September 5, 2024

To whom it may concern:

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Company Name	IS Frontier Partners, Co., Ltd.
Name of Representative:	Kimihiko Takabe, Representative Director
Contact For Inquiries:	Same as above.

Notice Regarding Commencement of Tender Offer for Shares of PASCO Corporation (Stock Code: 9232)

SECOM CO., LTD. ("SECOM") and ITOCHU Corporation ("ITOCHU") hereby announce that, as of today, SECOM and ITOCHU entered into a joint tender offer agreement (the "Joint Tender Offer Agreement") and respectively determined to conduct a tender offer (the "Tender Offer") in which SECOM and IS Frontier Partners Co., Ltd. ("IS Frontier Partners," together with SECOM the "Tender Offerors"), all of the issued shares of which are held by ITOCHU, are to jointly acquire all of the shares of common stock (the "Target Company Shares") of PASCO Corporation (Securities Code: 9232, Standard Market of the Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange"); the "Target Company") (excluding the Target Company Shares owned by SECOM and the treasury shares owned by the Target Company) as part of a series of transactions (the "Transaction") to make SECOM and IS Frontier Partners the only shareholders of the Target Company and make the ratio of voting rights pertaining to the Target Company Shares held by SECOM and IS Frontier Partners after the privatization of the Target Company 75% and 25%, respectively. In addition, IS Frontier Partners determined to conduct the Tender Offer jointly with SECOM.

This document serves as a disclosure by ITOCHU in accordance with the Securities Listing Regulations and also serves as an announcement pursuant to Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the "Enforcement Order") based on the request of IS Frontier Partners to ITOCHU (the parent company of IS Frontier Partners).

1. Outline of IS Frontier Partners

(1) Name	IS Frontier Partners Co., Ltd.
(2) Location	2-5-1 Kita-Aoyama, Minato-ku, Tokyo
(3) Title and Name of Representative	Kimihiko Takabe, Representative Director
(4) Business	1. Consultation regarding development of geospatial information related businesses 2. Financing of and investment in geospatial information businesses 3. All businesses incidental to the foregoing
(5) Capital	500,000 yen (as of September 5, 2024)

2. Purposes of Tender Offer

(1) Overview of Tender Offer

As of today, SECOM owns 10,316,800 shares of the Target Company Shares (ownership ratio (Note 1): 71.66%), which are listed on the Standard Market of the Tokyo Stock Exchange, and the Target Company is a consolidated subsidiary of SECOM. IS Frontier Partners is a joint stock company incorporated on July 24, 2024 with the main purpose of obtaining and holding the Target Company Shares and, as of today, ITOCHU owns all of the issued shares of IS Frontier Partners. As of today, neither IS Frontier Partners nor ITOCHU owns any of the Target Company Shares.

(Note 1) "Ownership ratio" means the ratio (expressed as a percentage rounded to two decimal places; hereinafter the same in the calculation of the ownership ratio) of the number of shares owned to the number of Target Company Shares (14,395,986 shares) as calculated by deducting the number of treasury shares owned by the Target Company (22,039 shares) as of June 30, 2024, as described in the "Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2025 (Japan GAAP) (Consolidated)" announced by the Target Company on August 8, 2024 (the "Target Company's Financial Results for the First Quarter"), from the total number of issued shares of the Target Company (14,418,025 shares) as of the same date, as described in the Target Company's Financial Results for the First Quarter.

SECOM and ITOCHU entered into the Joint Tender Offer Agreement as of September 5, 2024 and, respectively determined to conduct the Tender Offer, targeting all of the Target Company Shares (excluding the Target Company Shares owned by SECOM and treasury shares owned by the Target Company), as part of the Transactions. In addition, IS Frontier Partners determined to conduct the Tender Offer jointly with SECOM today.

Since the Tender Offerors intend to acquire all of the Target Company Shares (excluding the Target Company Shares owned by SECOM and treasury shares owned by the Target Company), no maximum number of shares to be purchased through the Tender Offer has been set.
In addition, no minimum number of shares to be purchased through the Tender Offer has been set either, and the Tender Offerors will purchase all of shares to be tendered in the Tender Offer (the "Tendered Shares"). This is because it is not necessary for the Tender Offerors to set the minimum number of Shares to be purchased in terms of the implementation of the Share Consolidation (as defined in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)" below the same applies hereinafter), since the number of voting rights corresponding to the Target Company Shares held by SECOM as of today (10,316,800 shares) (ownership ratio: 71.66%) exceeds two-thirds of the total number of voting rights of all shareholders of the Target Company, while a special resolution at a shareholders meeting, as stipulated in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter), is required for implementing the Share Consolidation. In addition, the Tender Offerors believe that, if a minimum number of Shares to be purchased in the Tender Offer were set to the number equivalent to so-called "Majority of Minority", that would make a successful completion of the Tender Offer uncertain, and, as a result, would not contribute to the interests of minority shareholders of the Target Company who wish to tender their shares in the Tender Offer.
Since the Tender Offerors will conduct the Tender Offer to make the Tender Offerors the only shareholders of the Target Company, if the Tender Offer is completed but the Tender Offerors do not acquire all of the Target Company Shares (excluding the Target Company Shares owned by SECOM and the treasury shares owned by the Target Company) through the Tender Offer, the Tender Offerors will require the Target Company to implement a series of procedures to make the Tender Offerors the only shareholders of the Target Company (the "Squeeze-Out Procedures") as described in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)" below. Furthermore, since the Tender Offer aims for the ratio of voting rights pertaining to the Target Company Shares held by SECOM and IS Frontier Partners to be 75% and 25%, respectively (for the process leading to determination of making the ratio of voting rights of each SECOM and IS Frontier Partners be such percentage, see "(A) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer" of "(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer"), if the Tender Offerors fail to achieve such ratio of voting rights by the Squeeze-Out Procedures, they plan to adjust the ratio of voting rights pertaining to the Target Company Shares held by them. For an outline of the process of such adjustment, see "(4) Policy for organizational

restructuring after the Tender Offer (matters relating to two-step acquisition)" below.
As stated above, a special resolution at a shareholders' meeting as stipulated in Article 309, Paragraph 2 of the Companies Act is required for implementing the Share Consolidation, and the number of voting rights corresponding to the Target Company Shares held by SECOM as of today (10,316,800 shares) (ownership ratio: 71.66%) exceeds two-thirds of the total number of voting rights of all shareholders of the Target Company: therefore, it is possible to implement the procedures regarding the Share Consolidation, without the Tender Offer. However, in the case of the Share Consolidation, the terms and conditions will be represented as a ratio of the consolidation of shares and that will not necessarily be clear for minority shareholders. On the other hand, in the cases of the Tender Offer, the terms and conditions will be represented as a purchase price per the Target Company Share, which minority shareholders easily examine. In addition, since the Tender Offer will provide minority shareholders with an opportunity to examine the rationality of the Transaction taking into consideration the opinion of the Target Company (whether or not it supports the Tender Offer and recommends its shareholders to tender their shares), which the Target Company is obliged to express, it would be more desirable from the view of protecting the interests of minority shareholders. Thus, the Tender Offerors determined to conduct the Tender Offer prior to the Squeeze-Out Procedures.

With respect to the method of purchase of the Tendered Shares by each of the Tender Offerors, (i) SECOM will purchase up to 480,941 shares (ownership ratio: 3.34%) of the total number of Tendered Shares and IS Frontier Partners will purchase the remaining Tendered Shares; provided that (ii) if the total number of the Tendered Shares is less than 480,941 (ownership ratio: 3.34%), SECOM will purchase all of the Tendered Shares.

As of today, the Target Company Shares are listed on the Standard Market of the Tokyo Stock Exchange. However, as described in "(5) Possibility of, and reasons for, delisting" below, depending on the results of the Tender Offer, the Target Company Shares may be delisted after performing the prescribed procedures, and if, after the completion of the Tender Offer, the procedures described in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)" below are to be implemented, the Target Company Shares will be delisted after the performance of such procedures.

According to "Notice Regarding Expression of Opinion in Favor of, and Recommendation to Tender in, Tender Offer by SECOM CO., LTD, a parent company, and IS Frontier Partners Co., Ltd., a subsidiary of ITOCHU Corporation, for Share of the Company." dated September 5, 2024, (the "Target Company Press Release"), at a meeting of the board of directors of the Target Company held today, the Target Company resolved to express its opinion at that time in support of the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer. For the details of the abovementioned resolution at the relevant meeting of the board of directors of the Target Company, see the Target Company Press Release and "(VI) Approval of all of directors of the Target Company without conflicts of interest and opinion of non-objection of all of audit & supervisory board members of the Target Company without conflicts of interest" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below.

(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer

(A) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer

SECOM was established as Nihon Keibi Hosho Co., Ltd. ("Nihon Keibi Hosho") in July 1962, and it carried out an absorption-type merger with SP Alarm Systems Corporation formally as the surviving company, in December 1972 to change the nominal value of its shares (Note 2), was thereafter listed on the Second Section of the Tokyo Stock Exchange in June 1974, was designated on the First Section of the Tokyo Stock Exchange in May 1978, changed its trade name to the current one in December 1983, and was listed on the First Section of Osaka Securities Exchange, Co., Ltd. (the "Former Osaka Stock Exchange") in June 1986. In addition, by the merger of the spot market of the Former Osaka Stock Exchange with the Tokyo Stock Exchange in July 2013, SECOM became listed on only the First Section of the Tokyo Stock Exchange. Then, due to the shift to a new market segment of the Tokyo Stock Exchange in April 2022, SECOM became, and currently remains, listed on the Prime Market of the Tokyo Stock Exchange.
(Note 2) This absorption-type merger was implemented to change the nominal value of the shares

of Nihon Keibi Hosho, and the substantial surviving company was Nihon Keibi Hosho.

SECOM group (the "SECOM Group") is comprised of SECOM, 151 consolidated subsidiaries, and 17 equity-method affiliates (as of March 31, 2024). Since its foundation, SECOM has created innovative services and systems with its objective to deliver safety and peace of mind, as well as to make life more comfortable and convenient under its corporate philosophy "contributing to society through our business activities," and SECOM also promotes the construction of "the Social System Industry" in which it integrates and combines its services and systems and provides them as a new social system.
Currently, SECOM Group conducts the businesses such as security services business focusing on security contract services, fire protection services business focusing on comprehensive disaster prevention services, medical services business focusing on managing home medical care and retirement homes (Note 3), insurance services business focusing on non-life insurance, geospatial information services business (Note 4) focusing on surveying and measurement business, and BPO (Note 5) and ICT (Note 6) services business (Note 7) focusing on information security, large-scale disaster prevention, data centers, and BPO operations.

(Note 3) "Retirement home" collectively refers to private nursing home care managed by the SECOM Group.

(Note 4) "Geospatial information service business" means the business to provide high-quality information service through collection of geospatial information, manipulation, processing, and analysis thereof, and ICT technology.

(Note 5) "BPO (Business Process Outsourcing)" means outsourcing part of operating processes (from planning, and designing to implementing).

(Note 6) "ICT" means information and communication technology.

(Note 7) "BPO and ICT services business" collectively means BPO (Business Process Outsourcing) businesses in respect of information security services, large-scale disaster prevention, cloud services, data center services, call center operations, and general back office operations.

Of the above businesses, in the geospatial information services business, the Target Company gathers geospatial information by surveying and measuring lands and space by aircraft, vehicles and satellites, manipulates, processes, and analyzes such information, and provides the geospatial information service to public institutions such as national or local governments, private enterprises, and to governmental authorities of other countries.
The Target Company has been a consolidated subsidiary of SECOM since SECOM subscribed for 51,195,000 shares (then-current ownership ratio (Note 8): 67.49%) by way of third-party allotment from the Target Company in August 1999. SECOM additionally acquired 543,000 shares of the Target Company Shares in January 2001, and 1,346,000 shares of the Target Company Shares in February 2001, and then, sold 1,500,000 shares of the Target Company Shares in March 2006; as a result, the number of Target Company Shares held by SECOM became 51,584,000 (then-current ownership ratio: 69.85%). Subsequently, in October 2018, the Target Company conducted a share consolidation to consolidate 5 shares into 1 share. Accordingly, SECOM owns 10,316,800 shares (ownership ratio: 71.66%) of the Target Company Shares.

(Note 8) "Then-current ownership ratio" means the ratio (expressed as a percentage rounded to two decimal places) of the number of shares owned to the total number of issued shares of the Target Company (including the treasury shares) at that time.

ITOCHU, which is the parent company of IS Frontier Partners, started from linen trading operations by Chubei Itoh I, a founder of ITOCHU, in 1858. ITOCHU expanded its businesses particularly focusing on the textile industry. Subsequently, ITOCHU engaged in the comprehensive businesses, and in July 1950 listed its shares on the Former Osaka Stock Exchange and on the Tokyo Stock Exchange. By the merger of the spot market of the Former Osaka Stock Exchange with the Tokyo Stock Exchange in July 2013, ITOCHU became listed only on the First Section of Tokyo Stock Exchange. Then, due to the shift to a new market segment of the Tokyo Stock Exchange in April 2022, ITOCHU is currently listed on the Prime Market of the Tokyo Stock Exchange.
ITOCHU group (the "ITOCHU Group") is comprised of ITOCHU, 189 consolidated subsidiaries and 75 affiliates (as of June 30, 2024); and through its domestic and overseas networks, each of the eight Companies (Note 9), namely, the Textile Company, the Machinery Company, the Metals & Minerals Company, the Energy & Chemicals Company, the Food Company, the General Products & Realty Company, the ICT & Financial Business Company and The 8th Company (Note 10), respectively

undertake diversified businesses in areas that include everything from raw materials, etc. (upstream) to consumer business, etc. (downstream), in order to provide various products and services supporting people's lives.

(Note 9) A "Company" refers to a business division within ITOCHU that is deemed to be one highly independent unit. By delegating management resources and authority to each Company, the Companies take responsibility for prompt and flexible management and develop businesses that meet the needs of their respective fields.

(Note 10) The 8th Company accelerates initiatives in different industries and across the boundaries of Companies and, creates new businesses and develops new customers from a market-oriented perspective to meet market and consumer needs by collaboration with the seven other Companies and fully leveraging various business platforms particularly in the consumer sector which is an area of strength of ITOCHU.

Through a reorganization conducted in 2016, ITOCHU established the ICT & Financial Business Company, which consists of two divisions, the "ICT Division" and the "Financial & Insurance Business Division," and engages in businesses focusing on service fields such as ICT, BPO and FinTech. The ICT Division involves businesses such as IT services, communications and mobile, space/satellite and media, BPO, and healthcare businesses. The IT services business comprehensively supports customers with digitalization and digital transformation (DX) (Note 11) in a wide range of fields including data utilization, internet-related services and venture capital businesses, focusing mainly on IT solutions business. In the space/satellite business, the ICT Division focuses on the field of earth observation, in addition to the existing business focusing on the communication satellite services, due to the diversification of data that can be obtained from satellites with the development of technology, including downsizing of satellites and reduction of launch costs. In addition, the geospatial data to be obtained from earth observation can be utilized for the efficiency of the business operation and DX for customers and collaboration with the DX business will realize consistent provision of services from data acquisition to data processing and analysis. By collaboration with DX, ITOCHU aims to further expand its sources of revenue.

