

[Translation]

February 12, 2020

To whom it may concern:

Company name Toshiba Machine Co., Ltd.
Representative Takahiro Mikami
President and Chief Operating Officer
(Code: 6104, First Section of the Tokyo Stock Exchange)
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**Notice of Expression of Opinion (Opposition) Regarding
the Tender Offer for the Company Shares by City Index Eleventh Co., Ltd. and
Holding of Shareholders' Will Confirmation Meeting**

With the "Notice of (Withholding of) Expression of Opinion Regarding the Tender Offer for the Company Shares by City Index Eleventh Co., Ltd." dated January 28, 2020, regarding the tender offer for the Company Shares (the "Tender Offer") commenced on January 21, 2020 by City Index Eleventh Co., Ltd. (the "Tender Offeror"), a subsidiary of Office Support K.K. ("Office Support"), the Company announced that it would withhold expressing its opinion at the time. The Company announces that the Company's board of directors, at its meeting held today (February 12, 2020), resolved to express its opinion opposing the Tender Offer.

Shareholders are requested not to tender in the Tender Offer, and those shareholders who have already tendered in the Tender Offer are requested to promptly cancel the agreements related thereto.

The Tender Offer was commenced without complying with the Response Policies introduced by the Company as of January 17, 2020 (as defined in "(1) Introduction of the Response Policies and background and reason that led to the decision to hold the Shareholders' Will Confirmation Meeting" of "6. Response policies pertaining to basic policies regarding control of the Company" below; hereinafter the same). In line with the purpose of the Response Policies to let the shareholders determine whether to accept the large-scale purchase actions for the Company's shares, the Company's board of directors determined to hold an extraordinary shareholders meeting to confirm the shareholders' will (the "Shareholders' Will Confirmation Meeting") regarding the Response Policies and the implementation of the countermeasures (allotment of share options without contribution subject to discriminatory exercise conditions and acquisition clause) thereon on March 27, 2020. Details of the Shareholders' Will Confirmation Meeting will be announced promptly after a formal convocation decision is reached.

In the letter dated January 24, 2020, the Company already requested that the Tender Offeror extend the tender offer period to sixty business days (make April 16, 2020, the date of the end of the tender offer period). However, the tender offer period has not yet been extended as of today. Therefore, as announced in the "Notice Concerning Request for Extension of the Tender Offer Period" dated today, the Company requested again to Office Support in the letter dated today to extend the tender offer period to sixty business days, with a deadline of noon of February 19, 2020, which is five business days from today. If the Tender Offeror extends the tender offer period in response to such request, the Shareholders' Will Confirmation Meeting will be held during the tender offer period.

1. Outlines of the Tender Offeror

(1) Name	City Index Eleventh Co., Ltd.				
(2) Location	22-14, Higashi 3-chome, Shibuya-ku, Tokyo				
(3) Title and Name of Representative	Hironao Fukushima, Representative Director				
(4) Type of Business	Investment business and other businesses				
(5) Stated Capital	One million yen				
(6) Date of Incorporation	May 20, 2009				
(7) Major Shareholders and Shareholding Ratio (as of January 21, 2020)	<table> <tr> <td>1. Office Support K.K.</td> <td>66.50%</td> </tr> <tr> <td>2. Kabushiki Kaisha Minami-Aoyama Fudosan</td> <td>33.50%</td> </tr> </table>	1. Office Support K.K.	66.50%	2. Kabushiki Kaisha Minami-Aoyama Fudosan	33.50%
1. Office Support K.K.	66.50%				
2. Kabushiki Kaisha Minami-Aoyama Fudosan	33.50%				
(8) Relationship between the Company and the Tender Offeror					
Capital Relationship	The Tender Offeror does not own the shares of the Company; however, Office Support K.K. and S-Grant. Co., Ltd., being specially related parties of the Tender Offeror, own 1,576,200 shares (ownership ratio (Note 2): 6.53%) and 1,500,000 shares (ownership ratio: 6.21%), respectively, of the Company.				
Personnel Relationship	Not applicable.				
Business Relationship	Not applicable.				
Status of Applicability to the Related Parties	Not applicable.				

(Note 1) The above information is based on information contained in the tender offer statement that was submitted by the Tender Offeror regarding the Tender Offer on January 21, 2020 (the “Tender Offer Statement”), or documents attached thereto, except for information contained in “Personnel Relationship,” “Business Relationship,” and “Capital Relationship” of “(8) Relationship between Listed Company and the Tender Offeror.”

(Note 2) According to the Tender Offer Statement, the term “ownership ratio” refers to the ratio of shares owned by each shareholder against 24,135,231 shares, which is (a) the total number of issued shares (29,977,106 shares) as of September 30, 2019, as set forth in the 97th Term - Second Quarter Report filed by the Company on November 8, 2019, after deducting (b) treasury shares (5,841,875 shares) owned by the Company as of September 30, 2019, as set forth in the “Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)” published by the Company on November 8, 2019. In calculating such number, fractions are rounded to the second decimal place.

2. Tender offer price

3,456 yen per common share

3. Opinion regarding the Tender Offer, and basis and reasons thereof

(1) Opinion regarding the Tender Offer

The Company’s board of director resolved to oppose the Tender Offer at its meeting held today. Therefore, shareholders are requested not to tender in the Tender Offer, and those shareholders who have already tendered in the Tender Offer, are requested to promptly cancel the agreements regarding the Tender Offer.

In the letter dated January 24, 2020, the Company already requested that the Tender Offeror extend the tender offer period to sixty business days (make April 16, 2020, the date of the end of the tender offer period). However, the tender offer period has not yet been extended as of today. Therefore, as announced in the “Notice Concerning Request for Extension of the Tender Offer Period” dated today, the Company requested again to Office Support in the letter dated today to extend the tender offer period to sixty business days, with a deadline of noon of February 19, 2020, which is five business days from today.

If the Tender Offeror extends the tender offer period to sixty business days (at least 47 business days or longer) in response to such request, the Company will consult the shareholders at the Shareholders’ Will Confirmation Meeting regarding the Response Policies and propriety of the countermeasures based on the Response Policies. If the shareholders approve the Response Policies and the implementation of the countermeasures, the Company’s board of directors shall trigger the countermeasures while fully respecting the opinions of the Independent Committee, pursuant to the shareholders’ will. If any of the proposals above is not approved, the Company’s board of directors will not trigger the countermeasures pursuant to the shareholders’ will.

On the other hand, if the Tender Offeror fails to extend the tender offer period for the Tender Offer up to and including the above deadline of noon of February 19, 2020, or if the extended tender offer period is 46 business days or shorter (date of the end of the tender offer period is March 27, 2020 or earlier), the time necessary for the shareholders to contemplate whether to accept implementation of the Large-scale Purchase Actions, etc., based on information disclosed by the Large-scale Purchaser, cannot be secured. In addition, the opportunity to confirm the shareholders’ will in advance may not be secured. Therefore, in such cases, the Company’s board of directors will trigger the countermeasures unless there are special reasons, without holding the Shareholders’ Will Confirmation Meeting, while fully respecting the opinions of the Independent Committee. However, in such cases, the Company will hold the Shareholders’ Will Confirmation Meeting on March 27, 2020 to subsequently confirm the shareholders’ will, even after triggering the countermeasures.

For details of the Shareholders’ Will Confirmation Meeting, please see “6. Response policies pertaining to basic policies regarding control of the Company” below.

(2) Basis and reasons for opinion regarding the Tender Offer

(i) Basis for opinion regarding the Tender Offer

The Tender Offeror announced to commence the Tender Offer as of January 21, 2020. The Tender Offer was commenced without any notice to or contact with the Company regarding the purpose of the Tender Offer and the specific management policies intended after the Tender Offer, although Office Support, a parent company of the Tender Offeror, sent to the Company a letter dated January 10, 2020, and e-mails dated January 12 and 16, 2020, each of which referred to the fact that it was considering conducting the Tender Offer.

Based solely on information that the Company has gathered until January 28, 2020, including the content described in the Tender Offer Statement, no substantial explanation was made, and the details were unclear for many matters that are deemed important when evaluating and considering the propriety of the Tender Offer and its conditions, such as: the purpose of the Tender Offer; details of the specific management policies of the Company contemplated by the Tender Offeror to be pursued after the Tender Offer; details of maximization of the Company’s corporate value and the shareholders’ common interests; and details of improvement of the corporate governance; and the basis for the tender offer price in the Tender Offer (the “Tender Offer Price”).

Accordingly, regarding matters such as the propriety of the Tender Offer and its conditions, the Company's board of directors believed that it should continue making efforts to gather information on the Tender Offer and the Tender Offeror in order for the Company to form an opinion regarding the Tender Offer after carefully evaluating and considering it from the perspective of maximization of the Company's corporate value and the shareholders' common interests.

Therefore, the Company has decided that it should timely gather accurate information regarding the Tender Offer and the Tender Offeror by means of posing questions to the Tender Offeror in a target company's position statement based on a system set forth in the Financial Instruments and Exchange Act (Law No. 25 of 1948; as amended; the "Act"). Accordingly, at its board of directors meeting held on January 28, 2020, the Company resolved to submit a target company's position statement containing questions directed at the Tender Offeror. Meanwhile, the Company resolved that it would withhold expressing its opinion regarding whether to accept the Tender Offer presently. One reason for this is that it will be necessary to continue carefully evaluating and considering the propriety of the Tender Offer. And another reason is that even though, as stated in the "Notice Concerning Establishment of Independent Committee and Appointment of Independent Committee Members" dated January 17, 2020, the Company established, when introducing the Response Policies, an Independent Committee comprising entirely of outside directors independent from the Company and the Tender Offeror to prevent arbitrary decision-making by the Company's board of directors and ensure fairness and transparency of the Response Policies, and consulted the Consulted Matters (as defined in "(ii) Establishment and recommendations of the Independent Committee" of "(5) Measures to ensure fairness and measures to avoid conflicts of interest" below; hereinafter the same). As of January 28, 2020, the Independent Committee has not indicated a final decision regarding the Tender Offer.

Thereafter, in response to the Company's questions above, the Tender Offeror submitted the tender offeror's answer (the "Tender Offeror's Answer") to the Director-General of Kanto Local Finance Bureau on February 4, 2020. The Company evaluated and considered the Tender Offeror's proposals in detail based on the Tender Offeror's Answer, and information on the Tender Offer and the Tender Offeror collected by the Company.

The Company appointed several external experts (IR Japan, Inc., PwC Advisory LLC, and Nishimura & Asahi) as external advisors and receives their advice, etc. in expressing the Company's opinions regarding the Tender Offer.

The Independent Committee has independently appointed external experts (GCA Corporation and TMI Associates) as external advisors separately from the Company's respective external advisors. The Independent Committee was held on January 24, 2020, January 27, 2020, February 6, 2020, February 11, 2020, and today (February 12, 2020). The Independent Committee (i) commenced deliberation on the Consulted Matters and appointed the external experts above as external advisors on January 24, 2020, (ii) deliberated on and recommended that the Company withhold expressing its opinion on the Tender Offer, and submit questions to the Tender Offeror, on January 27, 2020, and (iii) deliberated on the Consulted Matters after consideration of the Tender Offeror's Answer submitted by the Tender Offeror, on February 6, 2020 and February 11, 2020.

Then, today, the Independent Committee unanimously recommended to the Company's board of directors that it is appropriate for the Company to express its opinion opposing the Tender Offer. In response to this recommendation, at the Company's board of directors meeting held today, it was unanimously resolved by attending directors to express its opinion opposing the Tender Offer.

