



February 24, 2021

To whom it may concern,

Company Name: Sanken Electric Co., Ltd.
Representative: Takashi Wada
Representative Director, President
Code number: 6707 (First Section of the Tokyo
Stock Exchange)
Contact: Akihiro Goto,
General Manager, Finance and
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Notice of Opinion (Neutral) on Tender Offer for Our Common Stock by ECM Master Fund SPV 2

With respect to the tender offer (the “Tender Offer”) commenced for our (Sanken Electric Co., Ltd., or the “Company”) common stock (the “Shares”) on February 9, 2021, by ECM Master Fund SPV 2 (the “Tender Offeror”), we hereby announce that the board of directors of the Company resolved today by a majority vote of the directors that, while it is not appropriate for the Company to support the Tender Offer, the Company will take a neutral position towards the Tender Offer as a result of a comprehensive evaluation, weighing the impact that our opposition to the Tender Offer would have on our employees, business partners and other stakeholders, on the one hand, and the immediacy and degree of the impact of the Tender Offeror Group (to be defined below) on the management of the Company, on the other. The board also resolved that given the fact that the market price of the Shares after the announcement of the Tender Offer has remained above the price of the Tender Offer (the “Tender Offer Price”), we will defer to the discretion of our shareholders to decide whether or not to subscribe to the Tender Offer.

1. Overview of the Tender Offer

(1) Name	ECM Master Fund SPV 2
(2) Address	Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
(3) Job Title/Name of Representative	Director, Takashi Kousaka
(4) Business Activities	Acquisition and holding of the share certificates, etc. of the Company
(5) Paid-in Capital	JPY100 (According to the Tender Offer Statement (the “Tender Offer Statement”) filed

Note: This is a translation of an original Japanese document, prepared and provided solely for readers' convenience. In the case of any discrepancy between this document and the original Japanese document, the original Japanese document shall prevail.

	by the Tender Offeror on February 9, 2021, the Tender Offeror plans to raise the funds required for the tender offer, etc. through capital contributions from shareholders of the Tender Offeror, and the paid-in capital amount is expected to increase as a result of such capital contributions.)
(6) Date of Incorporation	November 27, 2020
(7) Major shareholders and ratio of their shareholding (As of February 9, 2021)	Suntera (Cayman) Limited: 100% (holding shares as the trustee of ECM Master Fund (“MF”) operated by Effissimo Capital Management Pte. Ltd. (“Effissimo”)) ※ Based on the statements in the Tender Offer Statement.
(8) Relationship between the Listed Company and the Tender Offeror	
Capital relationship	There is no capital relationship between the Company and the Tender Offeror to be stated herein. Effissimo, a special related party of the Tender Offeror, holds 100 Shares (its shareholding ratio to the total outstanding shares of the Company (excluding treasury shares) (*Note) is 0.00%), and Suntera (Cayman) Limited (“Suntera”), another special related party of the Tender Offeror, holds 2,405,000 Shares (its shareholding ratio to the total outstanding shares of the Company (excluding treasury shares) is 9.97%).
Personal relationships	There is no personal relationship between the Company and the Tender Offeror to be stated herein.
Business relationship	There is no business relationship between the Company and the Tender Offeror to be stated herein.
Whether or not constituting a related party	The Tender Offeror is not a related party to the Company.

(*NOTE) According to the Tender Offer Statement, “shareholding ratio” means the ratio to the total number of outstanding Shares of the Company as of December 31, 2020 (25,098,060 shares) stated in the “Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021 [Japanese GAAP] (Consolidated)” published by the Company on February 3, 2021, *minus* the number of our treasury stock (966,585 shares) as of such date (24,131,475 shares). The same applies hereinafter.

2. Tender Offer Price

JPY5,205 per share of common stock

3. Content, Grounds and Reasons for the Opinion Regarding the Tender Offer

(1) Opinion Regarding the Tender Offer

At the board of directors' meeting held on February 24, 2021, the Company resolved by a majority vote of the directors who participated in the deliberations and resolutions that, as described in “(2) Basis and Reasons for Opinion” below, while it is not appropriate for the Company to support the Tender Offer, the Company will take a neutral position towards the Tender Offer as a result of a comprehensive evaluation, weighing the impact that our opposition to the Tender Offer

would have on our employees, business partners and other stakeholders, on the one hand, and the immediacy and degree of the impact of the Tender Offeror Group (*Note) on the management of the Company on the other. The board also resolved that given the fact that the market price of the Shares after the announcement of the Tender Offer has remained above the Tender Offer Price, we will defer to the discretion of our shareholders to decide whether or not to subscribe to the Tender Offer.