(Note 11) "DX" (digital transformation) refers to utilizing data and digital technology for generation of new business model and reformation of existing business.

IS Frontier Partners was incorporated on July 24, 2024, mainly for the purpose of acquiring and owning the Target Company Shares and ITOCHU owns all of its issued shares.

According to the Target Company Press Release, the Target Company was founded in October 1953, as Pacific Airborne Surveying Co., Ltd., engaging mainly in the business of aerial photography necessary for mapping to facilitate post-World War II reconstruction. The Target Company changed its corporate name to Pacific Kogyo Co., Ltd. in August 1962 and then to PASCO Corporation in October 1983 and has been expanding its business. The Target Company was listed on the second section of the Tokyo Stock Exchange in December 1962. In February 1974, the Target Company became the first surveying company to list its shares on the first section of the Tokyo Stock Exchange. Subsequently, in April 2022, along with the reclassification of the market segments of Tokyo Stock Exchange, the Target Company was transitioned to the Standard Market of Tokyo Stock Exchange.
As of today, the Target Company constitutes a corporate group (the "Target Company Group") consisting of the Target Company, 8 consolidated subsidiaries and 1 equity-method affiliated company and the Target Company Group solely engages in geospatial information service business, which is composed of the Domestic Business Division and Overseas Business Division.
Of the Domestic Business Division, the Domestic Public Business Sector, whose customers are national and local governments, provides solutions to promote efficiency of administrative services and improvement of resident services, as well as aerophotography and mapping. It also provides other services such as initiatives contributing to improvement of financial soundness of local governments and regional revitalization, disaster and environmental monitoring services using the photography data from satellites and aircraft. The Domestic Private Business Sector, another sector of the Domestic Business Division, customers of which are private companies in various industries such as the distribution business, manufacturing business and financial business, provides services in the area-marketing field to support business management by trade area analysis, etc., and in the logistics field to support delivery planning and mobility management. It also provides support services for initial responses to disasters and establishment of BCP (Note 12). The Overseas Business Division provides mapping and consultation services necessary for the maintenance of national geographic data and improvement of social infrastructure, mainly in the ASEAN region, developing countries

and emerging countries.
(Note 12) BCP means business continuity plan.

The management policy of Target Company Group is: “To be the World’s Leading Geospatial provider, we always generate change through innovative thinking and actions.” The Target Company aims not only to capture earth-related data by surveying and measuring technology, but also to build a future society in harmony with nature by integrating all kinds of “measurements” into geospatial information under its management philosophy ((i) to contribute to establishing a safe and prosperous social system through the geospatial information service, (ii) to respect compliance and social ethics and pursue righteousness at all times against the benchmark of being socially fair, and (iii) to provide optimal geospatial information with pride in customers’ trust in mind) and its management vision “Surveying the Earth to Create the Future -For Harmony of Human and Nature” established in 2017. On August 7, 2023, the Target Company established its “PASCO Group Medium-Term Management Plan 2023-2025” (the “PASCO Mid-Term Plan”). According to the PASCO Mid-Term Plan, the Target Company has been striving to achieve sustainable growth of the Target Company Group and to enhance its corporate value over the medium- to long-term by executing the management strategies described in the PASCO Mid-Term Plan. In the PASCO Mid-Term Plan, the Target Company has set the basic policy; “prioritizing the transformation to truly trusted corporate management, build the foundation of new market strategies by leveraging geospatial information.” Keeping that in mind, the Target Company formulated a tagline “triple SHINKA” to achieve an expansion and growth of the geospatial business; (i) “SHINKA” (deepening) to expand existing businesses and improve its efficiency and quality, (ii) “SHINKA” (expansion) to reinforce continuing contract type services while expanding the market and (iii) “SHINKA” (innovation) to continuously work to establish new business and to create innovative products and services. The details of “triple SHINKA” is as follows.

(I) “SHINKA” (deepening): renovation and strengthening of existing businesses
- (i) Introduce an innovative technology and process to existing businesses (entrusted businesses) and improve efficiency and quality as well as maintaining high-quality technical capability and expanding business areas.
- (ii) Specifically, the Target Company assumes the field of DX and digitalization of administration through management of roads and bridges, valuation of fixed assets, maintenance of water supply and sewerage, community development, river management, disaster prevention and reduction, tree conservation, agriculture, port services, environmental research, control of wind power generation, cultural properties, etc.

(II) “SHINKA” (expansion): expansion of sustainable business by continuing contract type services.
- (i) Reinforce continuing contract type services as well as expanding new market areas in which the Target Company can demonstrate its presence.
- (ii) Specifically, the Target Company assumes the field of solution provision and sale of geospatial information, including services with administrative agencies, area marketing, cloud services for logistics and real estate industries, smart forests (Note 13), IoT (Note 14) remote monitoring (Note 15), three-dimensional visualization (Note 16), value-added satellite service (Note 17), etc.

  (Note 13) “Smart forest” means a method for the management of forests by the latest technology with aim to monitor forest health and influence on the environment by utilizing sensors and networks and realize sustainable forest management.
  (Note 14) “IoT” is short for Internet of Things and refers to the network of physical devices.
  (Note 15) “IoT remote monitoring” means real-time monitoring and management of data of equipment and sensors through the internet.
  (Note 16) “Three-dimensional visualization” refers to the technology to express an object or space in three dimensions, by which the data of such object or space is converted and visualized in 3D format on computers.
  (Note 17) “Value-added satellite service” refers to the service to collect and analyze the geospatial information obtained from satellites and provide support for addressing social issues.

(III) “SHINKA” (innovation): Creation of new businesses by utilizing diversity.
- (i) Continuously conduct activities to create new businesses and invent innovative products and

services by integrating diverse human resources and organizations that are not fixed on ordinary inspiration.

(ii) Specifically, the Target Company assumes new fields including virtual space (metaverse) (Note 18), mobility (drone, automatic operation) and platform business.

(Note 18) "Metaverse" means a digital space constructed by virtual reality technology and augmented reality technology.

SECOM considered that, while the Target Company has grown, developed its technology and built up its reliability by focusing on the Public Business Sector, it would be important for the Target Company to aim to expand the size of its business and improve its corporate value both in the Public Business Sector and the Private Business Sector by taking advantage of demands not only of the Public Business Sector but also the Private Business Sector, where the markets are still expected to grow, in order to continue to grow sustainably regardless of the budgets of the government, since the Public Business Sector is affected by the policies and budgets of the government.
Under such circumstances, ITOCHU considered that, the geospatial information handled by the Target Company had become more sophisticated with development in technology, and it would be expandable to private and oversea sectors, therefore, it would be beneficial to pursue synergies by collaborating with DX business and the space and satellite business. As a result, in the beginning of October 2022, ITOCHU proposed to the Target Company to consider a business alliance and commenced the negotiations thereon with the Target Company.
On the other hand, ITOCHU thought that, even if ITOCHU and the Target Company begun the business alliance, the benefit from the improvement of corporate value of the Target Company would be attributable only to shareholders of the Target Company as long as such business alliance does not involve capital relationship, and thus it would be difficult for ITOCHU to find certain economic rationality to put substantial management resources into the Target Company, and expected that sufficient cooperation would be difficult. Consequently, ITOCHU considered it would not be the best option also in light of improvement of the corporate value of the Target Company and, therefore, in the beginning of March 2023, proposed its equity participation in the Target Company to SECOM.
In response to this, SECOM discussed ITOCHU's equity participation and, in the middle of November 2023, SECOM concluded that the Target Company and SECOM has contemplated to strengthen the competitiveness through, among others, exchange of management information, human resource exchange and financial support under the business cooperation relationship but it would be beneficial for SECOM to pursue further synergies by cooperating and working jointly with ITOCHU, which has extensive customer channels and strength in overseas strategies, after privatization of the Target Company, in order to promote initiatives to further improve the corporate value of the Target Company. At the same time, the business of the Target Company plays an important part of "the Social System Industry" that SECOM has promoted building up, and it is regarded as a business that can be the basis of other businesses operated by SECOM Group. Therefore, on the assumption that the ratio of voting rights pertaining to the Target Company Shares held by SECOM will have to be increased from the current ratio to a certain extent, as a result of discussions between ITOCHU and SECOM, in the middle of November 2023, they reached an agreement to set a policy to make the ratio of voting rights pertaining to the Target Company Shares held by SECOM and IS Frontier Partners 75% and 25% respectively after the privatization of the Target Company. SECOM and ITOCHU expect that the Transaction will specifically generate the following synergies in the business operation of the Target Company. SECOM and ITOCHU also examined the Transaction from the viewpoint of the influence on the Target Company's major business partners and contractors, brand name and credits, financing, recruiting and existing employees and governance systems, through the due-diligence of the Target Company, and concluded that the Transaction would not cause disadvantage that would materially affect the business of the Target Company.

(I) Strengthening of existing businesses

As a major general trading company with about 90 bases in 61 countries worldwide (as of June 30, 2024), ITOCHU is engaged in domestic trade, import/export and tri-nation trade in various areas including textile, machinery, metals and minerals, energy and chemicals, food, general products and realty, and ICT and finance, as well as a wide range of businesses including business investments both in Japan and overseas. Among them, ITOCHU is actively engaged in initiatives regarding space and satellite business and DX business, and can provide opportunities for collaboration to expand the Target Company's existing businesses, such as disaster and environmental monitoring services and trade area analysis services, and accordingly SECOM and ITOCHU believe that ITOCHU can be an optimal partner. Also, given the ITOCHU's strengths in the areas of the consumer-related businesses centered on the Textile Company, the Food Company, the General Products & Realty Company, the ICT & Financial Business Company and The 8th Company, SECOM and ITOCHU believe that, through providing goods and services owned by the Target Company to the relevant consumer-related businesses, the Target Company can develop its business by leveraging ITOCHU's contacts with consumers and can maximize synergies from the alliance between both companies

(II) Support for development and sales of new initiatives and solutions

ITOCHU's DX business has a record of following achievements; alliance with investee companies and collaboration partners that are considered to be leaders in the ICT field, including ITOCHU Techno-Solutions Corporation, a major system integrator; provision of services based on extensive customer contacts by BELLSYSTEM24, Inc., a major player in the BPO industry; and collaboration with startup companies that are considered to be influential both in Japan and overseas. The strength of ITOCHU's DX business lies in its ability to meet a wide range of needs from upstream to downstream as a partner to its clients. SECOM and ITOCHU believe that it is possible to support the development of new solutions by utilizing the Target Company's geospatial information, through the use of ITOCHU's development structures and sales networks in the ICT field and ITOCHU's experience of service provision and collaborations and that such solutions can be provided to the customers of the Target Company and ITOCHU Group.

(III) Maximization of the Target Company's interests by avoiding conflicts of interest

The Target Company has been required to take careful measures to maintain its independence as a listed company due to the existence of structural conflicts of interest between SECOM, its parent company, and minority shareholders of the Target Company, and there have been certain restrictions on active investment of management resources by SECOM and the utilization of management base of SECOM. However, SECOM and ITOCHU believe that, by making the Tender Offerors the only shareholders of the Target Company through the Transactions, the Target Company will be able to conduct more flexible and prompt decision making, and it will become possible for the Target Company to consider and implement the growth strategies from a medium- to long-term perspective, including active investment of management resources by SECOM.

With the above stated background, purpose, and expected synergy effects in mind, in late November 2023, SECOM and ITOCHU jointly appointed SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as a financial advisor independent of the Tender Offerors and ITOCHU, as well as the Target Company, and SECOM appointed Nagashima Ohno & Tsunematsu as a legal advisor independent of the Tender Offerors and ITOCHU, as well as the Target Company and EY Strategy and Consulting Co., Ltd. ("EY") as a third-party valuation organization independent of the Tender Offerors and ITOCHU, as well as the Target Company, and ITOCHU appointed Nishimura & Asahi (Gaikokuho Kyodo Jigyo) as a legal advisor independent of the Tender Offerors and ITOCU, as well as the Target Company and KPMG FAS ("KPMG") as a third-party valuation organization independent of the Tender Offerors and ITOCHU, as well as the Target Company, respectively, and SECOM and ITOCHU started specific discussions regarding the Transactions, and on December 8, 2023, SECOM and ITOCHU submitted a joint proposal to the Target Company, proposing to the Target Company that SECOM and ITOCHU or the companies of the ITOCHU Group other than ITOCHU be the only shareholders of the Target Company.

In response, the Target Company informed SECOM that it had received the proposal and that it would consider the necessary procedures, including the selection of advisors on December 8, 2023, and appointed NAKAMURA, TSUNODA & MATSUMOTO as a legal advisor independent of the Tender Offerors and ITOCHU, as well as the Target Company in late December 2023 and appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and a third-party valuation organization independent of the Tender Offerors and ITOCHU, as well as the Target Company in late December 2023, respectively, in order to ensure the fairness of the tender offer price for the Tender Offer (the "Tender Offer Price") and the fairness in other aspects of the Transactions. At the same time, the Target Company requested Nomura Securities to evaluate the share value of the Target Company Shares.

In addition, given that the Target Company is a consolidated subsidiary of SECOM and there are issues such as structural conflicts of interest between SECOM and the shareholders of the Target Company other than SECOM, the Target Company established the Special Committee (as defined in "(i) Process of establishment of the Special Committee, etc." of "(II) Establishment by the Target Company of an independent Special Committee and obtainment of the report from the Special Committee" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below; the same applies hereinafter) to consider the proposed Transactions on December 22, 2023 in order to address these issues and ensure the fairness of the Transactions, as described in "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below.

Subsequently, since the Target Company communicated its decision to accept the due diligence by SECOM and ITOCHU on December 22, 2023, SECOM and ITOCHU conducted due diligence on the Target Company during the period from late January 2024 to early April 2024 to examine the feasibility of the Transactions, and, in conjunction with the Target Company's announcement of the "Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] (Consolidated)" on May 9, 2024, conducted an additional due diligence during the period from early May 2024 to late May 2024, and in parallel therewith, considered the significance and purpose of the Transactions and the synergies expected to be realized through the Transactions.