(ii) Reasons for opinion regarding the Tender Offer

The Company opposes the Tender Offer for the following reasons. First, implementation of the substance of the new mid-term management plan (between FY2019 and FY2023) proposed by the Company to the shareholders enhances the Company's corporate value and shareholders' common interests. Second, the Tender Offeror group has not shared any management policies for the Company for after the Tender Offer, and instead, it is likely that the Company's corporate value and shareholders' common interests will be impaired by the Tender Offer and the shareholder value enhancement plan proposed by the Tender Offeror group. Third, the Tender Offer neglects to follow any of the procedures stipulated in the Response Policies, and will be implemented using coercive methods, and slights the shareholders' will. Specific details of the decision are as follows:

- (i) Execution of new mid-term management plan (between FY2019 and FY2023) formulated by the Company contributes to the Company's medium to long-term corporate value and the shareholders' common interests

The Company formulated a three-year mid-term management plan, the "Revolution E-10 Plan" ("RE-10"), for the period between FY2019 and FY2021, which was announced on May 15, 2019, and implemented it with the basic policy of enhancing corporate value through enhanced profitability, strengthened product appeal, and growth investments.

However, due to intensified US-China trade friction, the entire machine industry is faced with a fall in receiving orders since the Lehman Shock, and there is an unprecedented decrease in orders received by the Company, and enhancement of profitability is a pressing need, and a rebirth from low profit structure to a profitable company became necessary. The Company determined that while enhancement of profitability of the core business became a pressing need, one-step further structural reform and securing of the revenue source was necessary, and sold all shares of NuFlare Technology Inc. ("NFT"), the Company's affiliate, on January 16, 2020. However, due to the sale of the NFT shares, because equity interests were lost and profitability declined further, in addition to the structural reform, rebirth as a profitable company through drastic revision of investment strategies and financial strategies was considered essential.

Under such circumstances, the Company's board of directors proceeded with discussion of significant revisions to "RE-10," with core members being independent outside directors who occupy six out of eleven seats of the board of directors, and in order to proceed further toward the next era, and to be reborn as a new company, the Company's board of directors formulated and announced a new mid-term management plan (between FY2019 and FY2023) (the "Management Reform Plan") on February 4, 2020.

The Company set, as a quantitative target, the realization of sales of 135 billion yen, an operating profit ratio of 8.0%, a payout ratio prospect of 40% (during the period of the Management Reform Plan), and ROE of 8.5% in fiscal year 2023 as new "Shibaura Machine" based on the Management Reform Plan.

In addition, to realize the quantitative target, the Company will enhance profitability and capital efficiency through the specific measures (a) through (d) and the investment plan/financial strategy in (e) below.

<Management reform centered on reorganization>

- (a) Abolishment of the “division system” which produced specific optimization issues, and adoption of a “company system”
- (b) Establishment of an “R&D Center” and a “Production Division” which bear enhancement of production efficiency and QCD (Quality, Cost, Delivery) as common functions.
- (c) Implementation of personnel relocation and voluntary retirement toward optimal resource allocation and reduction of fixed costs.

<Promotion of investments in response to areas of growth>

- (d) Promotion of growth investments aimed for expansion of purposes to fields expected to grow in the future

(Specifically, constructing a business portfolio with energy fields and productivity enhancement fields as an axis of growth, and promoting growth investments in technology fields such as “environmental SDGs,” “CASE,” “automation/labor-saving,” and “IoT/AI.” New business opportunities will be pursued in fields such as (a) development of new materials for renewable energy and large thin parts, in response to making automobiles into EVs at the Molding Machine Company, (b) responses to mold demands in connection with the update of electronic devices responding to 5G at the Machine Tools Company, and (c) development of vertical multi-articulated robots and human-collaborative robots for the purpose of productivity enhancement and solving personnel shortage at the Control Machine Company.)

<Implementation of financial strategies aimed for enhancement of return on equity (ROE)>

- (e) Enhancement of profitability and capital efficiency after allocation of cash-on-hand to investments towards change into a profitable company

To achieve sales of 135 billion yen, and ROE of 8.5%, as uses of cash flow between FY2019 and FY2023, with operating cash flow, proceeds from sale of NFT shares, and cash-on-hand being the resources, the Company has a policy to spend 3 billion yen on structural reform expenses, 25 billion yen on capital investment, 2 billion yen on R&D/personnel investment, and 15 billion yen on shareholder returns through dividends (including special dividends) (In the next year, the Company plans to pay 3 billion yen of special dividends during the period up to the payment of interim dividends which eliminate the impact on the TOB, in addition to regular dividends at the same level as this fiscal year), and to use the remaining cash flow to appropriate M&A (including borrowing according to the scale of projects). Regarding M&As and external alliances, a “M&A Promotion Division” will be newly established, and the Company will promote investments after ascertaining themes to enhance the business value of each company, such as expansion of sales channels, technology support, and creation of new businesses.

Through implementation of the specific measures stated above based on the Management Reform Plan, the Company intends to make full efforts to realize sales of 135 billion yen, operating profit ratio of 8.0%, payout ratio prospect of 40%, and ROE of 8.5% in fiscal year 2023, and to enhance the Company’s corporate value and shareholders’ common interests.

As stated in the Response Policies, the Company’s corporate governance system was shifted to a corporate governance system based on the so-called monitoring model by a company with an audit and supervisory committee, as of June 21, 2019. Currently,

the Company's board of directors comprises eight directors (including four outside directors and excluding directors who are audit and supervisory committee members) and three directors (including two outside directors) who are audit and supervisory committee members. Six directors, which is a majority of the total of eleven board members, are independent outside directors. By shifting to a company with an audit and supervisory committee, and the structuring of a corporate governance system with the majority of the board of directors comprised of independent outside directors, decision-making for business execution was further accelerated, and the audit and supervisory functions of the board of directors were further strengthened. The Company shall securely realize the Management Reform Plan, which is a promise to the shareholders, with prompt decision-making and appropriate audit and supervision of the Company's board of directors, under the corporate governance system described above, which was newly constructed in June 2019.

For details of the Management Reform Plan, please see "Notice Concerning Review of the Mid-Term Management Plan and Establishment of a Management Reform Plan" announced by the Company on February 4, 2020.

- (ii) The Tender Offeror group fails to provide the Company's management policies to be pursued after the Tender Offer, and the Tender Offer and the shareholder value enhancement plan proposed by the Tender Offeror group will likely prejudice the Company's corporate value and the shareholders' common interests
- (a) The Tender Offeror group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror group's involvement in the Company's business management is entirely unclear

According to the Tender Offer Statement, as of the filing date of the Tender Offer Statement, although the Tender Offeror does not own any Company shares, Office Support and S-Grant Co., Ltd. ("S-Grant") (which are specially related parties of the Tender Offeror) (the Tender Offeror, Office Support, and S-Grant are collectively referred to as the "Tender Offeror Group") own 1,576,200 Company shares (ownership ratio: 6.53%) and 1,500,000 Company shares (ownership ratio: 6.21%) respectively, which means that the Tender Offeror Group owns 3,076,200 Company shares (ownership ratio: 12.75%) in total. According to the Tender Offer Statement, the Tender Offeror reached an oral agreement with Office Support and S-Grant (collectively, the "Non-tendering Shareholders") that the Company shares owned by the Non-tendering Shareholders (3,076,200 shares, ownership ratio: 12.75%) would not be tendered in the Tender Offer, and the total number of Company shares to be owned by the Tender Offeror Group through the Tender Offer will be 10,576,200 shares (ownership ratio: 43.82%) at the maximum.

If the Tender Offeror Group becomes the owner of 10,576,200 Company shares (ownership ratio: 43.82%) through the Tender Offer, its voting right exercise ratio at the Company's shareholders meetings will obviously entitle the Tender Offeror Group to determine the ordinary resolutions at the Company's shareholders meetings and grant it substantial control over the Company. Therefore, the Company believes that the Company's management policies envisaged by the Tender Offeror must be presented in the Tender Offer. In this respect, the Tender Offeror commented in its response to Question 5, Part 2 of the Tender Offeror's Answer (page 24) that "we would like the management of the Target [*quoter's note: the Company*] to think of raising the voting right exercise ratio with due consideration for its shareholders." However, if the Company may increase its voting right exercise ratio to the maximum extent, the shareholder group owning 43.82% of voting rights will still have the right to easily determine the ordinary resolutions at shareholders meetings, whether alone or

through coordination with other minority shareholders. As a note, the “Practical Guidelines for Group Governance System” formulated on June 28, 2019 by the Ministry of Economy, Trade and Industry states on page 117 that a party owning less than 40% of voting rights may be considered to substantially control the relevant company if the actual voting right exercise ratio and all other factors are taken into account.

Nevertheless, the Tender Offeror maintains insistence on shareholder returns, such as by stating in the Tender Offer Statement, “shareholder value of the Target [*quoter’s note: the Company*] will be increased through releasing its internal reserve that is considered unnecessary by such means as acquiring own shares.” The Tender Offeror admits that it has no specific management policies for the Company to be pursued after the Tender Offer by stating that it “does not intend to be involved in the business management of the Target [*quoter’s note: the Company*] and would like the current management of the Target [*quoter’s note: the Company*] to continue to assume the business management.” Office Support stated in its January 27, 2020, e-mail that “the purpose of our tender offer targeting Toshiba Machine is not in acquiring its management right, as we have set our prospective ownership ratio to 43.83% at the maximum.” In “Our Shareholder Value Enhancement Plan for Toshiba Machine Co., Ltd.” sent by Office Support to the Company on the same date (the “Tender Offeror Group’s Shareholder Value Enhancement Plan”) as well, Office Support asserts only shareholder returns and does not present any management policies for the Company.

To begin with, the Tender Offer is being conducted in an unnatural manner where the Tender Offeror is a subsidiary of Office Support instead of Office Support and S-Grant that are currently shareholders of the Company (according to the Tender Offer Statement, the capital relationship among Mr. Yoshiaki Murakami (“Mr. Murakami”), Ms. Aya Nomura (Mr. Murakami’s eldest daughter and a shareholder of the Company until January 14, 2020), and the Tender Offeror group is as provided in the Exhibit 1 hereto). The prospective corporation or individual who will be involved in the Company’s business management, and the manner of involvement, are entirely unclear; and the party responsible for such corporation or individual’s comments is ambiguous. The Tender Offeror’s response to Question 8, Part 1 of the Tender Offeror’s Answer (page 16) also shows that the Tender Offeror Group obviously avoids disclosing its purpose to intentionally have the Company shares divided among three companies.

Considering, among other factors, that Ms. Aya Nomura transferred all Company shares to S-Grant immediately before the Tender Offer, Company shares may likely be transferred between corporations over which Mr. Murakami exercises influence. There is an undeniable possibility that such act may: cast uncertain influence over the Company’s corporate value; increase non-transparency in the prospective corporation or individual who will be involved in the Company’s business management, and the manner of involvement; and prevent the maximization of the Company’s medium- to long-term corporate value and the shareholders’ common interests.

The Tender Offeror Group further fails to provide any management policies in the Tender Offeror’s responses to Question 21, Part 2 of the Tender Offeror’s Answer (page 33), and to Questions 1 and 4, Part 6 of the Tender Offeror’s Answer (pages 36 and 37). In response to the Company’s question regarding management policies, the Tender Offeror only maintained that “it does not intend to acquire the management right,” and “the business management must be executed in the interest of enhancing the shareholder value for all shareholders of the Target [*quoter’s note: the Company*].” The Tender Offeror Group also does not refer to the Company business from a professional point of view in its letters or other communications to the Company.