(*Note) According to the Tender Offer Statement, the "Tender Offeror Group" refers, collectively, to the Tender Offeror, Effissimo, a special related party to the Tender Offeror which has the authority to make investment decisions for the Tender Offeror and to exercise voting rights in its investment targets, and Suntera, a special related party to the Tender Offeror which acts as the trustee of the MF managed by Effissimo.

(2) Grounds and Reasons for the Opinion

① Grounds for the Opinion Regarding the Tender Offer

On February 8, 2021, the Tender Offeror announced that it would commence the Tender Offer. Upon the announcement of the Tender Offer, we immediately began to collect information regarding the Tender Offer and the Tender Offeror for the purpose of expressing our opinion on the Tender Offer. We have carefully evaluated and considered the Tender Offer, including by reviewing the information contained in the Tender Offer Statement.

Specifically, the Board of Directors decided that, in forming an opinion on the Tender Offer, it was necessary to fully confirm the purpose of ownership of the Shares by the Tender Offeror Group, as described in "② Reasons for the Opinion Regarding the Tender Offer." To that end we gathered as much information as possible directly from Effissimo, by sending a questionnaire by email and obtaining written responses amongst other methods. During that time, the market price of the Shares has remained above the Tender Offer Price as described in "② Reasons for the Opinion Regarding the Tender Offer" below.

We analyzed the content of the Tender Offer Statement, the written responses from Effissimo to our questions, and the information we gathered regarding the Tender Offer and the Tender Offeror from the standpoint of enhancing enterprise value and ensuring the common interests of our shareholders. We conducted this analysis with the advice and assistance of JPMorgan Securities Co., Ltd. ("JPMorgan"), as financial advisor, and Skadden Arps Law Office, both of which are independent of both the Company and the Tender Offeror, and also held serious discussions through meetings of the Board of Directors and on other occasions.

Furthermore, apart from the Board of Directors, the Structural Reform Committee, which includes three (3) of the outside directors of the Company (who are independent officers as defined by the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange")) has contemplated the matter, while five (5) independent officers of the Company (as defined by the Tokyo Stock Exchange, consisting of three (3) outside directors and two (2) outside Audit & Supervisory Board members), have also held discussions among themselves, separately from the Board of Directors. Such discussions seriously examined the Tender Offer, including whether or not it contributes to enhancing enterprise value and ensuring the common interests of our shareholders from a standpoint that is independent from both the Company and the Tender Offeror Group.

As a result, the Company has resolved at the Board of Directors' meeting held on February 24, 2021, by a majority vote of the directors who participated in the deliberations and resolution that, due to the reasons described in "② Reasons

for the Opinion Regarding the Tender Offer" below, while it is inappropriate for the Company to support the Tender Offer, the Company will take a neutral position towards the Tender Offer as a result of a comprehensive evaluation, weighing the impact that our opposition to the Tender Offer would have on our employees, business partners and other stakeholders, on the one hand, and the immediacy and degree of the impact of the Tender Offeror Group on the management of the Company on the other. The board also resolved that given the fact that the market price of the Shares after the announcement of the Tender Offer has remained above the Tender Offer Price, we will defer to the discretion of our shareholders to decide whether or not to subscribe to the Tender Offer.

② Reasons for the Opinion Regarding the Tender Offer

First, according to the Tender Offer Statement, the maximum number of shares to be purchased in the Tender Offer has been set so that the ownership ratio of the Tender Offeror Group as a whole would be 30%. Given the ratio of voting rights to be exercised at the shareholders' meetings of the Company, an increase in the ownership ratio of the Tender Offeror Group to 30% or thereabouts could allow the Tender Offeror Group to obtain de facto veto rights for important decisions of the Company such as special resolutions. We have carefully examined Effissimo's intentions concerning its acquisition of such de facto veto rights following the Tender Offer, through email questions and answers with Effissimo, and we have come to believe that it is an objective fact that if the Tender Offer is successful Effissimo will acquire sufficient Shares to hold de facto veto rights. Therefore we are not convinced that Effissimo does not intend to change our management system and policies to align with their own will.