As a result of such consideration, SECOM and ITOCHU reached the conclusion that the above synergies could be realized by deepening cooperation with the Target Company, and therefore, on August 7, 2024, submitted a written price proposal (the "First Proposal") to the Target Company that the Tender Offer Price shall be 1,900 yen (constituting a premium of 27.95 % (rounded to the second decimal place; the same applies for each calculation of the premium) over JPY 1,485, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 6, 2024, the business day immediately preceding the proposal implementation date, 4.17 % over JPY 1,824 (rounded to the nearest whole number; the same applies for each calculation of simple average of closing prices), which was the simple average of closing prices for the latest one-month period until the same day, 3.54 % over JPY 1,835, which was the simple average of closing prices for the latest three-month period until the same day, and 2.21% over JPY1,859, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 8, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the First Proposal on the grounds that the Tender Offer Price was not at a price level that would be satisfactory to minority shareholders of the Target Company, who expect the Transactions to enhance the corporate value of the Target Company and increase the share price in the future, and was below the price level reflecting the Target Company's intrinsic value, and, as such, the Target Company concluded that the Tender Offer Price was not at a price level at which the Target Company could recommend, even initially, to shareholders that they tender their shares. In response to this, on August 13, 2024, SECOM and ITOCHU submitted a written price proposal (the "Second Proposal") to the Target Company that the Tender Offer Price shall be 2,030 yen (constituting a premium of 24.46 % over JPY 1,631, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 9, 2024, the business day immediately preceding the proposal implementation date, 13.09 % over JPY 1,795, which was the simple average of closing prices for the latest one-month period until the same day, 11.72 % over JPY 1,817, which was the simple average of closing prices for the latest three-month period until the same day, and 9.55% over JPY1,853, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 16, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Second Proposal on the grounds that the Tender Offer Price was not at a price level that would be satisfactory to minority shareholders of the Target Company, who expect the Transactions to enhance the corporate value of the Target Company and increase the share price in the future, and was below the price level reflecting the Target Company's intrinsic value, and, as such, the Target Company concluded that the Tender Offer Price was still not at a price level at which the Target Company could recommend to shareholders that they tender their shares. Furthermore, on August 22, 2024, the Target Company and the Special Committee provided a supplemental explanation to the effect that the Target Company has previously expressed to its shareholders in the briefing material on the financial results, etc., that it aimed to achieve a PBR of 1.0x or more through the implementation of the PASCO Mid-Term Plan, and that the Target Company and the Special Committee assumed that the net assets at the end of the current fiscal year, which is near the completion date of the Transactions, would be the basis of the PBR. In response to this, on August 26, 2024, SECOM and ITOCHU submitted a written price proposal anew (the "Third Proposal") to the Target Company that the Tender Offer Price shall be 2,075 yen (constituting a premium of 28.64% over JPY 1,613, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 23, 2024, the business day immediately preceding the proposal implementation date, 23.73% over JPY 1,677, which was the simple average of closing prices for the latest one-month period until the same day, 17.10% over JPY 1,772, which was the simple average of closing prices for the latest three-month period until the same day, and 13.08% over JPY 1,835, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 26, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Third Proposal on the grounds that the Target Company and the Special Committee concluded that the Tender Offer Price proposed in the Third Proposal was still not at a price level that the Target Company and the Special Committee would recommend to the Target Company's minority shareholders to tender their shares, in light of the trends in the Target Company's share price and the premium level, the Target Company's intrinsic value, as well as the opinion of the Target Company and the Special committee with respect to the net assets per share of the Target Company (i.e., the Target Company and the Special Committee assumed that the net assets at the end of the current fiscal year, which is near the completion date of the Transactions, would be the basis of the PBR). Furthermore, on August 27, 2024, the Target Company and the Special Committee provided a supplemental explanation anew to the effect that the Target Company and the Special Committee prioritized the level of PBR of 1.0x and the price level of net assets per share. In response to this, on August 28, 2024, SECOM and ITOCHU submitted a written price proposal (the "Fourth Proposal") to the Target Company that the Tender Offer Price shall be 2,095 yen (constituting a premium of 25.37% over JPY 1,671, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 27, 2024, the business day immediately preceding the proposal implementation date, 27.12% over JPY 1,648, which was the simple average of closing prices for the latest one-month period until the same day, 18.63% over JPY 1,766, which was the simple average of closing prices for the latest three-month period until the same day, and 14.42% over JPY1,831, which was the simple average of closing prices for the latest six-month period until the same day), but on August 28, 2024, Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Fourth Proposal on the grounds that the Target Company and the Special Committee concluded that the Tender Offer Price proposed in the Fourth Proposal was still not at a price level that the Target Company and the Special Committee would recommend to the Target Company's minority shareholders to tender their shares. Accordingly, on September 2, 2024, SECOM and ITOCHU submitted a final written price proposal (the "Final Proposal") to the Target Company that the Tender Offer Price shall be 2,140 yen (constituting a premium of 25.07% over JPY 1,711, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 30, 2024, the business day immediately preceding the proposal implementation date, 30.65% over JPY 1,638, which was the simple average of closing prices for the latest one-month period until the same day, 21.66% over JPY 1,759, which was the simple average of closing prices for the latest three-month period until the same day, and 17.20% over JPY 1,826, which was the simple average of closing prices for the latest six-month period until the same day). Thereafter, on September 2, 2024, the Target Company and the Special Committee communicated their acceptance of the Tender Offer Price of 2,140 yen, and indicated that the Target Company intends to approve the Transactions and recommend that the shareholders of the Target Company tender their shares in the Tender Offer for the Transactions, assuming that the tender offer price is such Tender Offer Price.

After the above discussions and negotiations, SECOM and ITOCHU and the Target Company agreed to set the Tender Offer Price at JPY 2,140. Therefore, SECOM and ITOCHU have entered into the Joint Tender Offer Agreement as of today (for details of the Joint Tender Offer Agreement, see "(A) Joint Tender Offer Agreement" of "(6) Matters concerning material agreements regarding the Tender Offer" below), and respectively determined to implement the Tender Offer as part of the Transactions, and, as of today, IS Frontier Partners has determined to implement, jointly with SECOM, the Tender Offer.

(B) Process of, and reasons for, the decision making by the Target Company in support of the Tender Offer

(I) Background of the Establishment of the Structure for Consideration

According to the Target Company Press Release, as described above in "(A) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer," the Target Company received a joint proposal that SECOM and ITOCHU or the companies of the ITOCHU Group other than ITOCHU be the only shareholders of the Target Company from SECOM and ITOCHU on December 8, 2023. In response, in order to ensure the fairness of the Tender Offer Price and the fairness in other aspects of the Transactions, the Target Company appointed NAKAMURA, TSUNODA & MATSUMOTO as a legal advisor independent of the Tender Offerors and ITOCHU, as well as the Target Company in late December 2023, and Nomura Securities as a financial advisor and a third-party valuation organization independent of the Tender Offerors and ITOCHU, as well as the Target Company in late December 2023. At the same time, the Target Company requested Nomura Securities to calculate the share value of the Target Company Shares.

In addition, given that the Target Company is a consolidated subsidiary of SECOM and there are issues such as structural conflicts of interests between SECOM and the shareholders of the Target Company other than SECOM the Target Company established the Special Committee to consider the proposed Transactions on December 22, 2023 in order to address these issues and ensure the fairness of the Transactions, as described in "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below. For the members of the Special Committee and other specific advisory matters, see "(II) Establishment by the Target Company of an independent Special Committee and obtainment of the report from the Special Committee" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below.

Furthermore, as described in "(V) Establishment by the Target Company of an independent structure for consideration" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below, the Target Company established within itself a system to review, negotiate and make decisions about the Transactions (including the scope and duties of the Target Company's officers and employees involved in the consideration, negotiation and decision regarding the Transactions) independently from the Tender Offerors and ITOCHU, and the Special Committee confirmed that there was no problem from the viewpoint of independence and fairness of such system.

(II) Details of Consideration and Negotiations

After establishing the structure for consideration as described in "(I) Background of the Establishment of the Structure for Consideration" above, the Target Company examined the appropriateness of the Transactions through multiple discussions and negotiations with SECOM and ITOCHU while receiving advices from NAKAMURA, TSUNODA & MATSUMOTO and Nomura Securities and taking into account the overview of the Tender Offer, including the purpose of the Transactions, the impact of the Transactions on the Target Company, the management policy after the Transactions and the current trend of the share price. In the process of discussions and negotiations below, from time to time, the Target Company made reports to the Special Committee and handled the issues based on the handling policy confirmed by the Special Committee beforehand, and opinions, advice and requests, etc., from the Special Committee in the material stages of the negotiations.

Specifically, after receiving the initial proposal from SECOM and ITOCHU on December 8, 2023, the Target Company confirmed and examined the details of the proposal from SECOM and ITOCHU, and the Target Company, communicated its decision to accept the due diligence by SECOM and ITOCHU on December 22, 2023. Subsequently, the Target Company accepted the due diligence by SECOM and ITOCHU from late January 2024 to early April 2024, and continued discussions and negotiations with SECOM and ITOCHU. Specifically, on August 7, 2024, the Target Company received the First Proposal from SECOM and ITOCHU that the Tender Offer Price shall be 1,900 yen (constituting a premium of 27.95 % over JPY 1,485, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 6, 2024, the business day immediately preceding the proposal implementation date, 4.17 % over JPY 1,824, which was the simple average of closing prices for the latest one-month period until the same day, 3.54 % over JPY 1,835, which was the simple average of closing prices for the latest three-month period until the same day, and 2.21% over JPY1,859, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 8, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the First Proposal on the grounds that the Tender Offer Price was not at a price level that would be satisfactory to minority shareholders of the Target Company, who expect the Transactions to enhance the corporate value of the Target Company and increase the share price in the future, and was below the price level reflecting the Target Company's intrinsic value, and, as such, the Target Company concluded that the Tender Offer Price was not at a price level at which the Target Company could recommend, even initially, to shareholders that they tender their shares. In response to this, on August 13, 2024, the Target Company received the Second Proposal from SECOM and ITOCHU that the Tender Offer Price shall be 2,030 yen (constituting a premium of 24.46 % over JPY 1,631, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 9, 2024, the business day immediately preceding the proposal implementation date, 13.09 % over JPY 1,795, which was the simple average of closing prices for the latest one-month period until the same day, 11.72 % over JPY 1,817, which was the simple average of closing prices for the latest three-month period until the same day, and 9.55% over JPY1,853, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 16, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Second Proposal on the grounds that the Tender Offer Price was not at a price level that would be satisfactory to minority shareholders of the Target Company, who expect the Transactions to enhance the corporate value of the Target Company and increase the share price in the future, and was below the price level reflecting the Target Company's intrinsic value, and, as such, the Target Company concluded that the Tender Offer Price was still not at a price level at which the Target Company could recommend to shareholders that they tender their shares. Furthermore, on August 22, 2024, the Target Company and the Special Committee provided a supplemental explanation to the effect that the Target Company has previously expressed to its shareholders in the briefing material on the financial results, etc., that it aimed to achieve a PBR of 1.0x or more through the implementation of the PASCO Mid-Term Plan, and that the Target Company and the Special Committee assumed that the net assets at the end of the current fiscal year, which is near the completion date of the Transactions, would be the basis of the PBR. In response to this, on August 26, 2024, the Target Company received the Third Proposal from SECOM and ITOCHU that the Tender Offer Price shall be 2,075 yen (constituting a premium of 28.64% over JPY 1,613, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 23, 2024, the business day immediately preceding the proposal implementation date, 23.73% over JPY 1,677, which was the simple average of closing prices for the latest one-month period until the same day, 17.10% over JPY 1,772, which was the simple average of closing prices for the latest three-month period until the same day, and 13.08% over JPY 1,835, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 26, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Third Proposal on the grounds that the Target Company and the Special Committee concluded that the Tender Offer Price proposed in the Third Proposal was still not at a price level that the Target Company and the Special Committee would recommend to the Target Company's minority shareholders to tender their shares, in light of the trends in the Target Company's share price and the premium level, the Target Company's intrinsic value, as well as the opinion of the Target Company and the Special committee with respect to the net assets per share of the Target Company (i.e., the Target Company and the Special Committee assumed that the net assets at the end of the current fiscal year, which is near the completion date of the Transactions, would be the basis of the PBR). Furthermore, on August 27, 2024, the Target Company and the Special Committee provided a supplemental explanation anew to the effect that the Target Company and the Special Committee prioritized the level of PBR of 1.0x and the price level of net assets per share. In response to this, on August 28, 2024, the Target Company received the Fourth Proposal from SECOM and ITOCHU anew that the Tender Offer Price shall be 2,095 yen (constituting a premium of 25.37% over JPY 1,671, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 27, 2024, the business day immediately preceding the proposal implementation date, 27.12% over JPY 1,648, which was the simple average of closing prices for the latest one-month period until the same day, 18.63% over JPY 1,766, which was the simple average of closing prices for the latest three-month period until the same day, and

14.42% over JPY1,831, which was the simple average of closing prices for the latest six-month period until the same day), but on August 28, 2024, Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Fourth Proposal on the grounds that the Target Company and the Special Committee concluded that the Tender Offer Price proposed in the Fourth Proposal was still not at a price level that the Target Company and the Special Committee would recommend to the Target Company's minority shareholders to tender their shares. Thereafter, on September 2, 2024, Target Company received the Final Proposal from SECOM and ITOCHU that the Tender Offer Price shall be 2,140 yen (constituting a premium of 25.07% over JPY 1,711, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 30, 2024, the business day immediately preceding the proposal implementation date, 30.65% over JPY 1,638, which was the simple average of closing prices for the latest one-month period until the same day, 21.66% over JPY 1,759, which was the simple average of closing prices for the latest three-month period until the same day, and 17.20% over JPY 1,826, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on September 2, 2024, the Target Company and the Special Committee communicated to SECOM and ITOCHU their acceptance of the Tender Offer Price of 2,140 yen, and indicated that the Target Company intends to approve the Transactions and recommend that the shareholders of the Target Company tender their shares in the Tender Offer for the Transactions assuming that the tender offer price is such Tender Offer Price. After the above discussions and negotiations, SECOM and ITOCHU and the Target Company agreed to set the Tender Offer Price at JPY 2,140. The Target Company and the Special Committee have had the utmost negotiations, including providing supplemental explanation to the effect that they assumed that the net assets at the end of the current fiscal year, which is near the completion date of the Transactions, would be the basis of the PBR, in light of pursuing a price level with the maximum consideration for the minority shareholders of the Target Company through the negotiations. Since the Tender Offer Price in the Final Proposal (2,140 yen) exceeded the consolidated net assets per share (2,100 yen, rounded to the nearest whole number) as of June 30, 2024, which is the end of the latest quarter period of the Target Company, and that meant the Tender Offer Price reached the price level that is higher than the latest net assets per share of the Target Company, the Target Company and the Special Committee have determined that the Tender Offer Price was at the price level that was recognized as reasonable from the viewpoint of PBR.