According to the response to Question 13, Part 1 of the Tender Offeror's Answer (page 17), the Tender Offeror Group has not been involved in any business, or corporate management, related to the Company business. As the Tender Offeror Group admits that "we have been making investments with the basic policy of entrusting, as a general rule, the business operations of our investment targets to their management" in its response to Question 14, Part 1 of the Tender Offeror's Answer (page 18), the Tender Offeror Group obviously does not understand the substance of the Company business or the industrial machinery industry to which the Company belongs.

As discussed above, the Tender Offeror Group attempts to acquire substantial control over the Company after the Tender Offer; but it has not presented the Company's management policies to pursue after the Tender Offer, the manner of the Tender Offeror Group intending to be involved in the Company's business management remains entirely unclear, and the Tender Offeror Group does not even slightly understand the substance of the Company business or the industrial machinery industry. Therefore, if the Tender Offeror Group ever acquires control over the Company, it is easily envisaged that the Company's daily business operations to date will be materially prejudiced; and this will damage its business partners, customers, and employees. It is also easy to anticipate that this will materially adversely affect the amicable relationship that the Company has developed with its business partners, customers, and employees and damage the Company's corporate value and the shareholders' common interests.

- (b) The background to the Tender Offer also suggests that the Tender Offeror does not intend to pursue enhancing the Company's corporate value but its interest lies solely in acquiring cash for personal gain

The Tender Offeror explains in the Tender Offer Statement that the purpose of the Tender Offer is in "achieving enhancement of the Company's corporate value and ROE." However, the Tender Offeror Group states, in relation to the Company's management system after the Tender Offer, that "as long as the management of the Target [*quoter's note: the Company*] pursues business management contemplating the maximization of its shareholder value, we do not intend to be involved in the business management of the Target [*quoter's note: the Company*] and would like the current management of the Target [*quoter's note: the Company*] to continue to assume the business management," and it fails to explain how it intends to use the control over the Company to be substantially acquired through the Tender Offer for "achieving enhancement of the Company's corporate value and ROE." Accordingly, not only is the purpose of the Tender Offer extremely unclear, but it is also even doubtful that the Tender Offeror intends to pursue the enhancement of the Company's corporate value.

The Company has had dialogues with the Tender Offeror Group until a subsidiary of Toshiba Corporation ("Toshiba"), Toshiba Electronic Devices & Storage Corporation (together with Toshiba, "Toshiba et al.") announced a tender offer on November 13, 2019 for shares in the Company's affiliate, NFT (the "Tender Offer for NFT"). This included the Tender Offeror Group sending a total of five letters to the Company, and four meetings in total being held between the Company and the Tender Offeror Group. During those dialogues, the Tender Offeror Group requested that the Company: (i) clearly explain to its shareholders the level of funds that it needs to retain as a reserve among its internal reserve (cash and deposits: 25.5 billion yen, strategically-held shares: 6.7 billion yen, and NFT shares: 12.2 billion yen, respectively, as of the end of the fiscal year ended March 2019); and then (ii) return to its shareholders the remainder thereof after deducting the required portion, or specifically, enhance its shareholder value and ROE by acquiring its own shares or making distributions worth

approximately 30 billion yen (the Tender Offeror Group had requested shareholder returns of approximately 40 to 50 billion yen until May 2019).

For example, the Tender Offeror Group wrote in its April 18, 2019 letter that “there are unlikely to be investment targets in realistic terms that are less expensive and more attractive for the management members of your company [*quoter’s note: the Company*] than the Company’s own shares.” It particularly emphasized that the Company shares were traded at a PBR of 0.6 to 0.7 times, and stated that the Company had no measures (such as capital investments and M&As) available to it other than acquiring its own shares or making distributions. The Tender Offeror Group also questioned in its May 20, 2019 letter whether the investments referred to in the Company’s medium-term management plan would “better contribute to enhancing the corporate value of your company [*quoter’s note: the Company*] rather than acquiring its own shares.” It then stated that “our company and other numerous institutional investors will object to the director election proposal at the shareholders meeting of your company [*quoter’s note: the Company*] unless it generates profits satisfying the criterion of an 8% IRR” and implicitly requested that the Company acquire its own shares by suggesting exercising voting rights.

In this way, the Tender Offeror Group requested that the Company enhance its shareholder value and ROE during its dialogues with the Company to date, while only claiming that the Company acquire its own shares or make distributions, as the specific method therefor. This inevitably suggests that the Tender Offeror Group is adhered to gaining cash through shareholder returns by the Company.

After the Tender Offer for NFT by Toshiba et al. was released on November 13, 2019 and the Tender Offeror Group learned that the Company was discussing selling NFT shares with Toshiba et al. who were joint holders of NFT shares, the Tender Offeror Group requested on November 15, 2019, through Mr. Murakami who had substantial control over the Tender Offeror Group, that the Company hold discussions with Toshiba et al. so that the Company would not tender shares in the Tender Offer for NFT by Toshiba et al. but would instead implement a scheme that involved NFT making a tender offer for its own shares or a special dividend payout (the “Tender Offeror Group-Proposed Scheme”). Mr. Murakami also personally informed NFT and Toshiba et al. of a proposal over the phone that they change their scheme to the Tender Offeror Group-Proposed Scheme. According to the Tender Offeror, the advantage of the Tender Offeror Group-Proposed Scheme was that the Company would benefit from tax advantages of approximately 3.2 billion yen as opposed to tendering in the Tender Offer for NFT if it changed its plan to, and tendered in, the Tender Offeror Group-Proposed Scheme through discussions with Toshiba et al. and NFT, while the Company would be subject to capital gains taxes of approximately 6.3 billion yen if it tendered in the Tender Offer for NFT. Then, the Tender Offeror Group demanded that the Company discuss with Toshiba et al. to change its plan to the Tender Offeror Group-Proposed Scheme for the benefit of such tax advantages, persistently until it sent its letter on January 10, 2020. That said, it would not be appropriate at least for the Company to proactively request that Toshiba et al. or NFT change their plans to the Tender Offeror Group-Proposed Scheme, in light of legal compliance or the Company reputation, due to the following reasons: (i) the Tender Offeror Group-Proposed Scheme may be legally questionable in light of the uniformity of tender offer prices required by the restrictions on tender offer, in that the Company will benefit from greater favorable treatment on an after-tax proceeds basis compared to other general NFT shareholders; and (ii) in cases where some of the major shareholders benefit from tax advantages by adopting a share buyback or other similar scheme, a method will be normally selected to return those advantages equally to other general shareholders. Notwithstanding such issues, the Tender Offeror

Group has been persistently requesting a change to the Tender Offeror Group-Proposed Scheme. This and the Tender Offeror Group's adherence to acquiring cash through the Company's shareholder returns as stated above suggest that the Tender Offeror Group has been keenly interested in the Company's shareholder returns anticipated after the Tender Offer for NFT, and in acquiring cash for personal gain as a result thereof.

The Tender Offeror Group also requested after HOYA Corporation ("HOYA") released an advance notice of tender offer for NFT shares on December 13, 2019 (the "HOYA Tender Offer"), that the Company request that HOYA adopt the Tender Offeror Group-Proposed Scheme. It also repeated its request that the Company discuss with Toshiba et al. conducting a tender offer by the Tender Offeror Group-Proposed Scheme.

Although the Tender Offeror Group had been consistently requesting the enhancement of shareholder returns and ROE as stated above since November 22, 2018 when it had its first meeting with the Company, it was extremely rare that methods other than the Company acquiring its own shares or making distributions were discussed; accordingly, specific measures to enhance corporate value commensurate with the substance of the Company's business or its management plans were hardly ever discussed. Given such background, the Tender Offeror Group apparently does not aim to enhance the Company's shareholder value through managing the Company together with its management. Moreover, the Tender Offeror Group admits that it will not be involved in the Company's business management, as explained in "(a) The Tender Offeror Group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror Group's involvement in the Company's business management is entirely unclear" above. The Tender Offeror Group's attempt to acquire substantial control through the Tender Offer also inevitably suggests that it aims to seek to acquire cash and profit for personal gain by having the Company acquire its own shares or make distributions, under the pretext of shareholder return or ROE enhancement.

Although the Tender Offeror Group claims to have continued dialogues with the Company for approximately one and a half years, it does not sufficiently understand the substance of the Company business, nor has it offered any response regarding specific measures to enhance shareholder value or ROE other than by having the Company increase dividends or acquire its own shares, as shown in the response to Question 4, Part 2 of the Tender Offeror's Answer (page 23). This proves that the Tender Offeror Group's interest does not extend to matters other than the Company acquiring its own shares or making distributions.

Given the foregoing and the points discussed in "(a) The Tender Offeror Group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror Group's involvement in the Company's business management is entirely unclear" above, the Company has concluded that the purpose of the Tender Offer lies in achieving objectives such as changing the Company's management policies as it desires (including implementing extremely short-term and radical means of shareholder returns) through acquiring substantial control over the Company with minimum funds by coercive tender offering limiting the number of shares to be purchased (please see "(b) The Tender Offer is of a coercive nature" in "(iii) The Tender Offer neglects the shareholders' will" below). The Company is concerned that this will likely impede the implementation of growth investments. Accordingly, the Company considers that its shareholders will be (i) given an opportunity to sell a limited number of Company shares while continuing to hold the remainder of the Company shares; and (ii) exposed to the risk of the Company's corporate value and the shareholders' common interests being prejudiced by

involvement in the Company's business management by the Tender Offeror Group after acquiring substantial control over the Company.

- (c) The Tender Offer for the Company and the Tender Offeror Group's Shareholder Value Enhancement Plan will likely prejudice the Company's corporate value in light of previous investment cases of corporations over which Mr. Murakami exercises influence

In addition to the above, the Tender Offeror Group and the corporations over which Mr. Murakami exercises influence previously made the investments listed in Exhibit 1 to the "Notice Concerning the Company's Response Policies for the Advance Notice of the Tender Offer of the Shares of the Company from Office Support K.K." dated January 17, 2020 (the "Response Policies Press Release"). Specifically, the corporations over which Mr. Murakami exercises influence earned a massive amount of profit by: (i) purchasing a large number of shares in Accordia Golf Co., Ltd. ("Accordia") in a short period and (ii) during the period of about one year and ten months since the commencement of the acquisition of Accordia shares, applying pressure on Accordia in various ways including the demand for convocation of an extraordinary shareholders meeting, and successfully causing Accordia to purchase its own shares at a high price through a TOB, and also to agree to distribute large shareholder returns. The corporations over which Mr. Murakami exercises influence also purchased a large number of shares in Kuroda Electric Co., Ltd. ("Kuroda Electric") in the market and applied pressure including by submitting a shareholder's proposal to Kuroda Electric "... in a manner to intimidate the management members present" and "overbearing behavior that was beyond the level of normal dialogue" (see the press release titled "Sequence of Events Leading to the Opinion of the Board of Directors of the Company on the Shareholder Proposal" dated June 7, 2017, by Kuroda Electric). As a result, they successfully dispatched one outside director to Kuroda Electric. Although they thereafter purchased additional Kuroda Electric shares, they reached an agreement to sell all shares in Kuroda Electric that they had, only four months after they dispatched the outside director to Kuroda Electric, and actually sold all these shares only four months after that. As a result, they made a significant amount of profit from these transactions.