Second, according to the Tender Offer Statement, the Tender Offer Price (JPY5,205) is the market price of the Shares *plus* a certain premium amount. However, the market price of the Shares after the announcement of the Tender Offer has remained above the Tender Offer Price (for reference, on February 9, 2021, the business day following February 8, 2021, the date on which the announcement of the commencement of the Tender Offer was made, the price of the Shares on the First Section of the Tokyo Stock Exchange rose sharply from JPY4,445, the closing price on February 8, to hit the upper limit price, and after recording the year-to-date high of JPY5,910 on February 10, the closing prices on the eight (8) business days leading up to February 22 remained in the range of JPY5,560 to JPY5,840). As discussed below, we believe that this is evidence of the fact that the stock market also recognizes that the value of the Shares is not properly reflected in the Tender Offer Price, even considering only the enterprise value of our consolidated subsidiary, Allegro MicroSystems, Inc. ("Allegro"), and our ownership interest in Allegro.

Third, while we considered expressing an opinion of opposition to the Tender Offer for each of the above reasons, we came to believe at the same time that the potential impact of our opposition to the Tender Offer on our stakeholders should be considered carefully, including the possibility that the relationship with the Tender Offeror Group, which will remain a major shareholder after the Tender Offer, may become unfriendly. If such possibility came to fruition it may attract public attention for reasons other than our business and may adversely affect the motivation of our employees, or cause the management risks of the Company to be viewed as problematic, and result in negotiations of contracts with business partners requiring changes in contract terms, etc. On the other hand, as stated below, we have requested Effissimo to make a firm commitment to conduct activities in line with pure investment objectives. Given that Effissimo has indicated to a certain extent its willingness to negotiate and compromise, we have determined that we should avoid expressing an opinion against the Tender Offer and unnecessarily raising the concerns of our stakeholders

from the perspective of facilitating our business operations and, in turn, enhancing enterprise value and securing the common interests of the shareholders. Therefore we have decided to remain neutral in our opinion concerning the Tender Offer after comprehensively evaluating the immediacy and degree of the Tender Offeror Group's impact on management of the Company.

As described above, we are taking a neutral position towards the Tender Offer and have come to the conclusion that, in light of the fact that the market price of the Shares has remained above the Tender Offer Price since the announcement of the Tender Offer, we will defer to the discretion of our shareholders as to whether or not they should subscribe to the Tender Offer. Specific details of our judgment to that effect are can be found in the following.

(a) The fact that the Tender Offeror Group will obtain de facto veto rights at shareholders meetings and that the Company cannot be assured that Tender Offeror Group does not intend to implement changes to the Company's management structure and policies to align with its own will

(i) The fact that the Tender Offeror Group will obtain de facto veto rights at the shareholders meetings through the Tender Offer

According to the Tender Offer Statement, the maximum number of shares to be purchased in the Tender Offer has been set so that the ownership ratio of the Tender Offeror Group as a whole would be 30%. If, after the Tender Offer, the Tender Offeror Group were to hold 30% or thereabouts of the voting power of all of the shareholders of the Company, the situation would be essentially as if the Tender Offeror Group holds approximately 40% of the voting power, given the ratio of voting rights exercised at the shareholders meetings of the Company (approximately 73% at the Annual Meeting of Shareholders held in June 2020). In other words, the Tender Offeror Group would obtain de facto veto rights on so-called matters for special resolution under the Companies Act at our shareholders meetings. Consequently, conflicts of views among major shareholders and opposition from the Tender Offeror Group may hinder the efficient and flexible implementation of measures to increase our enterprise value, such as organizational restructuring.

The Tender Offer provides for a maximum number of shares to be purchased and does not guarantee an opportunity to sell all shares tendered at the Tender Offer Price and, as a result, a certain number of the shareholders of the Company will still remain our shareholders after the Tender Offer. Under such circumstances, we are concerned that the de facto veto power of the Tender Offeror Group will cause our other remaining shareholders to have a great deal of uncertainty about our future management and business prospects.

Accordingly, we have determined that it is important to carefully confirm with Effissimo concerning its intentions and objectives with respect to the acquisition of the de facto veto rights described above. Since it was stated in the Tender Offer Statement that Effissimo intended to provide explanations as necessary to gain our understanding of the Tender Offer, the Company requested Effissimo to hold several interviews or teleconferences from February 8 to February 15, 2021. Effissimo responded by email that they wished to respond in writing in order to prevent misunderstandings or misinterpretation of the responses. Therefore, we have continued carefully to confirm their intentions by sending our questions and receiving their responses by email through February 22 (hereafter, these email questions and responses and other interactions between us and the Tender Offeror Group are collectively referred to as the "Communications,

etc.”).

