021, and June 30, 2022 state that “the company has established regulations setting forth internal procedures relating to decisions, etc. of terms for transactions, intended to secure appropriate business in relation to general transactions relating to product sales and material procurement transactions, not limited to transactions with the parent company, and conducts transactions based on these regulations. Furthermore, in case of need to conduct transactions with the parent company when there is concern over material conflicts of interest between the parent company and general shareholders, these shall be resolved by the board of directors after discussion and careful deliberation.” However, as listed in the 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” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer,” the company has taken measures to avoid conflicts of interest and ensure fairness in the Tender Offer, such as receiving the April 2021 from the Special Committee and the supplementary report to the effect that there was no disadvantage for general shareholders should the company resolve for the transaction, receiving the Stock Valuation Reports from BofA Securities as an independent third-party valuation institution, and receiving legal advice from Nishimura & Asahi. Accordingly, such response is in conformity with the above guidelines.

(2) Matters concerning measures for ensuring fairness and measures for avoiding conflicts of interest

Please see “(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.”

(3) Overview of opinions obtained from the controlling shareholder and parties with no interest concerning the absence of disadvantage for general shareholders in said transaction, etc.

As of April 28, 2021, the company has obtained opinions from a special committee composed of parties with no beneficial interest with the controlling shareholder, to the effect that there is no disadvantage for general shareholders should the company resolve for the transaction. It has also obtained an opinion from the special committee that, as of September 26, 2022, the above opinions have not changed. For details, please see “[2] Establishment of a special committee independent of the company and acquisition 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” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer.”

End

(Reference) Overview of Tender

Please refer to “Announcement on Commencement of Tender Offer for Shares of Hitachi Metals, Ltd. (Securities Code: 5486)” published by the Tender Offerors on September 26, 2022.