Further, the Court found that the corporations over which Mr. Murakami exercised influence had purchased a large number of shares in Yorozu Corporation ("Yorozu"), with intentions to benefit from a significant amount of profit by placing Yorozu's management under pressure, and earning a resale gain by causing Yorozu or its related companies to purchase at high prices the large number of shares purchased in a short period, similar to what Reno, Inc. ("Reno") (or any other corporate entity under the powerful influence of Mr. Murakami) had done in the past to corporations it invested in, as stated in Exhibit 1 to the Response Policies Press Release. The Court found the likelihood of attempts to abolish the takeover defense measure that stood in the way (the Yokohama District Court decision on May 20, 2019 (page 118 of the *Siryoban Shojihomu* No. 424); the "Yokohama District Court Decision on Yorozu").

The previous investment cases of corporations over which Mr. Murakami exercises influence listed in Exhibit 1 to the Response Policies Press Release, and the facts found in the Yokohama District Court Decision on Yorozu obviously demonstrate that those corporations are skilled in earning a significant amount of profit by purchasing a large number of shares, placing the relevant companies' management under pressure in various ways, and earning a resale gain by causing those companies or their related companies to purchase at high prices the large number of shares purchased in a short period.

In the case of the Tender Offer as well, it is highly likely that, as with the Yorozu case and other examples, the true intention of the Tender Offer for the Company and the shareholder returns proposed by the Tender Offeror Group is to benefit from a large amount of profit by applying pressure on the Company management in various ways, and to earn a resale gain by causing the Company or its related companies to purchase at high prices the large number of shares purchased in a short period or to receive a large amount of dividends, given factors including the following: (i) the background to the dialogues in which the Tender Offeror Group persistently demanded shareholder returns from the Company; and (ii) the Tender Offer was unilaterally commenced without the Tender Offeror Group notifying or informing the Company management in advance of the purpose of the Tender Offer or the specific management policies to be pursued after the Tender Offer, or without observing the Response Policies that prescribed the procedures to confirm the Company shareholders' will at shareholders meetings.

As discussed above, the previous investment cases of corporations over which Mr. Murakami exercises influence suggest the undeniable possibility that the Tender Offer for the Company and the Tender Offeror Group's Shareholder Value Enhancement Plan may prejudice the Company's corporate value.

- (d) The Tender Offeror Group continually disregarded the Company's request during the dialogue process and when commencing the Tender Offer

The Company has had repeated positive dialogues with the Tender Offeror Group or Mr. Murakami et al. to a reasonable extent in the interest of enhancing its medium- to long-term corporate value in accordance with Principle 5-1 of the Corporate Governance Code (Policy for Constructive Dialogue with Shareholders). Specifically, the Company has had dialogues on eight occasions either in meetings or by teleconference since April 2018, including a meeting personally attended by Mr. Murakami. Those occasions include five meetings attended by Takahiro Mikami, President and Chief Operating Officer, and other directors or executive officers of the Company. In addition to meetings and teleconferences, there were constant dialogues by e-mail exchange or telephone.

When the Tender Offeror Group requested that the Company discuss with Toshiba to change its plan to the Tender Offeror Group-Proposed Scheme in connection with the Tender Offer for NFT, the Company sincerely examined the Tender Offeror Group-Proposed Scheme, including by obtaining advice and cooperation from external advisors, although the Company eventually decided not to accept the Tender Offeror Group's request by considering that it would not be appropriate, at least for the Company to proactively request that Toshiba et al. or NFT change their plans to the Tender Offeror Group-Proposed Scheme, in light of legal compliance or the Company's reputation, due to the following reasons: (a) whether to change a plan to the Tender Offeror Group-Proposed Scheme should be basically negotiated with Toshiba et al. by NFT or its special committee on behalf of NFT's general shareholders, and the Company, being simply one of the NFT shareholders, should not make any decision therefor proactively; (b) the Tender Offeror Group-Proposed Scheme could be legally questionable in light of the uniformity of tender offer prices required by the restrictions on tender offer, in that the Company will benefit from greater favorable treatment on an after-tax proceeds basis compared to other general NFT shareholders; and (c) in other companies' cases where some of the major shareholders benefit from tax advantages by adopting a share buyback or other similar scheme, a method will normally be selected to return those advantages equally to other general shareholders.

However, the Tender Offeror Group commenced consideration of the Tender Offer for the Company simultaneously with the Tender Offer for NFT being announced. After Toshiba et al. declared its policy not to agree to increasing the tender offer price in the Tender Offer for NFT or not to respond to the tender offer for NFT shares by HOYA, the Tender Offeror Group unilaterally notified the Company abruptly on January 10, 2020 of prospective implementation of a tender offer for the Company shares, together with informing the Company that it should tender in the Tender Offer for NFT if the Company would not change its plan to the Tender Offeror Group-Proposed Scheme. Then, the Tender Offeror Group persistently requested that the Company discuss therewith the shareholder value enhancement in a manner involving disclosure of insider information subject to executing a confidentiality agreement.

The Company responded that it was unable to accept the request, explaining that: (i) allowing the Tender Offeror Group's involvement in revising the Company's medium- to long-term management plan by disclosing confidential information thereto under a confidentiality agreement would contravene the purpose of the fair disclosure rules by listed companies introduced upon the amendment of the Financial Instruments and Exchange Act in 2017; and (ii) it might contravene the principle of equal treatment of shareholders to disclose only to the Tender Offeror Group, confidential information not disclosed to other institutional investors or shareholders. The Company added that it was prepared to sincerely receive the Tender Offeror Group's opinions if they were made for constructive purposes to enhance the Company's medium- to long-term corporate value, similar to dialogues with other institutional investors or shareholders. As for the Company's medium-term management plan, the Company informed the Tender Offeror Group that it would like to hold discussions, as necessary, based on the details of revision after the Company's announcement thereof scheduled in February 2020.

However, the Tender Offeror Group refused the Company's request without providing due reasons and commenced the Tender Offer on January 21, 2020, without notifying or informing the Company in advance of the purpose of the Tender Offer or the specific management policies to be pursued after the Tender Offer and by disregarding all procedures under the Response Policies that prescribed the procedures to confirm the shareholders' will at shareholders meetings, as set forth in "(a) The Tender Offer was commenced disregarding the Response Policies" in "(iii)The Tender Offer neglects the shareholders' will" below.

Although the Tender Offeror Group criticizes the Company's stance on the alleged grounds of shareholder dialogue in the Tender Offer Statement and its response to Question 16, Part 2 of the Tender Offeror's Answer (page 30), the Company has held sufficient dialogues to date with the Tender Offeror Group and Mr. Murakami et al. in accordance with Principle 5-1 of the Corporate Governance Code (Policy for Constructive Dialogue with Shareholders). It is the Tender Offeror Group that refused the Company's request without providing due reasons and forced the Tender Offer to go ahead by disregarding the Response Policies aimed at the shareholders making appropriate decisions according to their will. While the Tender Offeror stated that it "does not intend to be involved in the business management of the Target [*quoter's note: the Company*] and would like the current management of the Target [*quoter's note: the Company*] to continue to assume the business management" in connection with the specific management policies to be pursued after the Tender Offer, as quoted in "The Tender Offeror Group fails to provide the Company's management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror Group's involvement in the Company's business management is entirely unclear" above, the Company believes that there is no trust relationship with the Tender Offeror Group that forced the Tender Offer to go ahead by refusing the Company's request

without due reasons. If the Tender Offeror Group in such a manner acquires substantial control over the Company, its corporate value and the shareholders' common interests will inevitably be prejudiced.

- (e) The Tender Offeror Group may be in violation of the Foreign Exchange and Foreign Trade Act and may not qualify as a major shareholder of the Company

The Company manufactures and sells regulated goods and technologies that require advance notifications regarding inward direct investments under the Foreign Exchange and Foreign Trade Act (the "FEFTA")

In this regard, Mr. Murakami, a foreign investor (Article 26, paragraph 1 of the FEFTA; hereinafter the same) residing in Singapore (the Tender Offeror admits that Mr. Murakami is a foreign investor in its response to Question 2(8), Part 1 of the Tender Offeror's Answer (page 12)), attended meetings between the Company and Office Support on two occasions. Mr. Murakami also personally commented as follows openly in his interview article "Exclusive: Yoshiaki Murakami Discloses His Aim for Hostile TOB Against Toshiba Machine" published in the Nikkei Business Electronic Version dated January 21, 2020: (i) "I have held Toshiba Machine shares for a long time. I have been requesting dialogues with the Company, but it has not agreed to do so. When I made an appointment for the first time, it was cancelled at the last minute a few hours beforehand. I was able to meet the president only once, but thereafter he would not agree to a meeting. So far, I have had a chance to have five meetings with the Company in total, and have sent letters to its board of directors 13 times"; (ii) (when asked whether he would seek an injunction if a takeover defense measure was triggered) "Of course, I will. Corporate governance has been my lifework. I have devoted my life to it. Therefore, I will exhaustively think how to prevent a takeover defense measure to be triggered this time. As someone who has committed his life to corporate governance, I will use all means available and do my best to ensure that such bad practice will not be repeated."; and (iii) "If there are questions for me, the Company can ask those questions during the TOB period under the Financial Instruments and Exchange Act. If necessary, I am ready to have an open discussion with the Toshiba Machine president on the Nikkei Business. I will answer questions that he may have. I, too, have numerous questions that I would like to ask. I will return to Japan from Singapore, if required for that purpose." Mr. Murakami also personally openly stated in his interview article "Hostile TOB Against Toshiba Machine: Murakami's New Proposal" published in the Nikkei Business Electronic Version dated January 22, 2020: (iv) "There is no problem with me if Toshiba Machine holds an extraordinary shareholders meeting to ask whether its shareholders approve or disapprove the introduction of a takeover defense measure. It should decide whether it is right or wrong at the meeting fair and square."; and (v) "I do not mind extending the TOB period so the Company can hold a shareholders meeting before the TOB ends." This shows that Mr. Murakami himself is substantively acting as a Company shareholder and tender offeror and is the principal making investments in the Company and conducting the Tender Offer by using Office Support, S-Grant and the Tender Offeror as his hands and feet. Office Support, S-Grant and the Tender Offeror are each likely deemed a foreign investor (Article 27, paragraph 13 of the FEFTA), no advance notification under the FEFTA has been, or will likely be, filed for the acquisition and holding of at least 10% of the Company shares by Office Support and S-Grant, nor for the Tender Offer by the Tender Offeror, on the grounds that the Tender Offeror Group does not fall under a foreign investor (see the response to Question 3, Part 1 of the Tender Offeror's Answer (page 13)). This strongly suggests that the Tender Offeror Group is in violation of the FEFTA.

The very fact that the Tender Offeror Group's legal compliance awareness is questionable casts doubt on its qualification to substantially control the Company, being a listed company having numerous stakeholders and corporate social responsibility for legal compliance. Further, the Company is concerned that its corporate value and the shareholders' common interests may be prejudiced by the Company being forced to take action regarding the Tender Offeror Group's violation of the FEFTA due to the Tender Offer.