In these Communications. etc., we inquired with Effissimo as to the reasons why it failed to clearly explain in the Tender Offer Statement the implications of their contemplated acquisition of the de facto veto right as described above. In response, Effissimo stated that, as described in the Tender Offer Statement, the purpose of holding the Shares by the Tender Offeror Group will remain pure investment even after the Tender Offer, and that, as of the date of the filing of the Tender Offer Statement, it does not intend or plan to control the management of the Company through the exercise of its voting rights, or to affect the management of the Company whether through the act of making important proposals, etc. or the dispatch of directors or otherwise, and, therefore, the Tender Offer is not intentionally aimed at acquiring de facto veto rights.

However, we believe that it is an objective fact that the Tender Offeror Group aims to acquire sufficient Shares to grant them a de facto veto right given the ratio of voting rights to be exercised at our general meeting of shareholders alone, as described above, and therefore that Effissimo's answer as described above does not properly address the question.

- (ii) Although we have requested that Effissimo provide a firm commitment to conduct activities consistent with pure investment objectives, it will still be necessary to discuss with them in order to obtain assurance with respect to appropriate time frame and terms.

In addition, in the Communications, etc. we requested Effissimo to clarify the meaning of pure investment purposes in order to objectively confirm that the purpose of the Tender Offer is pure investment, and further requested that Effissimo make a firm commitment that the Tender Offeror Group will not acquire additional Shares of the Company after the Tender Offer, control our management by exercising voting rights, or influence our management by engaging in an act of making important proposals, etc. or by dispatching directors.

Effissimo responded that it believes that its pure investment objective is “solely to receive profits from fluctuations in the value of shares or dividends on shares” (see response to No. 68 of “Outline of public comments and the FSA's approach to comments on ‘Cabinet Office Ordinance (Draft) on Partial Revision of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.’” published by the FSA on January 31, 2019), and that it plans to further consider in the future depending on the status of discussions and dialogues, taking into account the content and terms, etc. of the commitments contemplated by the Company.

Accordingly, we responded by email that the commitments contemplated by us are (a) that Effissimo will not acquire more Shares than the shares to be acquired in the Tender Offer, (b) that Effissimo will not request the dispatch of directors, and (c) that Effissimo will not make any other acts of making important proposals, etc. (hereinafter referred to as the “Commitments”) and urged them to consider them. In response, Effissimo replied by email that (a) it was possible for them to consider not acquiring shares to result in the Tender Offeror Group holding 30% of voting rights or higher; (b) it was possible for them to consider not requiring any officer, employee or closely related party of Effissimo to become a director of the Company; and (c) it was possible for them to consider not taking acts of making important proposals, etc. unless there is a clear risk of enterprise value impairment from our management. It should be noted that “closely related party” and “an act of making important proposal, etc.” allegedly have the meanings defined in the Foreign Exchange and Foreign Trade Act and the Financial Instruments and Exchange Act, respectively.

In view of this response, we prepared a commitment letter containing and more specifically defining the Commitments, which would require the Tender Offeror Group to keep such Commitments for five (5) years (the "Commitment Letter") and sent it by email to Effissimo, and requested them to sign it and submit it to us. However, Effissimo requested in return that the period be shortened to three (3) years and that the Company express our consent to the Tender Offer as a condition to such Commitments. As we believe that it is not appropriate for the Company to support the Tender Offer for each of the reasons described below, we have determined that it is not acceptable to express our consent to the Tender Offer as a condition of the Commitments and, as such, that we would not accept the response from Effissimo.

We believe that obtaining some form of assurance on these Commitments from Effissimo is extremely important from the viewpoint of ensuring the common interests of our shareholders against the de facto veto power of the Tender Offeror Group, and we believe that we should continue to consult with Effissimo based on the content of these Commitments. However, given the unlikelihood of receiving the Commitment Letter as originally proposed by us during the period of the Tender Offer, and given that it will likely take some time to obtain a firm commitment on the Commitments from Effissimo with appropriate time frame and terms, we have concluded that it would not be realistic to expect compliance with the Commitments by the Tender Offeror Group in forming an opinion on the Tender Offer.

Based on the foregoing, we cannot conclude that the Tender Offeror Group does not intend to implement changes to the Company's management structure and policies aligned with its own will, after obtaining our de facto veto power with minimal funds through a method of a tender offer with a cap on the number of shares to be purchased.