Furthermore, the Target Company obtained necessary legal advice from NAKAMURA, TSUNODA & MATSUMOTO on the method and process of decision-making by the board of directors of the Target Company including various procedures regarding the Transactions and other points to be noted. Also, the Target Company received the report dated September 4, 2024 (the "Report") from the Special Committee. (For the summary of the Report and the details of specific activities of the Special Committee, see "(II) Establishment by the Target Company of an independent Special Committee and obtainment of the report from the Special Committee" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below. Based on the foregoing, taking into account the legal advice received from NAKAMURA, TSUNODA & MATSUMOTO and the content of the share valuation reports as of September 5, 2024, obtained from Nomura Securities (the share valuation report obtained from Nomura Securities is hereinafter referred to as the "Nomura Securities Share Valuation Report"), the Target Company has carefully discussed and considered such matters as whether the Transactions would contribute to the improvement of the corporate value of the Target Company and whether the Transactions are conducted through fair procedures so that the interests to be gained by minority shareholders are secured, while respecting the contents of the Report submitted by the Special Committee.

(III) Details of Determination by the Target Company

Based on the above, taking into account the legal advice received from NAKAMURA, TSUNODA & MATSUMOTO, the advice from a financial viewpoint received from Nomura Securities and the content of the Nomura Securities Share Valuation Report regarding the Target Company Shares as of September 5, 2024 obtained from Nomura Securities, at the Target Company's board of directors meeting held today, the Target Company carefully discussed and considered such matters as whether the Transactions would contribute to the improvement of the corporate value of the Target Company and whether the terms and conditions of the Transaction, including the Tender Offer Price, are

appropriate, while respecting to the fullest extent the determination by the Special Committee described in the Report.
As a result, as described below, the Target Company has also reached the conclusion that the privatization of the Target Company by the Tender Offerors through the Transactions will contribute to the improvement of the corporate value of the Target Company.

Under the management policy, the management philosophy, and management vision described in “(A) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer” above, the Target Company Group has been striving to improve its technological capabilities and introduce and commercialize the latest technologies as an aerial survey company since its establishment in 1953, and has always been committed to technological reform with an eye to the future.
Under such circumstances, in May 2018, the Target Company formulated the “Pasco Group FY 18-FY22 Mid-Term Plan” in order to shift its thinking from “What can we do with its technology?” to “What should we do to solve social issues?” and develop the detailed strategy and has been working to change its business strategy and make investments for the future under the theme of “transformation to a profitable structure for sustainable corporate growth.” Subsequently, against the backdrop of the shift to new social patterns due to the influence of the COVID-19 with the first reported cases in December 2019, the growing need for improvement of operational efficiency in the private companies and government agencies with a background of the soaring prices and the depreciation of the yen due to rising resource prices triggered by the invasion of Ukraine that began in February 2022, the growing need for disaster prevention and mitigation measures in the wake of the intensification of natural disasters and the growing need for countermeasures against aging public infrastructure, etc., the operational efficiency and labor saving by utilizing DX including AI, IoT and ICT, has been promoted in any types of organizations including private companies and government agencies for a sustainable society, and the business areas where geospatial information technology can contribute are expanding. Under these circumstances, the Target Company set the basic policy; “prioritizing the transformation to truly trusted corporate management, build the foundation of new market strategies by leveraging geospatial information” in the Pasco Mid-Term Plan announced on August 7, 2023 and strive to achieve an expansion and growth of the geospatial business by formulating a tagline “triple SHINKA”; (i) “SHINKA” (deepening) to expand existing businesses and improve its efficiency and quality, (ii) “SHINKA” (expansion) to reinforce continuing type contract services while expanding the market and (iii) “SHINKA” (innovation) to continuously work to establish new business and to create innovative products and services.
The Target Company’s competitive advantages include: (i) data collection and processing capabilities that are considered to be industry leading in the surveying business; (ii) sales capabilities to local governments with sales branches located in all prefectures in Japan; (iii) technical support capabilities enabled by satellite data rights retention and satellite control technology; and (iv) extensive GIS (Note 19) system development capabilities and implementation achievements in the surveying industry. On the other hand, the Target Company recognizes that (a) responding to changes in the business environment and (b) securing and training human resources are two (2) issues that need to be addressed in order to achieve the Target Company’s further growth in the future. With respect to (a), due to the nature of the Target Company’s business structure, the Target Company’s operating results may be affected by enactments or changes of national and local government policies, laws and regulations, and budget trends for public works projects. With respect to (b), the Target Company’s operating results may be affected by a quantitative or qualitative shortage of human resources due to a declining population or competition with growth industries for recruitment, while it is essential to secure human resources with advanced professional and managerial skills, particularly engineers, for the continuation and growth of the Target Company’s business.
(Note 19) GIS means Geographic Information System and refers to systems and technologies for collecting, managing, analyzing, and displaying geographic location information.

In light of the management environment surrounding the Target Company Group described above, the Target Company has concluded that, by making the Target Company private through the Transactions, the structural conflicts of interest between SECOM and the Target Company’s minority shareholders will be resolved, enabling SECOM and ITOCHU to allocate further management resources to the Target Company Group, and thereby creating the following synergies through the implementation of flexible and steady management measures, which will contribute to further improvement of the Target Company’s corporate value.

(a) Strengthening “Domestic Public Business Sector”

The “Domestic Public Business Sector,” whose customers include national and local governments, is an important business sector, as it accounted for about 90% of consolidated net sales for the fiscal year ended March 31, 2024 and creates and accumulates technologies and know-how that form the basis of the Target Company’s businesses, including private and satellite businesses. While the maintenance and management of social infrastructure in an aging and depopulating society as well as the efforts toward decarbonization are pressing social issues in this sector, the Target Company believes that by collaborating and leveraging the strengths of the Target Company and ITOCHU, it will be possible to provide customers with advanced and wide-ranging services that it would be difficult for the Target Company to provide on its own. In particular, the Target Company believes that it will be possible to demonstrate their strengths in a wide range of businesses, including the comprehensive management of infrastructure through public-private partnerships and renewable energy-related businesses (surveys and planning), in which ITOCHU has an experience, and forestry-related businesses, in which the Target Company has an experience.

(b) Expansion of “Domestic Private Business Sector”

As a major general trading company, ITOCHU has been developing a wide range of businesses with domestic private companies in the fields of textile, machinery, metals and minerals, energy and chemicals, food, general products and realty, and ICT and finance. In the “Domestic Private Business Sector,” the Target Company expects to strengthen, and expand sales of, various solutions and products such as logistics, marketing and real estate, which are the Target Company’s main products for private companies, by utilizing ITOCHU’s business development system and its sales network to domestic private companies in the above range of businesses. In the space-related business, which has been the focus of much attention and expectation in recent years, the Target Company expects to further expand its business through collaboration with ITOCHU, including expansion in the area of satellite data utilization and upgrading of services. In addition, in the satellite business, it is expected to contribute to strengthening the “Domestic Public Business Sector” by providing more sophisticated and diversified services to national and local governments, which are the Target Company’s customers, through the collaboration with ITOCHU.

(c) Development of “Overseas Business Division”

In the “Overseas Business Division,” the Target Company expects to develop its business by expanding sales, mainly in ASEAN, of the Target Company’s “services for Japanese companies,” including the area marketing and system development, “satellite monitoring services,” including resource exploration, land change monitoring and land use monitoring, and “development of the advanced driver-assistance system (ADAS) business” through the overseas network of ITOCHU, which has about 90 bases in 61 countries worldwide (as of June 30, 2024).

(d) Creation of new businesses

ITOCHU has formed a “Group of Digital Businesses” with investee companies and collaboration partners based on the basic concept of “DX starting from business issues.” The Target Company believes that, by leveraging the superior technologies, know-how, data, system development capability and sales network, and the achievements of service provision and collaboration of ITOCHU and the Group of Digital Businesses, it will be possible to create new services and products that make more advanced use of geospatial information, such as smart city-related businesses, geospatial information platform businesses, and the use of AI in geospatial information. Furthermore, the Target Company believes that it will be possible to develop new businesses, such as geospatial information analysis that more faithfully reflects social activities and consumer behavior by combining the Target Company’s geospatial information technology with the consumer contact points of ITOCHU, which has strengths in consumer-related businesses, and expects to generate synergies through collaboration with the Target Company. The Target Company has been cooperating with SECOM to create new businesses in the past, and believes that, after the Transactions, it will be able to create and expand sales of new businesses, including those of ITOCHU, by utilizing the customer base of the SECOM Group. The Target Company also believes that it will be possible to achieve inorganic growth (Note 20) by considering M&A and business collaboration that will contribute to the development and acquisition of new solutions, with utilizing the venture capital network that ITOCHU possesses.

(Note 20) Inorganic growth means discontinuous growth through capital and business alliances with other companies and acquisitions of other companies (M&A), etc.

(e) Execution of medium- to long-term growth strategies and prompt decision-making

Until now, the Target Company, as a listed company, has respected the interests of minority shareholders of the Target Company and has made efforts to secure its independence as the Target Company. Therefore, with respect to the common utilization of SECOM's management resources, there have been concerns regarding the conflicts of interest between SECOM and minority shareholders and the securing of independence. The Target Company believes that, after the Transactions, while avoiding the restrictions due to the conflicts of interest between SECOM and minority shareholders and for securing of independence, it will be possible to improve the medium- to long-term corporate value of the SECOM Group, including the Target Company, through collaboration with SECOM and ITOCHU and efficient use of management resources, which are necessary from the viewpoint of medium- to long-term growth, and the prompt and smooth conduct of active investments.

(f) Reduction of listing maintenance costs and related operational burdens

The delisting of the Target Company Shares is expected to reduce the operational burden associated with maintaining the listing in recent years, including compliance with the Corporate Governance Code, etc., and the costs necessary for maintaining the listing, represented by the costs for continuous disclosure of information such as annual securities reports, audits, operation of general meetings of shareholders and outsourcing of administrative work to the transfer agent. In addition, the Target Company believes that, through the Transactions, it will be able to concentrate its management resources on further business growth.

As disadvantages of the privatization of the Target Company through the Transactions, there could be an impact on business partners and other stakeholders due to a decline in the Target Company's brand power as a listed company and a possible decrease in employee motivation. However, the Target Company believes that the privatization of the Target Company through the Transactions is unlikely to have a negative impact on its social credibility or the motivation of its employees since both SECOM and ITOCHU are listed companies and have high social credibility and recognition. In addition, taking into consideration the fact that SECOM and ITOCHU intend to discuss with the Target Company the Target Company's management structure, etc. in the future, and that the current employment and treatment of the Target Company's employees will be maintained after the Tender Offer, the Target Company believes that the privatization of the Target Company through the Transactions is acceptable to the business partners, employees and other stakeholders of the Target Company Group.

In addition, based on the following points, the Target Company has determined that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable and that the Tender Offer provides a reasonable opportunity for the shareholders of the Target Company to sell the Target Company Shares.

(a) the Tender Offer Price exceeds the upper limit of the valuation range of the Average Market Price Method and is within the valuation range of the Discounted Cash Flow Method (the "DCF Method") in the results of Nomura Securities' calculation of the share value of the Target Company Shares as described in "(IV) Obtainment by the Target Company of share valuation report from the independent third-party valuation organization" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below;

(b) the Tender Offer Price represents a premium of 31.37% on the closing price of JPY1,629 of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on September 4, 2024, the business day before the announcement of the Tender Offer, 32.26% on the simple average of closing prices of JPY1,618 for the past one (1) month until the same day, 22.15% on the simple average of closing prices of JPY1,752 for the past three (3) months until the same day, and 17.45% on the simple average of closing prices of JPY1,822 for the past six (6) months until the same day. Considering the comparison with 40 cases announced in and after 2021 and completed by September 4, 2024 where tender offers were conducted by parent companies for privatization of their listed subsidiaries in Japan (the average of the premium levels is 43.19% for the business day immediately before the announcement date, 45.19% for the past one (1) month, 42.92% for the past three (3) months and 40.52% for the past six (6) months, and the median of the premium levels is 44.28% for the business day immediately before the announcement date, 44.01% for the past one (1) month, 42.79% for the past three (3) months and 40.91% for the past six (6) months;

(c) consideration is given to the interests of minority shareholders of the Target Company, such as taking measures to ensure the fairness of the Tender Offer described in "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below;

(d) the Tender Offer Price has been proposed through sincere and continuous discussions and negotiations between the Target Company, SECOM and ITOCHU, with the substantial involvement of the Special Committee, which is independent of the Target Company as well as the Tender Offerors and ITOCHU, after the aforementioned measures have been taken.

(e) In the Report obtained from the independent Special Committee of the Target Company, as described in "(II) Establishment by the Target Company of an independent Special Committee and obtainment of the report from the Special Committee" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer," the appropriateness of the terms and conditions of the Transactions, including the Tender Offer Price, are deemed to have been ensured.

In addition, taking into consideration the fact that there are no agreements among SECOM, ITOCHU and the Target Company to restrict tender offerors other than the Tender Offerors (the "Competing Tender Offerors") from contacting the Target Company, such as deal protection provisions prohibiting the Target Company from contacting the Competing Tender Offerors, and the Tender Offerors and the Target Company have been mindful of not preventing any opportunities for a competing offer, and that the Tender Offerors set the period of 30 business days as the period for tender offer in the Tender Offer (the "Tender Offer Period"), while the minimum period required for a tender offer under the relevant laws was 20 business days, as described in "(VII) Securance of objective circumstances to ensure fairness of the Tender Offer" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below, the Target Company believes that the terms and conditions of the Transactions other than the Tender Offer Price are reasonable in consideration of ensuring the fairness of the Tender Offer.

Based on the above, at a meeting of the board of directors of the Target Company held today, the Target Company resolved to express an opinion to support the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

For details of the resolution at the meeting of the board of directors of the Target Company above, see "(VI) Approval of all of directors of the Target Company without conflicts of interest and opinion of non-objection of all of audit & supervisory board members of the Target Company without conflicts of interest" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer." below.

(C) Management policy after the Tender Offer

In order to steadily realize the synergies described in "(A) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer" above, SECOM and ITOCHU will accelerate the alliance among SECOM Group, ITOCHU Group and the Target Company Group.

Also, as of today, SECOM and ITOCHU entered into a shareholders agreement (the "Shareholders Agreement") concerning the joint operation, etc. of the Target Company Group, and agreed in the Shareholders Agreement that, after the effective date of the Share Consolidation, (i) the number of directors of the Target Company shall be twelve (12) or less, nine (9) of which may be appointed by SECOM and three (3) of which may be appointed by ITOCHU respectively, and (ii) SECOM may appoint one (1) President and Representative Director; however, the candidates for the position of director have not been determined yet as of today. Further, SECOM and ITOCHU agreed in the Shareholders Agreement that, after the completion of the Transactions, (iii) they will abolish the audit & supervisory board of the Target Company, and the number of audit & supervisory board members shall be three (3) or less, two (2) of which may be appointed by SECOM and one (1) of which may be appointed by ITOCHU respectively. Currently, no other matters about the management system of the Target Company after the Tender Offer have been determined, and SECOM and ITOCHU will engage in discussion. Currently, SECOM and ITOCHU do not plan to change the trade name or brand of the Target Company or to change the terms and conditions of employment of the employees of the Target Company Group in connection with implementation of the Transactions.