- (iii) The Tender Offer neglects the shareholders' will
- (a) The Tender Offer was commenced disregarding the Response Policies

As stated in "(1) Background and reasons leading to the decision to introduce the Response Policies and to hold the Shareholders' Will Confirmation Meeting" in "6. Response policies pertaining to basic policies regarding control of the Company" below, the Company's board of directors resolved to introduce the Response Policies at its January 17, 2020 meeting, as efforts to prevent the determination of the Company's financial and business policies from being controlled by an inappropriate person in light of the Company's basic policies (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act (Ordinance of the Ministry of Justice No. 12 of 2006, as amended)). In introducing the Response Policies, the board of directors also established an Independent Committee comprising three of the Company's independent outside directors in order to prevent the board of directors' arbitrary decisions and to further enhance the fairness and objectivity of the operation of the Response Policies, as stated in "(ii) Establishment and recommendations of the Independent Committee" below.

On the other hand, the Tender Offeror Group commenced the Tender Offer on January 21, 2020, by only stating that it is considering conducting the Tender Offer against the Company in its communications such as its January 10, 2020 letter, and e-mail on January 12 and 16, 2020. In doing so, the Tender Offeror Group did not notify or inform the Company in advance of the purpose of the Tender Offer or the specific management policies to be pursued after the Tender Offer, and disregarded all procedures under the Response Policies that prescribed the procedures to confirm the shareholders' will at shareholders meetings.

The Company considers that the Tender Offer having been commenced on January 21, 2020, disregarding all procedures under the Response Policies is clear proof of the Tender Offeror Group neglecting the Company shareholders' will, as the purpose of the Response Policies is to secure sufficient information and time for the shareholders to deliberate and make appropriate decisions and for the Company to ultimately procure the opportunity to confirm the shareholders' will overall at a shareholders meeting, as stated in "(1) Background and reasons leading to the decision to introduce the Response Policies and to hold the Shareholders' Will Confirmation Meeting" in "6. Response policies pertaining to basic policies regarding control of the Company" below.

- (b) The Tender Offer is of a coercive nature

The Tender Offer Statement shows that the Tender Offer has a limit on the number of shares to be purchased, restricting the maximum number of shares to be purchased to 7,500,000 shares (ownership ratio: 31.07%). Any number of shares exceeding the limit will not be subject to the purchase and will be settled on a pro-rata basis. Therefore, the Tender Offer does not warrant an opportunity for shareholders to sell at the Tender Offer Price all the shares that they tender, and a certain number of the

Company shareholders will inevitably remain its shareholders after the Tender Offer. According to the Tender Offer Statement, as of the filing date of the Tender Offer Statement, although the Tender Offeror does not own any Company shares, Office Support and S-Grant (which are specially related parties of the Tender Offeror) own 1,576,200 Company shares (ownership ratio: 6.53%) and 1,500,000 Company shares (ownership ratio: 6.21%) respectively, which means that the Tender Offeror Group owns 3,076,200 Company shares (ownership ratio: 12.75%) in total. According to the Tender Offer Statement, the Tender Offeror reached an oral agreement with the Non-tendering Shareholders that the Company shares owned by the Non-tendering Shareholders (3,076,200 shares, ownership ratio: 12.75%) would not be tendered in the Tender Offer; and the total number of Company shares to be owned by the Tender Offeror Group through the Tender Offer will be 10,576,200 shares (ownership ratio: 43.82%) at the maximum.

In this connection, the Tender Offeror Group stated in its January 27, 2020, e-mail that “the purpose of our tender offer targeting Toshiba Machine is not in acquiring its management right, as we have set our prospective ownership ratio to 43.83% at the maximum.” It also repeated that it did not contemplate acquiring the Company’s management right by the Tender Offer in its responses to Question 21, Part 2 of the Tender Offeror’s Answer (page 33), and to Questions 1 and 4, Part 6 of the Tender Offeror’s Answer (pages 36 and 37). However, if the Tender Offeror Group becomes the owner of 10,576,200 Company shares (ownership ratio: 43.82%) through the Tender Offer, its voting right exercise ratio at the Company’s shareholders meetings will obviously entitle the Tender Offeror Group to determine the ordinary resolutions at the Company’s shareholders meetings and grant it substantial control over the Company, as stated in “The Tender Offeror group fails to provide the Company’s management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror group’s involvement in the Company’s business management is entirely unclear” above.

If the Company shareholders believe that the Company’s corporate value will be prejudiced under the control of the Tender Offeror Group, the aforementioned Tender Offer conditions will incentivize those shareholders to elect to tender in the Tender Offer despite unsatisfactory tender offer conditions, rather than remain minor shareholders of the Company. This means that the Tender Offer will incentivize the shareholders objecting to a transfer of control to nonetheless tender in the tender offer; accordingly, it may be considered to be a typical coercive method. As stated in “The Tender Offeror group fails to provide the Company’s management policies to be pursued after the Tender Offer, and the manner of the Tender Offeror group’s involvement in the Company’s business management is entirely unclear” above, the Tender Offeror Group fails to provide any specific management policies to be pursued after the Tender Offer, and the Company views that the Tender Offer and the Tender Offeror Group’s shareholder value enhancement plan will likely prejudice the Company’s corporate value and the shareholders’ common interests. The Tender Offer will force those shareholders who agree to the Company’s view above to tender in the Tender Offer.

The Tender Offeror Group refutes the coercive nature of the Tender Offer in the Tender Offeror’s responses to Question 6, Part 2 of the Tender Offeror’s Answer (page 24), solely on the grounds that “the purpose is not in acquiring a majority of voting rights in the Target [*quoter’s note: the Company*].” However, conducting the Tender Offer by relying on such formality logic and without envisaging any management policies is the very cause of increasing concerns for coerciveness.

As discussed above, the Tender Offer largely involves concerns for coerciveness. Even if there are shareholders who tender therein, it does not necessarily mean that shareholders agree to the Tender Offer conditions or the transfer of control to the Tender Offeror Group through the Tender Offer. The Company sees the need to set an opportunity, apart from the Tender Offer, to confirm its shareholders' will in a non-coercive environment and finds it appropriate to hold a Shareholders' Will Confirmation Meeting from that point of view.

(iv) Conclusion

As discussed in the foregoing, the Company opposes the Tender Offer on the grounds that (i) the Tender Offeror Group fails to provide any management policies to be pursued after the Tender Offer, and the Tender Offer and the shareholder value enhancement plan proposed by the Tender Offeror Group will likely prejudice the Company's corporate value and the shareholders' common interests; and (ii) the Tender Offer neglects the shareholders' will as it disregards all procedures under the Response Policies and will be implemented using coercive methods.

(3) Prospects of the Company being delisted and reasons thereof

As of today, the Company's shares are listed on the First Section of Tokyo Stock Exchange, Inc. (the "TSE").

According to the Tender Offer Statement, the Tender Offeror does not intend to cause the Company's shares to be delisted, and it is expected that the Company's shares will remain listed on the TSE First Section, considering the following: the Tender Offeror has set the maximum number of shares to be purchased at 7,500,000 shares (ownership ratio: 31.07%) in conducting the Tender Offer; and the total number of the Company's shares owned by the Tender Offeror Group after the Tender Offer is supposed to remain 10,576,200 shares (ownership ratio: 43.82%) at most.

(4) Policies regarding reorganization, among others, after the Tender Offer (matters regarding the so-called two-step acquisition)

According to the Tender Offer Statement and its response to Question 11, Part 2 of the Tender Offeror's Answer (page 27), if the total number of the Company's shares to be owned by the Tender Offeror group through the Tender Offer is less than 10,576,200 shares (ownership ratio: 43.82%), the Tender Offeror Group intends to additionally acquire, after the termination of the tender offer period of the Tender Offer, shares of the Company within the scope of difference between 10,576,200 shares and the number of the Company's shares purchased through the Tender Offer, but presently, no specific timing or method has been determined.

(5) Measures to ensure fairness and measures to avoid conflicts of interest

(i) Introduction of the Response Policies, etc.

As stated in "(1) Background and reasons leading to the decision to introduce the Response Policies and to hold the Shareholders' Will Confirmation Meeting" of "6. Response policies pertaining to basic policies regarding control of the Company" below, the Company's board of directors resolved, at its meeting held on January 17, 2020, to introduce the Response Policies to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the Company's basic policies (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act). Further, as stated in "(ii) Establishment and recommendations of the Independent Committee" below, in adopting the Response Policies, the Company's board of directors established the Independent

Committee consisting of three independent outside directors of the Company, in order to prevent arbitrary decision-making by the Company's board of directors and to further enhance the fairness and objectiveness of the operation of the Response Policies.

For the background that the Company has decided to hold the Shareholders' Will Confirmation Meeting on March 27, 2020, as a result of continuously seeking appropriate responses, based on the purposes of the Response Policies, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests, under the circumstances where the Tender Offer group has actually commenced the Tender Offer, neglecting all the procedures provided in the Response Policies, please see "(1) Background and reasons leading to the decision to introduce the Response Policies and to hold the Shareholders' Will Confirmation Meeting" of "6. Response policies pertaining to basic policies regarding control of the Company" below.

(ii) Establishment and recommendations of the Independent Committee

As stated in the "Notice Concerning Establishment of an Independent Committee and Appointment of Independent Committee Members" dated January 17, 2020, in adopting the Response Policies, the Company's board of directors established the Independent Committee consisting of three independent outside directors of the Company (Mr. Seigo Iwasaki, the chair; Mr. Kiyoshi Sato, a committee member; Mr. Kazumine Terawaki, a committee member), in order to prevent arbitrary decision-making by the Company's board of directors and to further enhance the fairness and objectiveness of the operation of the Response Policies. In addition, as announced in "Consultation with the Company's Independent Committee based on the 'Company's Response Policies for the Advance Notice of the Tender Offer for Shares of the Company from Office Support K.K.'" dated January 21, 2020, the Company's board of directors consulted on the matters below (the "Consulted Matters") with the Independent Committee, on January 22, 2020, immediately after the establishment of the Independent Committee:

- (a) Examination and evaluation of the sufficiency and properness, etc. of the information requested to be provided from the Tender Offeror to the Company;
- (b) Investigation, examination, and evaluation of the sufficiency, etc. of the information provided by the Tender Offeror.;
- (c) In addition to investigation, examination, and evaluation of the Tender Offeror's compliance or non-compliance with the procedures provided in the Response Policies, and the status thereof, examination and evaluation of the propriety of the request to the Tender Offeror for extension of the tender offer period (including the properness of the period of examination of the request for extension by the Company's board of directors, if such a request should be made);
- (d) Investigation, examination and evaluation of whether the Tender Offer prevents maximization of the Company's corporate value and the shareholders' common interests;
- (e) In consideration of the investigations, examinations, and evaluations above, issuance of recommendations or opinions on the propriety of holding a Shareholders' Will Confirmation Meeting, the propriety of triggering countermeasures based on the Response Policies without holding a Shareholders' Will Confirmation Meeting if the Tender Offeror is evaluated as being noncompliant with the procedures provided in the Response Policies; or on the terms and conditions or procedures, etc., which will be preconditions for such a holding or triggering; and
- (f) In addition to the above, among the matters to be determined by the Company's board of directors, investigation, examination and evaluation, or issuance of recommendations or opinions on, the matters regarding which the Company's board of directors will consult with the Independent Committee from time to time, and the matters for which the Independent Committee considers that its recommendations or opinions to the Company's board of directors are required.

The Independent Committee held meetings on January 24, 2020, January 27, 2020, February 6, 2020, February 11, 2020, and today; (i) on January 24, it started deliberating over the Consulted Matters; (ii) on January 27, separately from each outside advisor of the Company, it independently appointed outside experts (GCA Corporation and TMI Associates) as outside advisors, and conducted deliberations and issued recommendations regarding the Company's withholding expressing its opinion on the Tender Offer and submitting questions to the Tender Offeror; and (iii) on February 6 and 11, it conducted deliberations over the Consulted Matters, based on the Tender Offeror's Answer submitted by the Tender Offeror.