(b) The level of premium provided by the Tender Offer Price is too low relative to our enterprise value

According to the Tender Offer Statement, the Tender Offeror has decided to add a certain premium to our share price in setting the Tender Offer Price (JPY5,205), based on the closing price of the Shares (JPY4,525) on the First Section of the Tokyo Stock Exchange on February 5, 2021, the business day immediately preceding the announcement date of the Tender Offer. In calculating the premium, according to the Tender Offer Statement, the Tender Offeror has referred to the average value of the premiums provided by the tender offer prices in the cases of tender offers by persons other than issuers that commenced from January 1, 2018, to December 31, 2020, in each case in which the numbers of share certificates, etc. to be purchased were capped (excluding cases in which a discount was applied to the closing price on the business day immediately preceding the announcement date) (compared to the closing price of the business day immediately preceding the announcement, the simple average value of the closing prices during the one (1) month prior to such date, the simple average value of the closing prices during the three (3) months prior to such date, and the simple average value of the closing prices during the six (6) months prior to such date, such premiums were of approximately 31%, 32%, 33% and 30%, respectively). Further, having comprehensively considered factors such as the absence of due diligence on the Company by the Tender Offeror, unavailability to the Tender Offeror of confidential information concerning the Company, and the extent to which the Tender Offeror may still enjoy profit from an increase in the Share price and dividends from the Shares associated with the mid- to long-term enhancement in the enterprise value (such factors for consideration, as described in the Tender Offer Statement, are collectively referred to herein as the "Consideration Factors"), and having considered a premium level at which it could expect a subscription for the number of shares up to the scheduled number of shares to be purchased in the Tender Offer, the Tender Offeror has purportedly

determined that it was appropriate to add a premium of approximately 15% to the closing price of the Shares on the business day immediately prior to the announcement date.

However, we are convinced that, given the level of premium provided by the Tender Offer Price, the value of the Shares is not properly reflected in the Tender Offer Price, for the following reasons.

(i) The market price of the Shares since the announcement of the Tender Offer has remained above the Tender Offer Price.

The market price of the Shares of the Company on February 9, 2021, the business day following February 8, 2021, the date on which the announcement of the commencement of the Tender Offer was made, rose sharply from JPY4,445, the closing price on the First Section of the Tokyo Stock Exchange on February 8, to hit the upper limit price, and after recording the year-to-date high of JPY5,910 on February 10, the closing prices on the eight (8) business days up to February 22 remained in the range of JPY5,560 to JPY5,840. Such price fluctuation remained above the Tender Offer Price (JPY5,205), which proves the fact that the value of the Shares is still not properly reflected in the Tender Offer Price even with the added premium. Furthermore, we believe that such price fluctuation is evidence of the fact that the stock market also recognizes that the value of the Shares is not properly reflected in the Tender Offer Price, as described above, even considering only the enterprise value of our consolidated subsidiary, Allegro Microsystems, Inc. ("Allegro"), and our ownership interest in Allegro.

(ii) The Tender Offer Price does not fully incorporate the value of Allegro's shares.

As announced in the "Notice of the Completion of the Public Offering of Allegro Microsystems, Inc." dated November 4, 2020, we listed the shares of Allegro, our consolidated subsidiary, on the NASDAQ Global Select Market on October 29, 2020. The market value of Allegro's shares can be calculated based on publicly available data. As announced in the "Notice Regarding the Result of Partial Sale of Shares of U.S. Subsidiary and Recording of Extraordinary Income" dated February 12, 2021, we will continue to hold a majority of Allegro's shares after the listing thereof. If we were to sell all of Allegro's shares held by us at the most recent market price of Allegro's shares (the closing price on February 23, 2021, on the NASDAQ Global Select Market was \$28.94), we would estimate that the realizable monetary value, after tax (applying the statutory tax rate) would be approximately ¥208.2 billion. Based on this estimate, the market price of the Shares and the Tender Offer Price established based thereon would mean that the Tender Offeror negatively valued our business excluding the value of Allegro's shares. While we are working on ongoing structural reforms as described below, the results of such calculations do not at all reflect the steady progress of such structural reforms or the future growth of the power semiconductor business of the Company's Group. Accordingly, we are convinced that the value of the Shares is not properly reflected in the Tender Offer Price.