For details of the Shareholders Agreement, see "(B) Shareholders Agreement" of "(6) Matters concerning material agreements regarding the Tender Offer".

(3) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer

In light of the facts that the Target Company is a consolidated subsidiary of SECOM as of today, that the Transactions, including the Tender Offer, constitute a material transactions, etc. with a controlling shareholder of the Target Company and that the Transactions fall under a category of the transactions in which there typically exists structural conflicts of interest problems and asymmetric information problems between SECOM and the shareholders of the Target Company other than SECOM, the Tender Offerors and ITOCHU, as well as the Target Company have taken the following measures to ensure fairness of the Transactions including the Tender Offer, in light of ensuring fairness of the Tender Offer Price and eliminating the arbitrariness in the process of decision-making regarding the Transactions including the Tender Offer as well as avoiding conflicts of interest.

Further, SECOM owns 10,316,800 shares of the Target Company Shares (ownership ratio: 71.66%) as of today as described in "(1) Overview of Tender Offer" above, so the Tender Offerors believe that, if a minimum number of shares to be purchased in the Tender Offer is set as the so-called "Majority of Minority," it would make a successful completion of the Tender Offer uncertain, and, as a result, would not contribute to the interests of minority shareholders of the Target Company who wish to tender their shares in the Tender Offer. Therefore, the Tender Offerors have not set a minimum number of shares to be purchased in the Tender Offer as the Majority of Minority. However, the Tender Offerors and ITOCHU as well as the Target Company believe that since the following measures in (I) through (VII) have been taken, the interests of minority shareholders of the Target Company have been fully considered.
The descriptions of the following measures that have been taken by the Target Company are based on the Target Company Press Releases and explanations by the Target Company.

(I) Obtainment by SECOM and ITOCHU of the share valuation reports from independent third-party valuation organizations
(II) Establishment by the Target Company of an independent Special Committee and obtainment of the report from the Special Committee
(III) Obtainment by the Target Company of advice from an independent legal adviser
(IV) Obtainment by the Target Company of share valuation report from the independent third-party valuation organization
(V) Establishment by the Target Company of an independent structure for consideration
(VI) Approval of all of directors of the Target Company without conflicts of interest and opinion of non-objection of all of audit & supervisory board members of the Target Company without conflicts of interest
(VII) Securance of objective circumstances to ensure fairness of the Tender Offer

For details of the above, see "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" below.

(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)

As described in "(1) Overview of Tender Offer" above, if the Tender Offerors do not acquire all of the Target Company Shares (excluding the Target Company Shares held by SECOM and treasury shares held by the Target Company) through the Tender Offer, the Tender Offerors plan to implement the following series of procedures to become the sole shareholder of the Target Company after the completion of the Tender Offer. The Tender Offerors, promptly after the settlement of the Tender Offer, plan to request the Target Company to hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting") by around mid-December 2024, which include in the agenda items a proposal to conduct a consolidation of the Target Company Shares (the "Share Consolidation") pursuant to Article 180 of the Companies Act, and a proposal to make a partial amendment to the Target Company's Articles of Incorporation to abolish the provision regarding the number of shares constituting one unit of shares upon the Share Consolidation taking effect. According to the Target Company Press Release, as of today, the Target Company plans to hold the Extraordinary Shareholders' Meeting in response to the request from the Tender Offerors. The Tender Offerors plan to approve each of proposals above at the Extraordinary Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, on the effective date of the Share Consolidation, the shareholders of the Target Company will own the number of the Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, due to implementation of the Share Consolidation, any fraction constituting less than 1 share arises, each shareholder of the Target Company will be delivered an amount of cash, which is to be obtained by selling the Target Company Shares (the number of which is equivalent to the total number of such fractions constituting less than 1 share; if any fraction constituting less than 1 share arises with respect to such total number, such fraction shall be rounded down to the nearest whole number; the same applies hereinafter), to the Target Company or the Tender Offerors in accordance with the procedures provided in Article 235 of the Companies Act and other applicable laws and regulations. The sale price of such Target Company Shares, the number of which is equivalent to the total number of such fractions constituting less than 1 share, will be calculated such that, as a result of the sale, the amount of cash delivered to each of the shareholders who do not tender their shares in the Tender Offer will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each of such shareholders. Upon calculating the price as such, the Tender Offerors will request the Target Company to file a petition with a court for permission with respect to voluntary sale of such Target Company Shares. In the interest of protecting the rights of minority shareholders relating to the Share Consolidation, the Companies Act provides, that, if the Share Consolidation is conducted, and if any fraction constituting less than 1 share arises as a result of the Share Consolidation, the shareholders of the Target Company may request the Target Company to purchase, at a fair price, all of their Target Company Shares in fraction constituting less than 1 share, and may file a petition with the court for determination of the price of the Target Company Shares pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. In the event that such petition is filed, the sale price will be finally determined by the court.

Although the ratio of the consolidation of the Share Consolidation has not yet been determined as of today, the Tender Offerors plan to request the Target Company to set the ratio of the Share Consolidation such that the total number of issued shares of the Target Company after the Share Consolidation will be four (4), the number of the Target Company Shares held by SECOM after the Share Consolidation will be three (3), and the total number of fractions of the Target Company Shares constituting less than 1 share resulting from the Share Consolidation will be one (1). Such ratio of the Share Consolidation is set intending to make the number of Target Company Share to be held by SECOM three (3) and make the number of the Target Company Share to be held by IS Frontier Partners one (1) in order to make the ratio of voting rights pertaining to the Target Company Shares held by SECOM and IS Frontier Partners 75% and 25%, respectively, assuming to (i) make the number of the Target Company Shares to be held by any shareholders, excluding SECOM, a fraction constituting less than 1 share through the Share Consolidation, (ii) make the total number of fractions of the Target Company Shares constituting less than 1 share resulting from the Share Consolidation one (1) or more, (iii) minimize the fraction of the Target Company Shares held by SECOM constituting less than 1 share, and (iv) sell the total amount of fractions caused by the Share Consolidation to IS Frontier Partners; provided, however, that, if the total number of Tendered Shares in the Tender Offer is less than 480,941 shares (ownership ratio: 3.34%), (in such case, SECOM will purchase all of the Tendered Shares), the Target Company will acquire the total amount of fractions caused by the Share Consolidation, and after such acquisition, the Target Company will conduct a stock split and issue new shares to SECOM and IS Frontier Partners by way of third-party allotment so that the ratio of the voting rights pertaining to the

Target Company Shares held by SECOM and IS Frontier Partners will be 75% and 25%, respectively (provided, however, that the timing of implementation of such adjustment procedures and details thereof have not yet been determined as of today). Also, since all of the above are assumptions made by the Tender Offerors as of today and the actual consolidating ratio would be determined through discussion with the Target Company based on the factual matters at the time of determining specific terms and conditions of the Share Consolidation, the consolidation ratio to be determined may be different from above, due to unforeseen circumstances occurring from today.
The Tender Offer is not in any way intended to solicit the shareholders of the Target Company to approve the proposals at the Extraordinary Shareholders' Meeting. All shareholders of the Target Company need to take sole responsibility for seeking advice from their tax experts with regard to the tax consequences of tendering their shares into the Tender Offer or participating in the procedures outlined above.

(5) Possibility of, and reasons for, delisting

As of today, the Target Company Shares are listed on the Standard Market of the Tokyo Stock Exchange, however, the Tender Offerors have not set a maximum number of shares planned to be purchased in the Tender Offer, and therefore, the Target Company Shares may be subject to delisting in accordance with the Tokyo Stock Exchanges' delisting criteria through prescribed procedures, depending on the results of the Tender Offer. Even in the case where those criteria are not met at the time of establishment of the Tender Offer, following the establishment of the Tender Offer, the Tender Offerors plan to follow the set of procedures to become the sole shareholder of the Target Company, as described in "(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)" above. In that case the Target Company Shares will be delisted through prescribed procedures in accordance with the Tokyo Stock Exchanges' delisting criteria. Following delisting, the Target Company Shares will no longer be traded on the Standard Market of the Tokyo Stock Exchange.

(6) Matters concerning material agreements regarding the Tender Offer

(A) Joint Tender Offer Agreement

As described in "(1) Overview of Tender Offer", as of today, SECOM and ITOCHU have entered into the Joint Tender Offer Agreement, which, in summary, includes the following contents, concerning the implementation of the Transactions.

(I) Tender Offerors shall jointly implement the Tender Offer.
(II) If the Tender Offer is conducted but not all Target Company Shares (excluding the Target Company Shares owned by SECOM and treasury shares owned by the Target Company) were acquired through the Tender Offer, the Squeeze-Out Procedures shall be taken.
(III) If the number of the Target Company Shares owned by SECOM after the conduct of the Tender Offer is less than 10,797,741 shares (ownership ratio: 75.01%) (i.e., number of shares obtained by adding 480,941 shares (ownership ratio: 3.34%) to 10,316,800 shares held by SECOM as of today), for the purpose of making respective ratio of voting rights held by SECOM and IS Frontier Partners in the Target Company 75% and 25%, the equity adjustment procedures through a stock split and third-party allotment shall be taken by the Target Company after the Share Consolidation.
(IV) No Tender Offeror shall transfer, etc., their Target Company Shares without obtaining permission of the other Tender Offeror before completing the equity adjustment procedures in (III).
(V) Tender Offerors shall not take any action contrary to the purport of the Joint Tender Offer Agreement and the Shareholders Agreement or the purpose of the Transactions before completing the equity adjustment procedures in (III)

(B) Shareholders Agreement

As described in "(1) Overview of Tender Offer," as of today, SECOM and ITOCHU have entered into the Shareholders Agreement, which, in summary, includes the following contents, concerning the joint operation etc., of the Target Company Group. Provisions of the Shareholders Agreement shall, except for certain parts of the provisions, such as general provisions, take effect as of the effective date of the Share Consolidation.

(I) Institutional Design

On and after the effective date of the Share Consolidation, the Target Company shall be a company with board of directors, audit & supervisory board members, and accounting auditors.

(II) Directors

On and after the effective date of the Share Consolidation, (a) The number of directors of the Target Company shall be twelve (12) or less, nine (9) of which may be appointed by SECOM and three (3) of which may be appointed by ITOCHU respectively, and (b) SECOM may appoint one (1) President and Representative Director.

(III) Audit & Supervisory Board Members

On and after the effective date of the Share Consolidation, the number of audit & supervisory board members of the Target Company shall be three (3) or less, two (2) of which may be appointed by SECOM and one (1) of which may be appointed by ITOCHU respectively.

(IV) Matters requiring the prior consent

In the event that, on and after the effective date of the Share Consolidation, the Target Company decides, or even intends, to implement certain matters (including any amendment to the Articles of Incorporation, capital increase or decrease, issuance of corporate bonds, general business restructuring, transfer or acquisition of all or a part of the business, formulation of a management plan, execution, amendment or termination of an agreement, etc. concerning transactions with SECOM or its subsidiaries or their officers, and any action that would cause the ratio of voting rights pertaining to the Target Company Shares held by SECOM and IS Frontier Partners to change from 75% and 25%, respectively), prior consent of SECOM and ITOCHU shall be obtained.

(V) Handling of Target Company Shares

On and after the effective date of the Share Consolidation, in principle, SECOM and ITOCHU are prohibited from transferring their Target Company Shares (for ITOCHU, the Target Company Shares held by IS Frontier Partners), during the period of five (5) years from the date of execution of the Shareholders Agreement; provided, however, after such period has elapsed, SECOM and ITOCHU may transfer their Target Company Shares on the condition that the counter party (in the case of a transfer by SECOM, meaning ITOCHU, and, in the case of a transfer by IS Frontier Partners, meaning SECOM) will be given priority in the negotiation process to purchase the Target Company Shares that will be transferred.

3. Outline of Tender Offer

(1) Outline of the Target Company

(A)	Name	PASCO Corporation	
(B)	Address	1-7-1 Shimomeguro, Meguro-ku, Tokyo	
(C)	Title and Name of Representative	Norimitsu Takahashi, President and CEO	
(D)	Business	Aerial Surveying and Geospatial Information Services	
(E)	Capital	8,758,480,000 yen	
(F)	Date of Establishment	October 1953	
(G)	Major Shareholders and Shareholding	SECOM Co., Ltd.	71.66%
		The Master Trust Bank of Japan	1.42%
		NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1.32%

	Ratio (as of March 31, 2024) (Note)	(Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited)	
		UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	1.07%
		(Standing Proxy: Citibank, N.A.)	
		PASCO Employee Stock Ownership Association	1.05%
		Goldman Sachs Bank Europe SE	1.04%
		(Standing Proxy: Goldman Sachs Japan Co., Ltd.)	
		JPMorgan Securities Japan Co., Ltd.	1.03%
		Keiichiro Kinoshita	0.65%
		Custody Bank of Japan, Ltd.	0.56%
		Toshitsugu Hanai	0.46%
(H)	Relationship between the Tender Offerors and the Target Company		
	Capital relationship	As of today, SECOM owns 10,316,800 Target Company Shares (ownership ratio: 71.66%), and the Target Company is a consolidated subsidiary of SECOM.	
	Personnel relationship	As of today, two (2) of the nine (9) directors of the Target Company serve concurrently as employees of SECOM. Also, two (2) of the four (4) audit & supervisory board members of the Target Company serve concurrently as employees of SECOM. In addition to the foregoing, nine (9) employees of SECOM have been seconded to the Target Company, and two (2) employees of the Target Company have been seconded to SECOM.	
	Business relationship	SECOM purchases products and receives services from the Target Company.	
	Status as related party	The Target Company falls under the category of a related party of SECOM due to its position as a consolidated subsidiary of SECOM.	

(Note) Information in "(G) Major Shareholders and Shareholding Ratio (as of March 31, 2024)" is extracted from the contents of "Status of Major Shareholders" in the Target Company's Annual Securities Report for the 76th Fiscal Year submitted by the Target Company on June 21, 2024.

(2) Schedule

(A) Schedule

Date of determination	Thursday, September 5, 2024
Date of public notice of commencement of tender offer	Friday, September 6, 2024
Name of newspaper in which public notice is to be published	Public notice will be made electronically via the Internet, and a notice to that effect will be published in the Nikkei. (URL of the electronic notice: https://disclosure.edinet-fsa.go.jp/)
Filing date of tender offer registration statement	Friday, September 6, 2024

(B) Initially registered offering period

From Friday, September 6, 2024 to Tuesday, October 22, 2024 (thirty (30) business days)

(C) Possibility of extension of tender offer period upon request of the Target Company

N/A

(3) Tender Offer Price

2,140 yen per ordinary share

(4) Basis of Valuation of Tender Offer Price

(A) Basis of Valuation

In determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, SECOM requested EY, which is a third-party valuation organization independent of the Tender Offerors, ITOCHU and the Target Company, to analyze the value of the Target Company Shares. EY is not a related party of the Tender Offerors, ITOCHU and the Target Company and does not have any material interest in the Tender Offer.