Then, today, the Independent Committee unanimously recommended to the Company's board of directors that it is appropriate for the Company to express its opinion opposing the Tender Offer.

The outline of the recommendations is as below.

- (i) The Management Reform Plan promotes structural reforms and growth investments, etc. to achieve regeneration, from an unprofitable company into a profitable company, in light of recent changes in the business environment, as well as maintains and ensures the necessary financial soundness while intending maximum shareholder returns, in connection with the capital policy. Therefore, it is considered that the Management Reform Plan contributes to the enhancement of the Company's corporate value and the shareholders' common interests. In addition, the Management Reform Plan specifies that the resources from the Company's operating cash flow, cash-in from sale of NFT shares, and cash-on-hand will be allocated for the growth investments, etc. and shareholder returns.

Furthermore, the Management Reform Plan presents the sincere intention and strong sense of responsibility of the Company's management to realize the Management Reform Plan, based fully on the reflection that the target value in the previous Mid-term Management Plan could not be achieved. Additionally, the Management Reform Plan is clearly distinctive from the previous Mid-term Management Plan, in terms of the contents thereof, because, among other reasons, it aims at radical management reforms, based on observations that are highly specialized and in-depth in the Company's business, as well as clearly stating the purpose of use of the funds that were previously retained.

- (ii) Meanwhile, the Tender Offeror Group explains that the purpose of the Tender Offer is to "achieve an increase in shareholder value, and improvement of ROE." However, even though the Tender Offeror Group will thereby have significant authority and power of influence over the Company, the Tender Offeror Group has not reasonably explained how it will use such authority for the above purpose.

In addition, the Tender Offeror Group still claims the necessity of the Tender Offer even after considering the Management Reform Plan, by answering the questions from the Independent Committee that: (a) the Management Reform Plan lacks reliability concerning the feasibility thereof, because the Company has never achieved the Mid-term Management Plans; and (b) the Tender Offeror Group requests "a clear explanation to the shareholders regarding the level of funds that are necessary to be retained [...] out of the retained earnings that are held by the Target and deemed unnecessary to be retained, and an improvement of ROE and increase in shareholder value through returning the remaining portions to the shareholders."

With respect to (a), it is definitely true that the Company has not achieved the target values in the Mid-term Management Plans that the Company has ever announced, and

it is undeniable that the Company must be asked by the shareholders to reflect thereon. However, the Tender Offeror Group may not immediately claim the necessity to acquire the above authority.

Even if the intention of (a) is interpreted to mean that the Tender Offeror Group as a major shareholder will supervise the process of realizing the Management Reform Plan on the premise of the promotion of the Management Reform Plan, it would be difficult to say that the supervision by the Tender Offeror Group contributes to the Company's corporate value and the shareholders' common interests. This is because: the Tender Offeror Group has no experience in engaging in businesses related to the Company's business and the management of a company; the Tender Offeror Group is not recognized as having sophisticated expertise, which is the base of the Management Reform Plan; and the Company's internal information and other important information may not be transmitted exclusively to the Tender Offeror Group in terms of the equal treatment of the shareholders; and no in-depth observation is expected to be conducted by the Tender Offeror Group. Instead, it must be said that such supervision by a specific shareholder with substantial control will create the risk of conflicts of interest with the other general shareholders. Based on the above reasons and a majority of the board members of the Company being independent outside directors, it is appropriate to leave the supervision to realize the Management Reform Plan to the independent outside directors of the Company, but inappropriate to leave it to the Tender Offeror Group.

To begin with, if the Tender Offeror Group does not rely on the Company's management as stated in (a), it must be concluded that the Tender Offeror Group initially plans to be involved in the management of the Company after all, despite the explanation of the Tender Offeror Group that "it will not involve itself in the management of the Target and would like the Target's management to continuously be committed to the management of the Target as long as the management of the Target conducts the management with an intention to maximize the shareholder value."

Meanwhile, with respect to (b), the Management Reform Plan specifies an allocation of 30 billion yen for growth investments, etc. and 15 billion yen for shareholder returns, using the resources comprised of the Company's operating cash flow, cash-in from sale of NFT shares, and cash-on-hand, whereby it aims to improve ROE and shareholder value. The Tender Offeror Group nevertheless has an attitude of maintaining the claims as above, which must lead to the conclusion that the Tender Offeror Group eventually disagrees with the growth investments, etc., and requests unbalanced shareholder returns.

In addition to the above, taking comprehensively into account: that the Tender Offeror Group is considered to have implicitly taken advantage of its voting rights and requested that the Company purchase its own shares, during the process until the Tender Offer commences; that in the materials disclosed by the Tender Offeror, the Tender Offeror Group did not eventually deny selling the shares that it owns to the Company, at least by making a proposal of measures to improve shareholder value; and further, given the past investment cases made by the Tender Offeror Group and companies that are considered to have a special relationship with the Tender Offer group, it is strongly suspected that the true purpose of the Tender Offer is for the Tender Offeror Group to earn profits by, among other things, selling the shares that it owns to the Company and related parties thereof at a high price.

- (iii) As stated in (i) above, the Management Reform Plan is recognized as contributing to enhancement of the Company's corporate value and the shareholders common interests. However, if the true purpose of the Tender Offer is as stated in (ii) above, it

must be concluded that the Tender Offer will cause an outflow of funds necessary to execute the Management Reform Plan and prevent achievement of the Management Reform Plan.

Moreover, even if the true purpose of the Tender Offer differs from the above, the Tender Offeror Group has no experience in engaging in businesses related to the Company's business or management of a company; from the fact stated in (ii) above, it is easily assumed that the Tender Offeror Group will disapprove the Company's making growth investments, etc. and also request that the Company implement excessive shareholder returns, etc., by taking advantage of its voting rights; and although the implementation of excessive shareholder returns, etc. may benefit the shareholders at the time of the implementation from a short-term perspective, it will make it difficult for the Company to make the medium- to long-term growth investments, etc. intended in the Management Reform Plan. Therefore, from the medium- to long-term perspective, it must be said that the Tender Offer is contrary to the Company's corporate value and the shareholders' common interests.

Based on the above, because the Tender Offer is deemed to prevent maximization of the Company's corporate value and the shareholders' common interests, it is considered to be appropriate for the Company's board of directors to express its opinion opposing the Tender Offer.

- (iv) As stated in (iii) above, because the Tender Offer is deemed to prevent maximization of the Company's corporate value and the shareholders' common interests, it is appropriate for the Company to trigger the countermeasures based on the Response Policies, from the viewpoint of protecting the Company's corporate value and the shareholders' common interests, and as a procedure therefor, to hold the Shareholders' Will Confirmation Meeting, from the viewpoint of leaving the decision on whether to accept the Tender Offer to the discretion of the shareholders.

The period required for holding the Shareholders' Will Confirmation Meeting must be decided, taking into account the statutory period and practical preparatory period, as well as the shareholders' deliberation period, etc. from the viewpoint of requesting that the shareholders carefully make decisions. The Independent Committee received the explanation by the Company that the Shareholders' Will Confirmation Meeting will be held on March 27, 2020 at the earliest, which has no unreasonable points, as a result of consideration from the above viewpoint.

Therefore, it is considered to be appropriate for the Company to hold the Shareholders' Will Confirmation Meeting on March 27, 2020.

In addition, from the viewpoint of the Tender Offeror's interests, in order to provide the Tender Offeror with an opportunity to decide on whether to withdraw the Tender Offer based on the outcome of the Shareholders' Will Confirmation Meeting and subsequent judicial decisions, it is desirable that the Tender Offer period be extended, taking into account the Shareholders' Will Confirmation Meeting and the proceeding period for the subsequent judicial decisions. However, it is appropriate that the Shareholders' Will Confirmation Meeting be held after the Tender Offer period ends, if the Tender Offeror waives the above interests and does not extend the Tender Offer period to the date of the Shareholders' Will Confirmation Meeting.

With regard to the above, the Tender Offeror Group claims the unreasonableness of the Response Policies on the grounds mainly that: (a) the Company resolved at its board of directors meeting held on May 16, 2019 to discontinue and abolish "the response policies (takeover defense measures) for large-scale purchase actions for the

Company's shares"; (b) the Company did not confirm the shareholders' will regarding introduction of the Response Policies; and (c) as the Company shareholders will not tender their shares in the Tender Offer if they rely on the Company's management, the Tender Offer will not be consummated, and therefore the Response Policies no longer need to be maintained.

However, with respect to (a), the board of directors merely resolved to abolish the so-called takeover defense measures that are introduced at normal times. Accordingly, it is impossible to consider that the Company waived all the countermeasures to be implemented when such large-scale purchase actions as prevent maximization of the Company's corporate value and the shareholders' common interests commence, and further, that the Company's shareholders wanted such waiver.

Meanwhile, with respect to (b), it is impossible to consider that the Response Policies are unreasonable and neglect the shareholders' will, taking into consideration that no opportunity to confirm the shareholders' will was provided, and the Response Policies are triggered only if the Shareholders' Will Confirmation Meeting approves to do so, in principle, in connection with the Tender Offer.

Finally, with respect to (c), in consideration of the coercion of the Tender Offer (meaning that if the Company shareholders rely on the opinion of the Company's board of directors that the Tender Offer will prevent maximization of the Company's corporate value and the shareholders' common interests, together with no foreseeability of acts by the other shareholders, the Company's shareholders will be motivated to tender their shares in the Tender Offer in order to avoid the Tender Offer succeeding without them tendering their shares in the Tender Offer, and suffering losses arising from the damage to the corporate value and the shareholders' common interests caused by the Tender Offer), it is impossible to say that the Response Policies do not need to be maintained, taking into account that: it is inappropriate to determine whether the Tender Offer contributes to the enhancement of the Company's corporate value and the shareholders' common interests based on the success or failure of the Tender Offer and the number of shares tendered in the Tender Offer; and that the Tender Offeror will additionally acquire the Company shares for the difference if the Tender Offeror Group's ownership ratio is less than 43.82% as a result of the Tender Offer.

(v) In light of the above, because the Tender Offer prevents maximization of the Company's corporate value and the shareholders' common interests, it is deemed to be appropriate for the Company's board of directors to express its opinion opposing the Tender Offer and to hold the Shareholders' Will Confirmation Meeting to confirm the shareholder's will regarding whether to implement the countermeasures based on the Response Policies.

(iii) Appointment of external advisors

As stated in "(i) Basis for opinion regarding the Tender Offer" of "(2) Basis and reasons for opinion regarding the Tender Offer" above, with the aim of ensuring the fairness and appropriateness of a decision-making process in evaluating and considering the Tender Offer, the Company appointed several external experts independent from the Company and the Tender Offeror (IR Japan, Inc., PwC Advisory LLC, and Nishimura & Asahi) as external advisors. The Company has proceeded to carefully evaluate and consider the Tender Offer in light of advice from these external advisors. None of the external advisors is a related party of the Tender Offeror or the Company, nor do they have any material interests in the Tender Offer that need to be noted.