Effissimo argues in the Communications, etc., however, that, while they took into account the value of Allegro's shares as one of the factors to make up the enterprise value of the Company, they focused more on the Consideration Factors. In so doing they acknowledged the fact that they did not sufficiently consider the value of Allegro's shares, which should have clearly been emphasized, in the determination of the Tender Offer Price.

In addition, the Tender Offeror has admitted that the Tender Offer Price was calculated based solely on the market price of the Shares, and it has not obtained any valuation report on the Shares from a third-party valuation agency, according

to the Tender Offer Statement. We believe that, if the Tender Offeror requested a third-party valuation agency to perform a valuation, the valuation would surely reflect the value of Allegro's shares described above and, therefore, the Tender Offeror intentionally avoided the need to explain the discrepancy between such valuation results and the market price of the Shares in disclosure materials such as the Tender Offer Statement.

Accordingly, the Company is convinced that the value of the Shares is not properly reflected in the Tender Offer Price, even solely in light of the two (2) facts of the price fluctuation of the Shares after the announcement of the Tender Offer and the value of Allegro's shares.

- (c) The Company has decided to take a neutral position towards the Tender Offer as a result of comprehensive evaluation, weighing the impact that our opposition to the Tender Offer would have on our employees, business partners and other stakeholders, and the immediacy and degree of the impact of the Tender Offeror Group on the management of the Company.

As announced in the "Notice Concerning Issuance of New Shares through Third-Party Allotment by a Subsidiary and Implementation of Group Structural Reforms" dated July 18, 2017, we have been continuously implementing structural reforms since the implementation of the Group's structural reforms centered on withdrawal from unprofitable businesses and reduction of fixed costs in 2017. We believe that this is an important period in the implementation of our management strategy going forward and, therefore, we are emphasizing the maintenance of smooth business and other relationships with a diverse range of stakeholders, including our employees and our business partners.

We have seriously considered expressing an opinion against the Tender Offer, as we believe that supporting the Tender Offer would be inappropriate primarily for reasons (a) and (b) above. However, if we did express an opposing opinion, we expect that our relationship with the Tender Offeror Group, which is a current shareholder of the Company (as of the date of the filing of the Tender Offer Statement, the Tender Offeror Group holds 2,405,100 shares (shareholding ratio of 9.97%) in aggregate) and will remain one of the largest shareholders following the Tender Offer, could become unfriendly. This would undoubtedly attract public attention for reasons unrelated to our business, and we were concerned that our employees would not be able to fully concentrate on their work and their motivation might be lowered. In addition, in terms of contractual relationships with our suppliers, customers and other business partners, we cannot deny the possibility that our management risks will come to be viewed as overly problematic in contract negotiations, which may lead to discussions on changes in contract terms, etc. In this way, we have concluded that it is necessary to fully consider the possibility that opposition to the Tender Offer would adversely affect the maintenance of smooth relationships with a variety of stakeholders, including employees and business partners.

In fact, some business partners have indicated concerns about how we would respond to the Tender Offer and the adverse effects it may have on our management and business operations. Furthermore, our employees have become increasingly more concerned and disturbed in response to the announcement of the Tender Offer.

On the other hand, as noted above, we have requested Effissimo to give a firm commitment to conduct activities in line with pure investment objectives, and we believe that it is important to continue discussions in the future given that Effissimo is willing to a certain degree to engage in such discussions.

Based on the foregoing, we have comprehensively examined the situation by comparing the impact that opposing to the Tender Offer may have on our employees, business partners and other stakeholders, as well as the immediacy and degree of the Tender Offeror Group's impact on the management of the Company. As a result, we have determined that we should avoid expressing an opinion against the Tender Offer, which would unnecessarily raise the concerns of our stakeholders from the perspective of facilitating our business operations and, in turn, enhancing enterprise value and securing the common interests of the shareholders, and that we should therefore remain neutral towards the Tender Offer.

(d) Conclusion

Based on the above, the Company has resolved at a meeting of the Board of Directors held on February 24, 2021, that, while it is not appropriate for the Company to support the Tender Offer, the Company will take a neutral position towards the Tender Offer as a result of comprehensive evaluation, weighing the impact that our opposition to the Tender Offer would have on our employees, business partners and other stakeholders, on the one hand, and the immediacy and degree of the impact of the Tender Offeror Group on the management of the Company on the other. The board also resolved that given the fact that the market prices of the Shares after the announcement of the Tender Offer remained above the Tender Offer Price, we will defer to the discretion of our shareholders to decide whether or not to subscribe to the Tender Offer.