EY analyzed the value of the Target Company Shares using the average market price method, because the Target Company Shares are listed on the Standard Market of the Tokyo Stock Exchange and the market share price of the Target Company Shares exists, and the DCF Method to reflect the Target Company's anticipated future business situation in the calculation based on the idea that it is appropriate to determine the share value of the Target Company Shares from multiple perspectives after considering valuation methods to be adopted in valuing the Target Company Shares from among various valuation methods. SECOM has obtained the share valuation report from EY (the "Share Valuation Report (EY)") as of September 4, 2024 (Note 1). SECOM has not obtained from EY an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) based on the fact that the Tender Offerors and ITOCHU, as well as the Target Company have taken measures to ensure the fairness of the Tender Offer as well as measures to avoid conflicts of interest as described in "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" below.

According to the Share Valuation Report (EY), the adopted calculation method and the per share value range of the Target Company Shares calculated using each of the adopted calculation methods are as follows.

Market share price method	: JPY 1,618 to JPY 1,822
DCF Method	: JPY 1,982 to JPY 2,561

Under the market share price method, September 4, 2024 was reference date (the "Reference Date"), the per-share value of the Target Company Shares was calculated to range from JPY 1,618 to JPY1,822, based on the following prices of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange: the closing price on the Reference Date (JPY 1,629); the simple average of closing prices for the past one (1) month preceding the Reference Date (inclusive) (JPY 1,618); the simple average of closing prices for the past three (3) months preceding the Reference Date (inclusive) (JPY 1,752); and the simple average of closing price for the past six (6) months preceding the Reference Date (inclusive) (JPY 1,822).

Under the DCF Method, the share value of the Target Company Shares was calculated by discounting the free cash flow that is expected to be generated by the Target Company in and after the Second Quarter of the fiscal year ending in March 31, 2025 at a certain discount rate to the present value, based on the Target Company's business plan from the fiscal year ending in March 31, 2025 to the fiscal year ending in March 31, 2029, Target Company's future financial forecasts revised by SECOM taking into account the historical performance trend to the most recent, the result of the due diligence on the Target Company that was conducted by the Tender Offerors from late January 2024 to early April 2024, the result of additional due diligence that was carried out from early May 2024 to late May 2024, as well as publicly available information, etc. Using this methodology, the per-share value of the Target Company Shares was calculated to range from JPY 1,982 to JPY 2,561. In the financial forecast which served as a basis for the DCF Method, there should be no business year with significant increases or decreases in profits expected. The synergistic effects expected to be realized as a result of the execution of the Transactions have not been reflected because it was difficult at this point to specifically estimate the impact.

(Note 1) In evaluating the Target Company Shares, EY has, in principle, adopted information that was supplied by the Target Company or SECOM as well as information that was publicly available as it is, and assumed that all such information adopted was accurate and complete, and did not independently verify the accuracy and completeness thereof. Moreover, EY has not made any independent valuation, assessment, or appraisal of the assets or liabilities (including contingent liabilities) of the Target Company and its related companies, including analysis and valuation of each one of individual assets and liabilities. In addition, with respect to the financial projections of the Target Company, EY has assumed that they have been reasonably examined or revised by the management of SECOM based on the best projections and judgments available at this point. The valuation by EY is based on the information and economic conditions available as of September 4, 2024.

In determining the Tender Offer Price, ITOCHU requested KPMG, which is a third-party valuation organization independent of the Tender Offerors, ITOCHU and the Target Company, to analyze the value of the Target Company Shares. KPMG is not a related party of the Tender Offerors, ITOCHU and the Target Company and does not have any material interest in the Tender Offer.
KPMG valued the Target Company Shares using the average market price method, because the Target Company Shares are listed on the Standard Market of the Tokyo Stock Exchange and the market share price of the Target Company Shares exists, and the DCF Method to reflect the Target Company's anticipated future business situation in the calculation based on the idea that it is appropriate to determine the value of the Target Company Shares from multiple perspectives after considering valuation methods to be adopted in valuing the Target Company Shares from among various valuation methods. ITOCHU has obtained the share valuation report from KPMG (the "Share Valuation Report (KPMG)") as of September 4, 2024 (Note 2). ITOCHU has not obtained from KPMG an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) based on the fact that Tender Offerors, ITOCHU and the Target Company have taken measures to ensure the fairness of the Tender Offer as well as measures to avoid conflicts of interest as described in "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" below
According to the Share Valuation Report (KPMG), the adopted method and the per share value range of the Target Company Shares calculated using each of the adopted methods are as follows.

Market share price method	:JPY 1,618 to JPY 1,822
DCF Method	:JPY 2,087 to JPY 2,679

Under the market share price method, September 4, 2024 was the Reference Date, the per-share value of the Target Company Shares was calculated to range from JPY 1,618 to JPY 1,822, based on the following prices of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange: the closing price on the Reference Date (JPY 1,629); the simple average of closing prices for the past one (1) month preceding the Reference Date (inclusive) (JPY 1,618); the simple average of closing prices for the past three (3) months preceding the Reference Date (inclusive) (JPY 1,752); and the simple average of closing prices for the past six (6) months preceding the Reference Date (inclusive) (JPY 1,822).
Under the DCF Method, the share value of the Target Company Shares was calculated by discounting the free cash flow that is expected to be generated by the Target Company in and after the Second Quarter of the fiscal year ending in March 31, 2025 at a certain discount rate to the present value, based on the Target Company's business plan from the fiscal year ending in March 31, 2025 to the fiscal year ending in March 31, 2029, Target Company's future financial forecasts revised by ITOCHU taking into account the historical performance trend to the most recent, the result of the due diligence on the Target Company that was carried out by the Tender Offerors from late January 2024 to early April 2024, the result of additional due diligence that was conducted from early May 2024 to late May 2024, as well as publicly available information, etc. Using this methodology, the per-share value of the Target Company Shares was calculated to range from JPY 2,087 to JPY 2,679. In the business plan which served as a basis for the DCF Method, there should be no business year with significant increases or decreases in profits expected. The synergistic effects expected to be realized as a result of the execution of the Transactions have not been reflected because it was difficult at this point to specifically estimate the impact.
(Note 2) In evaluating the Target Company Shares, KPMG has, in principle, adopted information that was supplied by the Target Company or ITOCHU as well as information that was publicly available as it is, and assumed that all such information adopted was accurate and complete, and did not independently verify the accuracy and completeness thereof. Moreover, KPMG has not made any independent valuation, assessment, or appraisal of the assets or liabilities (including contingent liabilities) of the Target Company and its related companies, including analysis and valuation of each one of individual assets and liabilities. In addition, with respect to the financial projections of the Target Company, KPMG has assumed that they have been reasonably examined or revised by the management of ITOCHU based on the best projections and judgments available at this point. The valuation by KPMG is based on the information and economic conditions available as of September 4, 2024.

As of today, based on the results of discussions and negotiations with the Target Company, SECOM and ITOCHU ultimately determined that the Tender Offer Price would be JPY 2,140,

comprehensively taking into account: (i) the valuation results in the Share Valuation Report (EY) and the Share Valuation Report (KPMG) obtained from EY and KPMG on September 4, 2024; (ii) the result of the due diligence on the Target Company that was carried out by SECOM and ITOCHU during the period from late January 2024 to early April 2024 as well as additional due diligence that was carried out from early May 2024 to late May 2024; (iii) whether the board of directors of the Target Company would support the Tender Offer; (iv) fluctuations in the market price of the Target Company Shares; and (v) anticipated levels of tendering in the Tender Offer.
The Tender Offer Price of JPY 2,140 represents a premium of 31.37 % on the closing price of the Target Company Share of JPY 1,629 on the Standard Market of the Tokyo Stock Exchange on September 4, 2024, which is the business day immediately preceding the day on which the implementation of the Tender Offer is publicly announced by the Tender Offerors, a premium of 32.26 % on the simple average of closing prices of JPY 1,618 for the one-month period ending on that day, a premium of 22.15% on the simple average of closing prices of JPY 1,752 for the three-month period ending on that day, and a premium of 17.45% on the simple average of closing prices of JPY 1,822 for the six-month period ending on that day.

(B) Background of the Valuation

(Background leading to determination of the Tender Offer Price)

As described in "(A) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer" of "(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer" of "2. Purposes of Tender Offer" above, in late November 2023, SECOM and ITOCHU jointly appointed SMBC Nikko Securities as a financial advisor independent of the Tender Offerors and ITOCHU, as well as the Target Company, and SECOM appointed Nagashima Ohno & Tsunematsu as a legal advisor independent of the Tender Offerors and ITOCHU, as well as the Target Company and EY as a third-party valuation organization independent of the Tender Offerors and ITOCHU, as well as the Target Company, and ITOCHU appointed Nishimura & Asahi (*Gaikokuho Kyodo Jigyo*) as a legal advisor independent of the Tender Offerors and ITOCU, as well as the Target Company and KPMG as a third-party valuation organization independent of the Tender Offerors and ITOCHU, as well as the Target Company, respectively, and SECOM and ITOCHU started specific discussions regarding the Transactions, and on December 8, 2023, SECOM and ITOCHU submitted a joint proposal to the Target Company, proposing to the Target Company that SECOM and ITOCHU or the companies of the ITOCHU Group other than ITOCHU be the only shareholders of the Target Company.

In response, as described in "(A) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer" of "(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer" of "2. Purposes of Tender Offer" above, the Target Company informed SECOM that it had received the proposal and that it would consider the necessary procedures, including the selection of advisors, on December 8, 2023, and appointed, NAKAMURA, TSUNODA & MATSUMOTO as a legal advisor independent of the Tender Offerors and ITOCHU, as well as the Target Company in late December 2023 and appointed Nomura Securities as a financial advisor and a third-party valuation organization independent of the Tender Offerors and ITOCHU, as well as the Target Company in late December 2023, respectively, in order to ensure the fairness of the Tender Offer Price and the fairness in other aspects of the Transactions. At the same time, the Target Company requested Nomura Securities to evaluate the share value of the Target Company Shares.

In addition, given that the Target Company is a consolidated subsidiary of SECOM and there are issues such as structural conflicts of interest between SECOM and the shareholders of the Target Company other than SECOM, the Target Company established the Special Committee to consider the proposed Transactions on December 22, 2023 in order to address these issues and ensure the fairness of the Transactions, as described in "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)."

Subsequently, since the Target Company communicated its decision to accept the due diligence by SECOM and ITOCHU on December 22, 2023, SECOM and ITOCHU conducted due diligence on the Target Company during the period from late January 2024 to early April 2024 to examine the feasibility of the Transactions, and, in conjunction with the Target Company's announcement of the "Financial

Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] (Consolidated)" on May 9, 2024, conducted an additional due diligence during the period from early May 2024 to late May 2024, and in parallel therewith, considered the significance and purpose of the Transactions and the synergies expected to be realized through the Transactions.

As a result of such consideration, SECOM and ITOCHU reached the conclusion that the above synergies could be realized by deepening cooperation with the Target Company, and therefore, on August 7, 2024, submitted the First Proposal to the Target Company that the Tender Offer Price shall be 1,900 yen (constituting a premium of 27.95% over JPY 1,485, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 6, 2024, the business day immediately preceding the proposal implementation date, 4.17% over JPY 1,824, which was the simple average of closing prices for the latest one-month period until the same day, 3.54% over JPY 1,835, which was the simple average of closing prices for the latest three-month period until the same day, and 2.21% over JPY1,859, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 8, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the First Proposal on the grounds that the Tender Offer Price was not at a price level that would be satisfactory to minority shareholders of the Target Company, who expect the Transactions to enhance the corporate value of the Target Company and increase the share price in the future, and was below the price level reflecting the Target Company's intrinsic value, and, as such, the Target Company concluded that the Tender Offer Price was not at a price level at which the Target Company could recommend, even initially, to shareholders that they tender their shares. In response to this, on August 13, 2024, SECOM and ITOCHU submitted the Second Proposal to the Target Company that the Tender Offer Price shall be 2,030 yen (constituting a premium of 24.46 % over JPY 1,631, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 9, 2024, the business day immediately preceding the proposal implementation date, 13.09 % over JPY 1,795, which was the simple average of closing prices for the latest one-month period until the same day, 11.72 % over JPY 1,817, which was the simple average of closing prices for the latest three-month period until the same day, and 9.55% over JPY1,853, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 16, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Second Proposal on the grounds that the Tender Offer Price was not at a price level that would be satisfactory to minority shareholders of the Target Company, who expect the Transactions to enhance the corporate value of the Target Company and increase the share price in the future, and was below the price level reflecting the Target Company's intrinsic value, and, as such, the Target Company concluded that the Tender Offer Price was still not at a price level at which the Target Company could recommend to shareholders that they tender their shares. Furthermore, on August 22, 2024, the Target Company and the Special Committee provided a supplemental explanation to the effect that the Target Company has previously expressed to its shareholders in the briefing material on the financial results, etc., that it aimed to achieve a PBR of 1.0x or more through the implementation of the PASCO Mid-Term Plan, and that the Target Company and the Special Committee assumed that the net assets at the end of the current fiscal year, which is near the completion date of the Transactions, would be the basis of the PBR. In response to this, on August 26, 2024, SECOM and ITOCHU submitted the Third Proposal to the Target Company that the Tender Offer Price shall be 2,075 yen (constituting a premium of 28.64% over JPY 1,613, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 23, 2024, the business day immediately preceding the proposal implementation date, 23.73% over JPY 1,677, which was the simple average of closing prices for the latest one-month period until the same day, 17.10% over JPY 1,772, which was the simple average of closing prices for the latest three-month period until the same day, and 13.08% over JPY 1,835, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on August 26, 2024, the Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Third Proposal on the grounds that the Target Company and the Special Committee concluded that the Tender Offer Price proposed in the Third Proposal was still not at a price level that the Target Company and the Special Committee would recommend to the Target Company's minority shareholders to tender their shares, in light of the trends in the Target Company's share price and the premium level, the Target Company's intrinsic value, as well as the opinion of the Target Company and the Special committee with respect to the net assets per share of the Target Company (i.e., the Target Company and the Special Committee assumed that the net assets at the end of the current fiscal year, which is near the completion date of the Transactions, would be the basis of the PBR). Furthermore, on August 27, 2024, the Target Company and the Special

Committee provided a supplemental explanation anew to the effect that the Target Company and the Special Committee prioritized the level of PBR of 1.0x and the price level of net assets per share. In response to this, on August 28, 2024, SECOM and ITOCHU submitted the Fourth Proposal anew to the Target Company that the Tender Offer Price shall be 2,095 yen (constituting a premium of 25.37% over JPY 1,671, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 27, 2024, the business day immediately preceding the proposal implementation date, 27.12% over JPY 1,648, which was the simple average of closing prices for the latest one-month period until the same day, 18.63% over JPY 1,766, which was the simple average of closing prices for the latest three-month period until the same day, and 14.42% over JPY1,831, which was the simple average of closing prices for the latest six-month period until the same day), but on August 28, 2024, Target Company and the Special Committee requested SECOM and ITOCHU to reconsider the Tender Offer Price proposed in the Fourth Proposal on the grounds that the Target Company and the Special Committee concluded that the Tender Offer Price proposed in the Fourth Proposal was still not at a price level that the Target Company and the Special Committee would recommend to the Target Company's minority shareholders to tender their shares. Accordingly, on September 2, 2024, SECOM and ITOCHU submitted the Final Proposal to the Target Company that the Tender Offer Price shall be 2,140 yen (constituting a premium of 25.07% over JPY 1,711, which was the closing price of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on August 30, 2024, the business day immediately preceding the proposal implementation date, 30.65% over JPY 1,638, which was the simple average of closing prices for the latest one-month period until the same day, 21.66% over JPY 1,759, which was the simple average of closing prices for the latest three-month period until the same day, and 17.20% over JPY 1,826, which was the simple average of closing prices for the latest six-month period until the same day). Thereafter, on September 2, 2024, the Target Company and the Special Committee communicated their acceptance of the Tender Offer Price of 2,140 yen, and indicated that the Target Company intends to approve the Transactions and recommend that the shareholders of the Target Company tender their shares in the Tender Offer for the Transactions assuming that the tender offer price is such Tender Offer Price.
After the above discussions and negotiations, SECOM and ITOCHU and the Target Company agreed to set the Tender Offer Price at JPY 2,140. Therefore, SECOM and ITOCHU have the Joint Tender Offer Agreement as of today, and respectively determined to implement the Tender Offer as part of the Transactions, and, as of today, IS Frontier Partners has determined to implement, jointly with SECOM, the Tender Offer.