(iv) Extension of the tender offer period

As stated in the “Notice Concerning the Company’s Response for the Shareholders’ Will Confirmation Meeting” dated January 24, 2020, and the “Notice Concerning the Company’s Response for the Shareholders’ Will Confirmation Meeting (Follow-up)” dated January 28, 2020, it has been decided that the Company’s board of directors will hold a Shareholders’ Will Confirmation Meeting in late March or early April to confirm the shareholders’ will regarding (a) and (b) below if the Company’s board of directors, as a result of its future evaluation and consideration of the Tender Offer, takes an opposing position against the Tender Offer and deems it necessary to trigger countermeasures against the Tender Offer: (a) whether the shareholders agree to introduce the Response Policies; and (b) whether the shareholders agree to a proposal concerning triggering countermeasures based on the Response Policies. In connection with the Shareholders’ Will Confirmation Meeting, the Company needs time to evaluate and consider the Tender Offer to consider whether to trigger the countermeasures, and time to prepare and take procedures for the Shareholders’ Will Confirmation Meeting. In addition, the Company thinks that it is necessary to secure adequate information and a deliberation period so that the shareholders can make appropriate decisions about (a) and (b) above. Accordingly, in a letter dated January 24, 2020, the Company requested that the Tender Offeror extend the tender offer period to sixty business days. However, the tender offer period has not been extended yet as of today. Therefore, as announced in the “Notice Concerning Request for Extension of the Tender Offer Period” dated today, the Company requested again, in a letter dated today, that Office Support extend the tender offer period to sixty business days, setting the deadline for noon of February 19, 2020, which is five business days from today. If the tender offer period becomes sixty business days, the tender offer period of the Tender Offer will end on Thursday, April 16, 2020 (sixty business days).

4. Matters regarding important agreements between the Tender Offeror and the Company’s shareholders, directors, etc. concerning tendering shares in the Tender Offer

According to the Tender Offer Statement, Office Support and S-Grant (which are specially related parties of the Tender Offeror) own 1,576,200 Company shares (ownership ratio: 6.53%) and 1,500,000 Company shares (ownership ratio: 6.21%), respectively, but an oral agreement was reached between the Tender Offeror and the Non-tendering Shareholders that the Company shares owned by the Non-tendering Shareholders (3,076,200 shares, ownership ratio: 12.75%) would not be tendered in the Tender Offer.

5. Provision of benefits by the Tender Offeror or its specially related parties

Not applicable.

6. Response policies pertaining to basic policies regarding control of the Company

(1) Background and reasons leading to the decision to introduce the Response Policies and to hold the Shareholders’ Will Confirmation Meeting

As stated in the Response Policies Press Release, the Company’s board of directors resolved, at its meeting held on January 17, 2020, to introduce response policies for the tender offer for the Company’s shares by Office Support and/or its subsidiaries about which the Company has received advance notice, and other large-scale purchase actions, etc. that may be intended under the circumstances where the tender offer is announced in advance (the “Response Policies”). This is an effort to prevent the determination of financial and business policies of the Company from being controlled by an inappropriate person in light of the Company’s basic policies (Article 118, item (iii), (b).2 of the Regulation for Enforcement of the Companies Act).

Company believes that the decision on whether to accept the conduct of large-scale purchase actions for the shares of the Company must ultimately be made by the shareholders, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests. The Response Policies aim to secure sufficient information and a deliberation period for the shareholders to make proper decisions on the potential impact of the tender offer for the Company's shares by Office Support and/or its subsidiaries and other large-scale purchase actions, etc. that may be intended under the circumstances where the tender offer is announced in advance on the Company's corporate value or the sources thereof, and ultimately, to secure an opportunity to confirm the shareholders' collective will at a shareholders meeting. As stated in "(ii) Establishment and recommendations of the Independent Committee" of "(5) Measures to ensure fairness and measures to avoid conflicts of interest" of "3. Opinion regarding the Tender Offer, and basis and reasons thereof" above, in adopting the Response Policies, the Company's board of directors established the Independent Committee consisting of three independent outside directors of the Company, in order to prevent arbitrary decision-making by the Company's board of directors and to further enhance the fairness and objectiveness of the operation of the Response Policies.

Meanwhile, the Tender Offeror Group only mentioned that it was considering conducting the Tender Offer against the Company in a letter dated January 10, 2020, and e-mails dated January 12 and 16, etc., and commenced the Tender Offer on January 21, 2020 without any notice to or contact with the Company regarding the purpose of the Tender Offer and the specific management policies intended after the Tender Offer, neglecting all the procedures provided in the Response Policies that set forth the procedures to confirm the shareholders' will at a shareholders meeting.

The Company believes that essentially, the Tender Offer must have been conducted after completing the procedures provided in the Response Policies, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests, in order to secure sufficient information and a deliberation period for the shareholders to make proper decisions. Thus, the Company extremely regrets that the Tender Offeror Group commenced the Tender Offer by neglecting all the procedures provided in the Response Policies. As such, under the situation where the Tender Offer has actually commenced, the Company has continued seeking appropriate responses, from the viewpoint of maximizing the Company's corporate value and the shareholders' common interests, based on the purposes of the Response Policies.

Consequently, as stated in the "Notice Concerning the Company's Response for the Shareholders' Will Confirmation Meeting" dated January 24, 2020 and "Notice Concerning the Company's Response for the Shareholders' Will Confirmation Meeting (Follow-up)" dated January 28, 2020, as a result of the future evaluation and consideration by the Company's board of directors regarding the Tender Offer, if the Company's board of directors takes an opposing position against the Tender Offer and deems it necessary to trigger countermeasures against the Tender Offer, the Company concluded that holding the Shareholders' Will Confirmation Meeting to confirm the shareholders' will regarding (a) whether the shareholders agree to introduce the Response Policies, and (b) whether the shareholders agree to a proposal concerning triggering countermeasures based on the Response Policies, conforms to the purposes of the Response Policies. Thus, the Company decided that it would hold the Shareholders' Will Confirmation Meeting to confirm the shareholders' will regarding (a) and (b) above, depending on the results of the future evaluation and consideration regarding the Tender Offer.

Therefore, in order to prepare to hold the Shareholders' Will Confirmation Meeting and to determine the shareholders who are entitled to exercise their voting rights at the Shareholders' Will Confirmation Meeting, the Company decided to conduct procedures to set the record date as promptly as possible, in practice. As announced in the "Notice of Setting the Record Date

for Convening the Extraordinary Shareholders Meeting” dated January 28, 2020, the Company resolved, at its board of directors meeting on the same day, to set Saturday, February 15, 2020, as the record date and to regard the shareholders entered or recorded in the latest shareholder registry as of the record date as those shareholders entitled to exercise their voting rights at the Shareholders’ Will Confirmation Meeting.

Before convocation of the Shareholders’ Will Confirmation Meeting, on and after January 21, 2020 when the Tender Offer was announced, in order to express its opinion regarding the Tender Offer, the Company’s board of directors immediately received advice and cooperation from the external advisors, etc. while striving to collect information regarding the Tender Offer and the Tender Offeror, and proceeded with evaluations and consideration regarding the Tender Offer, in consideration of information, including information that is not stated in the Tender Offer Statement. As such, the Company’s board of directors decided to take an opposing position against the Tender Offer, and to hold the Shareholders’ Will Confirmation Meeting to confirm the shareholders’ will regarding the Response Policies and the implementation of the countermeasures based on them on March 27, 2020. The details of the Shareholders’ Will Confirmation Meeting will be promptly announced after the convocation thereof is officially decided.

In addition, the scheduled date of the Shareholders’ Will Confirmation Meeting was determined for March 27, 2020, taking into account that: the Company needs time to evaluate and consider the Tender Offer to consider the propriety of triggering the countermeasures, and time to prepare and take procedures for the Shareholders’ Will Confirmation Meeting; and it is necessary to secure adequate information and a deliberation period so that the shareholders can make appropriate decisions about (a) whether the shareholders agree to introduce the Response Policies, and (b) whether the shareholders agree to a proposal concerning triggering countermeasures based on the Response Policies. Also, the scheduled date was determined as a result of the adjustment of the schedule, to ensure three weeks from dispatch of the convocation notice up to the Shareholders’ Will Confirmation Meeting, considering the Company’s attitude toward the guidelines for its institutional shareholders’ exercise of voting rights with respect to a proposal on takeover defense measures (the period for examination by the board of directors and the period secured until a shareholders meeting after sending a convocation notice). As stated above, while the Company introduced the Response Policies on January 17, 2020, the Tender Offer was announced on January 21, 2020. Therefore, March 27, 2020, which is the scheduled date of the Shareholders’ Will Confirmation Meeting, is the 46th business day calculated from the commencement date of the Tender Offer. In many cases of common prior warning-type takeover defense measures in which the Independent Committee and the board of directors decided whether to trigger the countermeasures, 150 or more days in total were secured, i.e., sixty days as a period to collect information necessary to decide whether to trigger the countermeasures and 90 days (excluding cases of 100% acquisition by cash consideration) as a period to consider whether to trigger the countermeasures. Thus, holding the Shareholders’ Will Confirmation Meeting concerning the Tender Offer on March 27, 2020, which is the 46th business day calculated from the commencement date of the Tender Offer, does not unreasonably secure a long period. Moreover, the 46 business days includes the period required to ask the Tender Offeror questions and to have them answered. Taking into account that the Company’s board of directors will express its opinion by evaluating and considering the purchase action in consideration of the answers after receiving the answers from the Tender Offeror, the Company believes that this is the minimum period required for a shareholders deliberation period.

Furthermore, while planning to hold the Shareholders’ Will Confirmation Meeting on March 27, 2020, the Company considers it appropriate that the tender offer period be extended to sixty business days (until April 16, 2020). This is because the Company was notified by the Tender Offeror Group in its e-mail dated January 25, 2020, that regarding the proposal on

triggering the countermeasures based on the Response Policies, “the Tender Offeror Group will seek the decision of a court [...] if the proposal meets the ordinary resolution requirements but does not meet the special resolution requirements.” Thus, if the Tender Offeror Group seeks a court’s decision based on the outcome of the Shareholders’ Will Confirmation Meeting, it is considered to be desirable that the period for proceedings at a court be secured by the end of the Tender Offer. As such, the Company believes that it is reasonable to extend the tender offer period to sixty business days, which is the maximum tender offer period permitted by law.

Against the Company’s request to extend the tender offer period to sixty business days, which will allow the Shareholders’ Will Confirmation Meeting to be held, the Tender Offeror Group claims in its e-mail dated January 29, 2020 that “damage” will arise due to the decrease in the year-end dividends that it will receive, compared to the case where the payment of the Tender Offer will be completed within the current fiscal year. However, it was the Tender Offeror Group who put itself in the above situation by neglecting the procedures provided in the Response Policies, and forcing the Tender Offer to commence. Therefore, it must be said that it is putting the cart before the horse to deprive the shareholders of a deliberation period by holding a rushed shareholders meeting due to the actions of the Tender Offeror Group. In addition, the Company understands that the “damage” claimed by the Tender Offeror Group is the amount equivalent to the year-end dividends pertaining to the shares where the Tender Offeror Group additionally acquires the Company’s shares through the Tender Offer. However, this is merely a loss of profit when assuming that the Tender Offer will be consummated, and cannot be deemed to be specific damage.

For the avoidance of doubt, please be assured that the shareholders other than the Tender Offeror Group will not suffer any disadvantages due to the payment of the Tender Offer being completed after the end of the fiscal year.

In this respect, the Company obtained opinions from various company law scholars, to the effect that there are no legal issues in conducting the settlement of the Tender Offer after the end of the current fiscal year.