(3) Matters concerning the calculation

We have not obtained any valuation reports from a third-party valuation agency for this Tender Offer.

(4) Prospect of delisting and the reason therefor

The Shares are listed on the First Section of the Tokyo Stock Exchange as of today.

According to the Tender Offer Statement, the Tender Offer aims only to increase the number of Shares held by the Tender Offeror and, as such, there is no prospect of delisting the Shares to the best of the knowledge of the Tender Offer.

(5) Policies for organizational restructuring after the Tender Offer (matters concerning so-called 2-stage acquisitions)

According to the Tender Offer Statement, there is no prospect of delisting of the Shares to the best of the knowledge of the Tender Offeror and, as of the date of the Tender Offer Statement, the Tender Offeror Group does not plan to acquire any additional Shares to make up for any shortage even if the Tender Offeror fails to acquire the Shares through the Tender Offer up to the maximum number of shares to be purchased (4,834,343 shares and shareholding ratio of 20.03%).

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

As of the date of the filing of the Tender Offer Statement, the Tender Offeror has no shares in the Company and therefore the Tender Offer does not constitute a tender offer by a controlling shareholder. In addition, it is not anticipated that all or some members of our management will invest directly or indirectly in the Tender Offeror, and the Tender Offer will not constitute a so-called management buyout transaction. As a result, we have not consulted with independent committees consisting of outside officers or with third-party committees in evaluating the Tender Offer, but

we do believe it is still important to eliminate the risk of arbitrariness in the decision-making process of our Board of Directors and to ensure the fairness and transparency thereof.

Accordingly, as discussed above, we have appointed JPMorgan and Skadden Arps Law Office, respectively, as our financial advisor and legal advisor independent of both the Company and the Tender Offeror, and we have carefully considered the Tender Offer based on the advice of these external advisors among others. Note that neither JPMorgan or Skadden Arps Law Office is a related party of the Tender Offeror or the Company, nor do they have any significant interests that should be stated herein with respect to this Tender Offer.

As mentioned above, apart from the Board of Directors, the Structural Reform Committee, which includes three (3) of the outside directors of the Company (who are independent officers as defined by the Tokyo Stock Exchange), has contemplated the matter, while five (5) independent officers of the Company (as defined by the Tokyo Stock Exchange), consisting of three (3) outside directors and two (2) outside Audit & Supervisory Board members, have held discussions among themselves, separately from the Board of Directors and seriously examined the Tender Offer, including whether or not it contributes to enhancing enterprise value and ensuring the common interests of our shareholders from a standpoint that is independent from both the Company and the Tender Offeror Group.

4. Matters concerning important agreements on the Tender Offer between the Tender Offeror and the shareholders and directors, etc. of the Company

According to the Tender Offer Statement, the voting power with respect to the Shares to be acquired by the Tender Offeror in this Tender Offer will be held by Effissimo pursuant to a discretionary investment agreement between the Tender Offeror and Effissimo.

In addition, according to the Tender Offer Statement, the authority to invest and the authority to exercise the voting rights of the investment target with respect to MF are to be held by Effissimo pursuant to the deed of trust between Effissimo and Suntera relating to the formation and operation of MF (the "Trust Certificate"). However, because MF itself is not a legal entity, the 2,405,000 Shares (shareholding ratio of 9.97%) previously acquired using the funds of MF based on Effissimo's investment decision are formally owned by Suntera, the trustee of MF, pursuant to the Trust Certificate.

5. Descriptions of benefits to be given by the Tender Offeror or its Special Related Parties

Not applicable.

6. Policy of Response to Basic Policies Concerning Control of the Company

Not applicable.

7. Questions to the Tender Offeror

Not applicable.

8. Request for Extension of Tender Offer Period

Not applicable.

9. Future Outlook

(1) Policies following the Tender Offer

Please refer to “(4) Prospect of delisting and the reason therefor” and “(5) Policies for organizational restructuring after the Tender Offer (matters concerning so-called 2-stage acquisitions)” of “② Reasons for the Opinion Regarding the Tender Offer” of (2) Grounds and Reasons for the Opinion in “3. Content, Grounds and Reasons for the Opinion Regarding the Tender Offer” above.

(2) Performance projections

The Company will promptly disclose any information to the public regarding the impact of the Tender Offer on the Company's results of operations.

End