(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)

In light of the facts that the Target Company is a consolidated subsidiary of SECOM as of today, that the Transactions including the Tender Offer constitute material transactions, etc. with a controlling shareholder of the Target Company and that the Transactions fall under a category of transactions in which there exist issues related to structural conflicts of interest and asymmetric information between SECOM and the shareholders of the Target Company other than SECOM, the Tender Offerors and ITOCHU, as well as the Target Company have taken the following measures to ensure the fairness of the Transactions including the Tender Offer, from the aspect to ensure the fairness of the Tender Offer Price and to eliminate the arbitrariness in the decision-making process and avoid conflicts of interest regarding the Transactions including the Tender Offer.
Further, SECOM owns 10,316,800 shares of the Target Company Shares (ownership ratio: 71.66%) as of today as described in "(1) Overview of Tender Offer" in "2. Purposes of Tender Offer" above, so the Tender Offerors believe that, if a minimum number of shares to be purchased in the Tender Offer is set as the so-called "Majority of Minority," it would make a successful completion of the Tender Offer uncertain and, as a result, would not contribute to the interests of minority shareholders of the Target Company who wish to tender their shares in the Tender Offer. Therefore, the Tender Offerors have not set a minimum number of Share to be purchased in the Tender Offer as the Majority of Minority. However, the Tender Offerors and ITOCHU, as well as the Target Company believe that since the following measures (I) through (VII) have been taken, the interests of minority shareholders of the Target Company have been fully considered.
The following statements on measures that have been taken by the Target Company are based on the Target Company Press Releases and explanations by the Target Company.

(I) Obtainment by SECOM and ITOCHU of the share valuation reports from independent third-party valuation organizations

In determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, SECOM requested EY, which is a third-party valuation organization independent of the Tender Offerors and ITOCHU, as well as the Target Company, to analyze the value of the Target Company Shares and SECOM has obtained the Share Valuation Report (EY) as of September 4, 2024. For details of the Share Valuation Report (EY) acquired by SECOM from EY regarding the valuation result of the value of the Target Company Shares, see "(A) Basis of Valuation" above.
In determining the Tender Offer Price, ITOCHU requested KPMG, which is a third-party valuation organization independent of the Tender Offerors, ITOCHU and the Target Company, to analyze the value of the Target Company Shares and ITOCHU has obtained the Share Valuation Report (KPMG) as of September 4, 2024. For details of the Share Valuation Report (KPMG) acquired by ITOCHU from KPMG regarding the valuation result of the value of the Target Company Shares, see "(A) Basis of Valuation" above.

(II) Establishment by the Target Company of an independent Special Committee and obtainment of the report from the Special Committee

(i) Process of establishment of the Special Committee, etc.

According to the Target Company Press Release, on December 22, 2023, the Target Company established a special committee (the "Special Committee") (the Target Company selected Mr. Takashi Goto, an outside expert (an attorney of SHIOMIZAKA), Mr. Mamoru Takamura, an independent outside director of the Target Company and Mr. Takayuki Nakazato, an independent outside director of the Target Company as members of the Special Committee), consisting of members including outside experts who are highly independent of the Target Company, as well as the Tender Offerors and ITOCHU, by taking into consideration the fact that the Target Company is a consolidated subsidiary of SECOM and the Transactions constitute material transactions with a controlling shareholder, from the viewpoint of taking the decision-making process of the Target Company prudently and ensuring its fairness by eliminating any possibility of arbitrariness and conflict of interest in the decision-making process of the board of directors of the Target Company. The Target Company consulted the Special Committee to consider (a) whether the purpose of the Transactions is legitimate and reasonable (including whether the Transactions will contribute to the improvement of the corporate value of the Target Company), (b) whether the fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer Price) have been ensured, (c) whether sufficient consideration is given to the interests of the shareholders of the Target Company through fair procedures in the Transactions, (d) in addition to (a) through (c) above, whether the decision on the Transactions (including the decision of the Target Company to express an opinion to support the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer) is considered not disadvantageous to the minority shareholders of the Target Company; and (e) whether or not the Target Company's board of directors should approve of the Tender Offer and whether or not it should express an opinion to recommend the Target Company's shareholders to tender their shares in the Tender Offer (collectively, the "Advisory Matters.")
In addition, on December 22, 2023, in establishing the Special Committee, the board of directors of the Target Company has resolved that (a) in order to consider the Advisory Matters, the Special Committee may appoint its own financial, legal, or other advisor as necessary (in such case, the Target Company shall bear the expenses), and furthermore, the Special Committee may appoint or approve (including subsequent approval) any financial, legal, or other advisor of the Target Company, and if the Special Committee confirms that there is no problem with the independence and expertise of the Target Company's advisor, it may seek professional advice from the Target Company's advisor; (b) decisions of the board of directors of the Target Company regarding the Transactions shall be made with maximum respect for the decisions of the Special Committee, and in particular, if the Special Committee determines that the terms and conditions of the Transactions are not appropriate, the board of directors of the Target Company will not support the Transactions under such terms and conditions; (c) in order to ensure that the Special Committee makes appropriate decisions, the board of directors of the Target Company requests the directors and employees of the Target Company and other persons deemed necessary by the Special Committee to attend the meetings of the Special Committee and it authorizes these persons to request explanations regarding necessary information; (d) the board of directors of the Target Company authorizes the Special Committee to be substantially involved in the negotiation process regarding

the terms and conditions, etc. of the Transactions and to directly negotiate on its own as necessary by, for example, confirming in advance the Target Company's policy regarding negotiations on the terms and conditions, etc. of the Transactions, receiving reports on the status thereof in a timely manner, expressing opinions, giving instructions, and making requests; and (e) the board of directors of the Target Company authorizes the Special Committee to conduct the matters that it deems necessary in its consideration and decision regarding the Transactions.

(ii) Process of consideration

According to the Target Company Press Release, the Special Committee has held a total of 14 meetings from January 17, 2024 to September 4, 2024, to carefully consider and discuss the Advisory Matters.
Specifically, on January 17, 2024, the Special Committee first confirmed that there was no problem with the independence, expertise, etc. of Nomura Securities, which is the financial advisor and a third-party valuation organization of the Target Company, and NAKAMURA, TSUNODA & MATSUMOTO, which is the legal advisor of the Target Company.
Furthermore, the Special Committee confirmed that there was no problem, from the viewpoint of independence and fairness, with the structure for consideration for the Transactions (including the scope and duties of the Target Company's officers and employees involved in the consideration, negotiation and decision regarding the Transactions) established within the Target Company as described in "(V) Establishment by the Target Company of an independent structure for consideration."
In addition, the Special Committee received explanations from the Target Company regarding the content, important assumptions, and the background of preparation, etc. of the Target Company's business plan, and confirmed and approved the reasonableness of these matters.
The Special Committee received explanations from the Target Company regarding the purpose and significance of the Transactions and the impact on the Target Company's business, etc. The Special Committee held a question and answer session on these points, presented questions to SECOM and ITOCHU. The Special Committee then received direct explanations from SECOM and ITOCHU at a meeting of the Special Committee regarding the background and purpose of the Transactions, the management policy and governance, etc. of the Target Company after the Transactions, and the procedures and conditions, etc. of the Transactions, and has held question and answer sessions with SECOM and ITOCHU.

(iii) Details of determination

According to the Target Company Press Release, based on the above discussion and consideration, the Special Committee, after careful discussion and consideration of the Advisory Matters, submitted on September 4, 2024 to the board of directors of the Target Company the Report summarized as follows, which was unanimously approved by all the members of the Special Committee.

(a) Details of report

- The Transactions will contribute to the improvement of the corporate value of the Target Company, and the purpose of the Transactions is legitimate and reasonable.
- The fairness and appropriateness of the terms and conditions of the Transactions (including the Tender Offer Price) have been ensured.
- Sufficient consideration is given to the interests of the minority shareholders of the Target Company through fair procedures in the Transactions.
- The decision on the Transactions (including the decision of the Target Company to express an opinion to support the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer; hereinafter the same) is considered not disadvantageous to the minority shareholders of the Target Company.
- It is appropriate for the Target Company's board of directors to approve of the Tender Offer and express an opinion to recommend the Target Company's shareholders to tender their shares in the Tender Offer.

(b) Reasons for report

i. Whether the purpose of the Transactions is legitimate and reasonable (including whether the Transactions will contribute to the improvement of the corporate value of the Target

Company)

(Business environment and management issues of the Target Company)

- Against the backdrop of the shift to new social patterns due to the influence of the COVID-19, the growing need for improvement of operational efficiency in the private companies and government agencies with a background of the soaring prices and the depreciation of the yen due to rising resource prices triggered by the invasion of Ukraine that began in February 2022, the growing need for disaster prevention and mitigation measures in the wake of the intensification of natural disasters and the growing need for countermeasures against aging public infrastructure, etc., the operational efficiency and labor saving by utilizing DX including AI, IoT and ICT, has been promoted in any types of organizations including private companies and government agencies for a sustainable society, and the business areas where geospatial information technology can contribute are expanding.
- Under this business environment, on August 7, 2023, the Target Company announced the PASCO Mid-Term Plan, covering the three-year period from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026. In the PASCO Mid-Term Plan, the Target Company has set the basic policy; "prioritizing the transformation to truly trusted corporate management, build the foundation of new market strategies by leveraging geospatial information," and aims to achieve an expansion and growth of the geospatial business with the tagline "triple SHINKA" as described below. In addition, the Target Company has set the following numerical targets for the fiscal year ending March 31, 2026, the final year of the PASCO Mid-Term Plan: consolidated net sales of 60 billion yen or more, consolidated operating margin of 8.0% or more, and ROE (return on equity) of 10.0% or more.
- In the fiscal year ended March 31, 2024, the first year of the PASCO Mid-Term Plan, although the consolidated net sales and consolidated operating income decreased from the previous year due to, among others, a decrease in surveying services using vehicle-mounted lasers in the Domestic Private Business Sector and an increase in personnel expenses resulting from an increase in personnel and wage hikes, the numerical targets of the PASCO Mid-Term Plan described above were achieved. Under these circumstances, the Target Company has announced that it would continue to maintain its numerical targets for the last year of the PASCO Mid-Term Plan, and, given that its PBR is less than 1.0x in the fiscal year ended March 31, 2024, it aims to achieve a PBR of 1.0x or more through the implementation of the PASCO Mid-Term Plan.
- On the other hand, the Target Company recognizes that (a) responding to changes in the business environment and (b) securing and training human resources are two (2) issues that need to be addressed in order to achieve the Target Company's further growth in the future. Specifically, with respect to (a), due to the nature of the Target Company's business structure, the Target Company's operating results may be affected by enactments or changes of national and local government policies, laws and regulations, and budget trends for public works projects. With respect to (b), the Target Company's operating results may be affected by a quantitative or qualitative shortage of human resources due to a declining population or competition with growth industries for recruitment, while it is essential to secure human resources with advanced professional and managerial skills, particularly engineers, for the continuation and growth of the Target Company's business.
- SECOM and ITOCHU have the almost same recognition about the aforementioned management issues of the Target Company.

(Advantages and disadvantages of the Transactions)

- The "Domestic Public Business Sector," whose customers include national and local governments, is an important business sector, as it accounted for about 90% of consolidated net sales for the fiscal year ended March 31, 2024 and creates and accumulates technologies and know-how that form the basis of the Target Company's businesses, including private and satellite businesses. While the maintenance and management of social infrastructure in an aging and depopulating society as well as the efforts toward decarbonization are pressing social issues in this sector, it will be possible, by collaborating and leveraging the strengths of the Target Company and ITOCHU, to provide customers with advanced and wide-ranging services that it would be difficult for the Target Company to provide on its own. In particular, it will be possible to demonstrate their strengths in a wide range of businesses, including the comprehensive management of infrastructure through public-private partnerships and renewable energy-related businesses (surveys and planning), in which ITOCHU has an experience, and forestry-related businesses, in which the Target Company has an experience. In this regard, strengthening the "Domestic Public Business Sector," which accounts for approximately 90% of consolidated net sales, is one of the Target Company's important management issues, and is at the core of the "renovation and strengthening of existing businesses" and "expansion of sustainable business by continuing contract type services" as set forth in the PASCO Mid-Term Plan. Therefore, the Target Company's determination that the alliance with ITOCHU will create synergies related to the strengthening of the "Domestic Public Business Sector" and thereby contribute to further improvement of corporate value of the Target Company is reasonable and understandable.