As stated in “(ii) Establishment and recommendations of the Independent Committee” of “(5) Measures to ensure fairness and measures to avoid conflicts of interest” of “3. Opinion regarding the Tender Offer, and basis and reasons thereof” above, the Company’s board of directors has received recommendations from the Independent Committee today, as a unanimous opinion of the Independent Committee, to the effect that it is appropriate for the Company’s board of directors to express its opinion opposing the Tender Offer, because the Tender Offer prevents the maximization of the Company’s corporate value and the shareholders’ common interests, and also to hold the Shareholders’ Will Confirmation Meeting to confirm the shareholders’ will regarding the Response Policies and the implementation of the countermeasures based on them.

(2) Matters for resolution and the resolution requirements therefor, etc. of the Shareholders’ Will Confirmation Meeting

The following states, among other things, the matters for resolution and the resolution requirements therefor of the Shareholders’ Will Confirmation Meeting, based on the assumption as of today, the details of which will be announced when the convocation thereof is officially decided.

(i) Matters for resolution of the Shareholders’ Will Confirmation Meeting

The details of the Shareholders’ Will Confirmation Meeting will be announced promptly after the convocation thereof is officially decided. The matters to be resolved at the Shareholders’

Will Confirmation Meeting will be: (a) a proposal to approve the introduction of the Response Policies; and (b) a proposal to approve the implementation of the countermeasures based on the Response Policies.

(i) Approval of the introduction of the Response Policies

As announced in the Response Policies Press Release, in response to the advance notice of a tender offer for the Company's shares by Office Support and/or its subsidiaries, the Company introduced the Response Policies for the tender offer and other large-scale purchase actions, etc. that may be intended under the circumstances where the tender offer is announced in advance, on January 17, 2020.

At the Shareholders' Will Confirmation Meeting, the Company's board of directors will consult with the shareholders on whether to approve the introduction of the Response Policies. For the details of the Response Policies, please see the Response Policies Press Releases.

(ii) Approval of the implementation of the countermeasures based on the Response Policies

As stated in "(1) Background and reasons leading to the decision to introduce the Response Policies and to hold the Shareholders' Will Confirmation Meeting" above, the Company's board of directors opposes the Tender Offer, and concluded that it is appropriate to trigger the countermeasures based on the Response Policies against the Tender Offer. Thus, the Company's board of directors will consult with the shareholders on whether to approve the implementation of the countermeasures. The details of the countermeasures, which will be determined when deciding the convocation of the Shareholders' Will Confirmation Meeting, will be announced to the shareholders later. Meanwhile, for an outline of the countermeasures, please see the Exhibit attached to the Response Policies Press Release.

(ii) Resolution requirements for matters to be resolved at the Shareholders' Will Confirmation Meeting

The details of the Shareholders' Will Confirmation Meeting will be announced promptly after the convocation thereof is officially decided. The resolution requirements for both matters for resolution, i.e., (a) a proposal to approve the introduction of the Response Policies; and (b) a proposal to approve the implementation of the countermeasures based on the Response Policies, will be those for ordinary resolutions. As announced in "Notice Concerning the Company's Response for the Shareholders' Will Confirmation Meeting" dated January 24, 2020, the reason for the resolution requirements being those for ordinary resolutions is as below.

- (i) in cases such as the issuance of shares for subscription causing changes in the controlling shareholders that will require a resolution at a shareholders meeting, the resolution to be required pursuant to the prescribed resolution requirements is an ordinary resolution (Article 206-2, paragraph (5) of the Companies Act); therefore, as with the above case, it is reasonable to ask, by an ordinary resolution at a shareholders meeting, the shareholder's will regarding the proposed acquisition of the controlling right by collecting shares;
- (ii) in the case where a proposal is approved by a majority vote at a shareholders meeting, there are no substantial grounds for not considering the majority's will; and
- (iii) the Supreme Court Decision in the Bulldog Sauce Case (Supreme Court Decision, August 7, 2007, *Minshu* [Supreme Court Report in Civil Cases], vol. 61, No. 5, p. 2215), cited by Office Support, also holds as follows: "Shareholders' own decisions at

a shareholders meeting should be respected regarding whether the acquisition of the management controlling right by a specific shareholder will result in damaging the stock company's corporate value and harming the shareholders' common interests, unless material defects exist in the decisions that would cause loss of its validity"; furthermore, the Supreme Court Decision does not particularly refer to the resolution requirements for "the shareholders' own decisions at a shareholders meeting" (such as necessity of a special resolution). Therefore, it is reasonable to understand that the Supreme Court Decision in the Bulldog Sauce Case is based on the premise of an ordinary resolution at a shareholders meeting being the resolution requirement.

Additionally, the Company's board of directors obtained opinions from various company law scholars to the effect that there are no legal issues in applying, as resolution requirements, an ordinary resolution for the proposals regarding (a) and (b) above.

(iii) Future procedures, etc.

Although the Company has already requested, in a letter dated January 24, 2020, that the Tender Offeror extend the tender offer period to sixty business days, the tender offer period has not been extended yet as of today. Therefore, as announced in "Notice Concerning Request for Extension of the Tender Offer Period" dated today, the Company requested again, in a letter dated today, that Office Support extend the tender offer period to sixty business days (until April 16, 2020), setting the deadline for noon of February 19, 2020, which is five business days from today. As the Company's future responses, there are three main scenarios below, depending on how the Tender Offeror Group responds to the Company's request. In addition, the deadline is required to be set for the Company to perform various procedures, including convocation procedures of the Shareholders' Will Confirmation Meeting. Thus, the Company will proceed with the measures according to the situation and content of the responses by the Tender Offeror Group, at the time of the deadline.

(i) If the Tender Offeror Group extends the tender offer period to sixty business days by noon of February 19, 2020 which is five business days from today

If the shareholders approve and adopt both (a) a proposal to approve the introduction of the Response Policies, and (b) a proposal to approve the implementation of the countermeasures based on the Response Policies, at the Shareholders' Will Confirmation Meeting, the Company's board of directors will trigger the countermeasures by fully respecting the opinions of the Independent Committee, in accordance with the shareholders' will. On the other hand, if either of the proposals is not approved, the Company's board of directors will not trigger the countermeasures, in accordance with the shareholders' will.

After triggering the countermeasures, if the Tender Offer is withdrawn by the Tender Offeror Group, or if the Tender Offer is not consummated because the total number of the Company's shares offered for a sale, etc. in response to the Tender Offer is less than the lower limit of the number of shares to be purchased (3,500,000 shares; ownership ratio: 14.50%), when the Company's board of directors determines that it is no longer necessary to trigger the countermeasures, then the Company's board of directors will suspend the allotment of share options without contribution subject to discriminatory exercise conditions and acquisition clauses to be conducted as a countermeasure, by fully respecting the Independent Committee's opinions.

- (ii) If the Tender Offeror Group extends the tender offer period to 47 or more business days by noon of February 19, 2020 which is five business days from today

If the Tender Offeror Group extends the tender offer period to 47 or more business days, the tender offer period will end on March 30, 2020. Accordingly, if the Tender Offeror Group extends the tender offer period to 47 or more business days, the Company will basically treat this in the same manner as the case “(i) If the Tender Offeror Group extends the tender offer period to sixty business days by noon of February 19, 2020 which is five business days from today” above, because the extended period allows the Company to secure the process of triggering the countermeasures after confirming the shareholders’ will at the Shareholders’ Will Confirmation Meeting.

The Company plans to hold the Shareholders’ Will Confirmation Meeting on March 27, 2020, while also requesting again that the Tender Offeror extend the tender offer period to sixty business days. This is because, as stated in “(1) Background and reasons leading to the decision to introduce the Response Policies and to hold the Shareholders’ Will Confirmation Meeting” above, the Company was notified by the Tender Offeror Group in its e-mail dated January 25, 2020, that in connection with the proposal on the implementation of the countermeasures based on the Response Policies, “the Tender Offeror Group will seek the decision of a court [...] if the proposal meets the ordinary resolution requirements but does not meet the special resolution requirements.” Therefore, if the Tender Offeror Group seeks a court’s decision based on the outcome of the Shareholders’ Will Confirmation Meeting, it is considered to be desirable that a period for proceedings at a court be secured by the end of the Tender Offer. Accordingly, the Company believes that it is reasonable to extend the tender offer period to sixty business days, which is the maximum tender offer period permitted by law.

- (iii) If the Tender Offeror does not extend the tender offer period at all, or extends it but the extended tender offer period is 46 or less business days (the tender offer period ends on or before March 27, 2020), by noon of February 19, 2020 which is five business days from today

If the Tender Offeror Group does not extend the tender offer period at all, or extends it but the extended tender offer period is 46 or less business days, the Tender Offer will end on or before March 27, 2020, the date on which the Shareholders’ Will Confirmation Meeting is held. This will preclude ensuring the time necessary for the shareholders to deliberate based on the information to be disclosed by the Large-scale Purchaser, or the opportunity for the Company to confirm their will, regarding whether to accept the Large-scale Purchase Action, etc. being conducted. Therefore, in this case, unless exceptions apply, the Company’s board of directors will trigger the countermeasures by fully respecting the Independent Committee’s opinions, without holding the Shareholders’ Will Confirmation Meeting.

However, even in such a case, the Company, although after triggering the countermeasures, will hold the Shareholders’ Will Confirmation Meeting on March 27, 2020. In this case, the Company’s board of directors will consult with the shareholders ex-post facto on its decisions regarding not only (a) a proposal to approve the introduction of the Response Policies, but also (b) a proposal to approve the implementation of the countermeasures based on the Response Policies. If both (a) a proposal to approve the introduction of the Response Policies, and (b) a proposal to approve the implementation of the countermeasures based on the Response Policies, are approved and adopted at the Shareholders’ Will Confirmation Meeting, the Company’s board of directors will keep the countermeasures triggered, in accordance

with the shareholders' will. On the other hand, if either of the proposals is not approved and adopted, the Company will take necessary and reasonable measures in order to prevent economic losses to be incurred by the Tender Offeror Group, within the extent permitted by laws and regulations, by fully respecting the shareholders' will. The details of the measures will be announced upon decision.

In addition, after triggering the countermeasures, if the Tender Offer is withdrawn by the Tender Offeror Group, or if the Tender Offer is not consummated because the total number of the Company's shares offered for a sale, etc. in response to the Tender Offer is less than the lower limit of the number of shares to be purchased (3,500,000 shares; ownership ratio: 14.50%), when the Company's board of directors determines that it is no longer necessary to trigger the countermeasures, then the Company's board of directors will suspend the allotment of share options subject to discriminatory exercise conditions and acquisition clauses without contribution to be conducted as a countermeasure, as with the case in "(i) If the Tender Offeror Group extends the tender offer period to sixty business days by noon of February 19, 2020 which is five business days from today" above.

7. Questions to the Tender Offeror

Not applicable.

8. Request for extension of the tender offer period

Not applicable.

However, as stated in "(iv) Extension of the tender offer period" of "(5) Measures to ensure fairness and measures to avoid conflicts of interest" of "3. Opinion regarding the Tender Offer, and basis and reasons thereof" above, the Company requested that the Tender Offeror extend the tender offer period to sixty business days. However, the tender offer period is not yet extended as of today. Therefore, as announced in the "Notice Concerning Request for Extension of the Tender Offer Period" dated today, the Company requested again to Office Support in the letter dated today to extend the tender offer period to sixty business days, with the deadline of noon of February 19, 2020, which is five business days from today. If the tender offer period becomes sixty business days, the tender offer period of the Tender Offer will end on April 16, 2020 (Thursday) (sixty business days).

End

Exhibit 1