- As a major general trading company, ITOCHU has been developing a wide range of businesses with domestic private companies in the fields of textile, machinery, metals and minerals, energy and chemicals, food, general products and realty, and ICT and finance. In the "Domestic Private Business Sector," it is expected to strengthen, and expand sales of, various solutions and products such as logistics, marketing and real estate, which are the Target Company's main products for private companies, by utilizing ITOCHU's business development system and its sales network to domestic private companies in the above range of businesses. In the space-related business, which has been the focus of much attention and expectation in recent years, it is expected to further expand its business through collaboration with ITOCHU, including expansion in the area of satellite data utilization and upgrading of services. In addition, in the satellite business, it is expected to contribute to strengthening the "Domestic Public Business Sector" by providing more sophisticated and diversified services to national and local governments, which are the Target Company's customers, through the collaboration with ITOCHU. In this regard, the expansion of earnings in the Domestic Private Business Sector is one of the important management issues for the Target Company, whose earnings are heavily weighted toward the "Domestic Public Business Sector," which is affected by the policies and budgets of the Japanese government. In addition, this measure is consistent with the "expanding new market areas in which the Target Company can demonstrate its presence" contained in "expansion of sustainable business by continuing contract type services" as set forth by the Target Company in PASCO Mid-Term Plan. Therefore, the Target Company's determination that the alliance with ITOCHU will create synergies related to the expansion of the "Domestic Private Business Sector" and thereby contribute to further improvement of corporate value of the Target Company is reasonable and understandable.
- In the "Overseas Business Division," it is expected to develop the Target Company's business by expanding sales, mainly in ASEAN, of the Target Company's "services for Japanese companies," including the area marketing and system development, "satellite monitoring services," including resource exploration, land change monitoring and land use monitoring, and "development of the advanced driver-assistance system (ADAS) business" through the overseas network of ITOCHU, which has about 90 bases in 61 countries worldwide (as of June 30, 2024). In this regard, the expansion of earnings in the Overseas Business Division is one of the important management issues for the Target Company, whose earnings are heavily weighted toward the "Domestic Public Business Sector," which is affected by the policies and budgets of the Japanese government. In addition, this measure is consistent with the "expanding new market areas in which the Target Company can demonstrate its presence" contained in "expansion of sustainable business by continuing contract type services" as set forth by the Target Company in the PASCO Mid-Term Plan. Therefore, the Target Company's determination that the alliance with ITOCHU will create synergies related to the development of the "Overseas Business Division" and thereby contribute to further improvement of corporate value of the Target Company is reasonable and understandable.
- ITOCHU has formed a "Group of Digital Businesses" with investee companies and collaboration partners based on the basic concept of "DX starting from business issues." By leveraging the superior technologies, know-how, data, system development capability and sales network, and the achievements of service provision and collaboration of ITOCHU and the Group of Digital Businesses, it will be possible to create new services and products that make more advanced use of geospatial information, such as smart city-related businesses, geospatial information platform businesses, and the use of AI in

geospatial information. Furthermore, it will be possible to develop new businesses, such as geospatial information analysis that more faithfully reflects social activities and consumer behavior by combining the Target Company's geospatial information technology with the consumer contact points of ITOCHU, which has strengths in consumer-related businesses, and it is expected to generate synergies through collaboration with the Target Company. The Target Company has been cooperating with SECOM to create new businesses in the past, and, after the Transactions, it will be able to create and expand sales of new businesses involving with ITOCHU by utilizing the customer base of the SECOM Group. Also, it will be possible to achieve inorganic growth by considering M&A and business collaboration that will contribute to the development and acquisition of new solutions, with utilizing the venture capital network that ITOCHU possesses. In this regard, the creation of new businesses is one of the important management issues for the Target Company, as it aims to create innovative products and services under the slogan of "Creation of new businesses by utilizing diversity" in the PASCO Mid-Term Plan. Therefore, the Target Company's determination that the alliance with ITOCHU will create synergies related to the creation of new businesses and thereby contribute to further improvement of corporate value of the Target Company is reasonable and understandable.

- Until now, the Target Company, as a listed company, has respected the interests of minority shareholders of the Target Company and has made efforts to secure its independence as the Target Company. Therefore, with respect to the common utilization of SECOM's management resources, there have been concerns regarding the conflicts of interest between SECOM and minority shareholders of the Target Company and the securing of independence. The Target Company believes that, after the Transactions, while avoiding the restrictions due to the conflicts of interest between SECOM and minority shareholders of the Target Company and for securing of independence, it will be possible to improve the medium- to long-term corporate value of the SECOM Group, including the Target Company, through collaboration with SECOM and ITOCHU and efficient use of their management resources, which are necessary from the viewpoint of medium- to long-term growth, and the prompt and smooth conduct of active investments. In this regard, the Target Company has had a certain capital relationship with SECOM since August 1999 and, has worked to strengthen its competitiveness through management information exchange, personnel exchange and financial support under a business collaboration relationship. However, due to the current status that falls under the parent-subsidiary listing, there were restrictions on active investment by SECOM of its management resource and utilization of the management base of SECOM. In addition, in general, delisting enables companies to make prompt decisions from a medium- to long-term perspective. Therefore, the Target Company's determination that making SECOM and ITOCHU the only shareholders of the Target Company through the Transaction would contribute the improvement of its corporate value is reasonable and understandable.
- The delisting of the Target Company Shares is expected to reduce the operational burden associated with maintaining the listing in recent years, including compliance with the Corporate Governance Code, etc., and the costs necessary for maintaining the listing, represented by the costs for continuous disclosure of information such as annual securities reports, audits, operation of general meetings of shareholders and outsourcing of administrative work to the transfer agent. In addition, the Target Company believes that, through the Transactions, it will be able to concentrate its management resources on further business growth. In this regard, the Special Committee confirmed that the delisting of the Target Company will reduce a certain amount of costs. Therefore, the Target Company's determination that the delisting will contribute the improvement of its corporate value is reasonable and understandable.
- As described above, each of the measures above accurately approaches the aforementioned management issues and also is consistent with the PASCO Mid-Term Plan. In addition, it is also consistent with the synergies (strengthening of existing businesses, support for development and sales of new initiatives and solutions, and maximization of the Target Company's interests by avoiding conflicts of interest) that SECOM and ITOCHU expect from the Transaction. Further, taking into account the businesses, management policies and achievements of SECOM and ITOCHU, there are no circumstances from which the Special Committee can deny the feasibility of the measures.

- Hence, the determination of the Target Company that the aforementioned synergies may be generated through the execution of flexible and steady management measures, which can be realized as a result of the Transaction, by which the Target Company will be privatized, the structural conflicts of interest between SECOM and minority shareholders of the Target Company will be eliminated and SECOM and ITOCHU will be able to invest their management resources in the Target Company Group, and it will contribute to further improvement of its corporate value is reasonable and understandable.
- At the same time, in general, following disadvantage can be expected associated with delisting and change of capital structure: (i) loss of major business partners and contractors, (ii) defamation of brand name and credit, (iii) limitation on fundraising methods such as public offerings, (iv) resignation of directors and officers and decline in morale, difficulties in recruiting new graduates and mid-careers, (v) weakening of governance system, (iv) reacquisition of permissions and qualification for public biding, and (vii) limitation under the competition law. However, according to the Target Company, these disadvantages are either non-existing or insignificant and the disadvantages of the Transaction can be sufficiently complemented by the exceeding advantages. In addition, aforementioned disadvantages were actually examined with particularity and there are no unreasonable points found in the details of such examination and, according to the result of such examination, at least, it was not considered that disadvantages that clearly overweight the aforementioned advantages would arise from the Transaction.
- From the viewpoint of improvement of the corporate value of the Target Company, there are no circumstances sufficient to think that there exist alternatives that are more effective than the Transaction.
- From the above, the Transaction contributes to the improvement of the corporate value of the Target Company and the purpose of the Transaction is justifiable and reasonable.

ii. Whether the fairness and appropriateness of the terms of the Transaction (including the purchase price in the Tender Offer, etc.) have been ensured

(Discussions and negotiations with Tender Offerors regarding the terms and conditions of the Tender Offer)

- In the Transaction, the Target Company and the Tender Offerors had negotiations concerning the Tender Offer Price for multiple times.
- Prior to the commencement of the negotiations with the Tender Offerors concerning the Tender Offer Price, the Special Committee asked Nomura Securities, the financial advisor of the Target Company, of a basic approach to the share valuation and a negotiation policy at its meeting. The Special Committee also received reports from both the Target Company and Nomura Securities on proposals from the Tender Offerors and its grounds, opinions and response policies of the Target Company during the negotiations and stated its opinions at every meeting.
- The Special Committee requested the Target Company to negotiate with the Tender Offerors placing a focus on the net asset value for the following reasons.
  - (a) In theory, the net asset value does not represent the going concern value. In evaluating the appropriateness of the price, it is essential that such price lies within the calculation range of the DCF Method which represents intrinsic value in the strictest sense.
  - (b) The Target Company Shares have low liquidity in the market and it can be said that, taking into consideration the past trading volume, the minority shareholders of the Target Company have few opportunities to sell their shares in the market at book value net assets. To put it the other way around, it is not that there is no room to assess that, even if the price was equivalent to book value net assets, the minority shareholders of the Target Company could get benefits from selling their shares.
  - (c) However, in this case, following circumstances particular to the Target Company should be taken into consideration.
    - (i) In the briefing material on the financial results dated May 13, 2024, the Target Company announced that it aims for making its PBR more than 1.0x by steadily implementing the PASCO Mid-Term Plan for the three-year period from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2026. The Target Company also announces that it regards the period covered

in the PASCO Mid-Term Plan as "a period to rebuild PASCO's true value for future growth" and treats the period after the fiscal year ending March 31, 2027 as its growth period. Further, according to the actual figures for the fiscal year ended March 31, 2024, which is the first year of the PASCO Mid-Term Plan, the Target Company has already achieved its financial targets for the fiscal year ending March 31, 2026, the final year of the PASCO Mid-Term Plan (consolidated net sales of 60 billion yen or more, consolidated operating margin of 8.0% or more). Based on the foregoing, it is not unlikely that PBR will become 1.0x or more during the period covered in the Business Plan (five-year period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029) based on which the Nomura Securities Share Valuation Report is made, and the results of active investment until the fiscal year ending March 31, 2026 will be reflected on the figures after the fiscal year ending March 31, 2027.

(ii) Considering the business of the Target Company and its performance in the past, the net assets of the Target Company are expected to steadily increase over time.

(iii) In addition, since the Target Company has a revenue with a bias on the second half of the fiscal year, it can be said that the market price of the Target Company in the current situation, where the performance for the first quarter is only published, does not reflect its fundamentals.

(iv) Based on the foregoing, it is assumed that some of the minority shareholders of the Target Company believe that, even if the current situation continues, the market price of the Target Company Shares will rise to the same level as the net assets (to be increased over time) in near future.

- In this case, the range of the perpetual growth method of the DCF method exceeded the range of the multiple method, each calculated in the interim report by Nomura Securities. Therefore, the Special Committee examined the negotiation policy by confirming the relationship between the range of the perpetual growth method and the implied multiple, as well as the correlation with the past multiple trends, after confirming with Nomura Securities the background of such difference.
- The Tender Offer Price should be an amount that will not cause losses to the majority of the Target Company's minority shareholders, and since it is presumed that many of the shareholders of the Target Company are long-term holders, the Special Committee requested that negotiations be based on the historical highest prices and trading volume analysis over the past long term.
- As a result, the Tender Offer Price has been raised from the initial proposal from the Tender Offerors (1,900 yen).

(Relationship with the calculation results in the Nomura Securities Share Valuation Report)

- Nomura Securities is one of the major business operators with significant experience in share valuation in Japan. It does neither fall under the related parties of the Target Company, the Tender Offerors and ITOCHU nor has any material interest in the Transaction, and therefore is considered to be independent.
- Each calculation method adopted by Nomura Securities is a method generally accepted as a calculation method of going concern value. Since each of the calculation methods has its own pros and cons and is complementary to each other, it is effective to analyze results from wide perspectives of various calculation methods. Therefore, the Special Committee believes that the rationality of the Tender Offer Price will be enhanced by combining the calculations methods above.
- In addition, the calculation process of each calculation method by Nomura Securities (including financial forecast and assumptions, etc.) is considered to be reasonable. Especially, with respect to the business plan assuming which the DCF Method, which has particularly important role, is applied, the Special Committee adds as follows;

(a) The business plan for the five year-period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029 (the "Business Plan") used for the calculation of free cash flow in valuating the Target Company Shares was prepared after commencement of the examination of the Transaction with preparation period of approximately one-month. It was prepared by employees at division heads level, and any related parties of the Tender Offerors and ITOCHU were not involved in the preparation process.

(b) Taking into consideration that the Target Company regards the period covered in the PASCO Mid-Term Plan as "a period to rebuild PASCO's true value for future growth" and treats the period after the fiscal year ending March 31, 2027 as its growth period, the figures after the fiscal year ending March 31, 2027 seem conservative to a certain degree. However, according to the Target Company, as it anticipates that the organic growth of the Domestic Public Business Sector, which accounts for 90% of its sales, would slightly decrease, it aims to recover such decrease by profits of new businesses. This is because the budget of the government could be decreased due to the expiration of the Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience (cabinet decision on December 11, 2020), which is the basis for the business in the Domestic Public Business Sector, in the fiscal year ending March 31, 2025, and severe financial conditions of local governments. As a result, the financial targets in the PASCO Mid-Term Plan are set at the figure that could be achieved during the plan years and the figures after the fiscal year ending March 31, 2027 show the steady growth of the Target Company. Hence, there are no circumstances to deny the scenario of the Target Company.

(c) Based on the above, even though the Business Plan was prepared after the commencement of the examination of the Transaction, there is neither (i) circumstances suggesting that the profit forecast in the Business Plan was arbitrarily prepared to be pessimistic nor (ii) circumstances indicating that the profit forecast in the Business Plan lacks reasonable grounds and the realization thereof is doubtful.

- According to the calculation result in the Nomura Securities Share Valuation Report, the Tender Offer Price is at a level that exceeds the upper limit of the range of the Average Market Price Method and lies within the range of each of the Comparable Company Method and the DCF Method. It is difficult to evaluate a specific price in the evaluation range in the Nomura Securities Share Valuation Report as "the value that could be realized without the Transaction"; provided, however, it is also possible to accept the calculation result in the Nomura Securities Share Valuation Report. Therefore, given the fact above, it is presumed that not only the value that could be realized without the Transaction but also the expected increase in the corporate value associated with the Transaction are reflected to the Tender Offer Price.

(Relationship with premium levels generally granted in similar cases)

- Considering the comparison with the premium levels in cases similar to the Transaction announced in and after June 2019, it must be said that the premium level is slightly inferior to the similar cases, but since the premium levels vary depending on a variety of factors in individual cases, it is not appropriate to evaluate the appropriateness of the premium level by relying solely on a simple comparison with similar cases.

(Relationship with the historical highest prices and trading volume analysis.)

- According to the Nomura Securities' analysis of trading volume by price range for the past one (1) to ten (10) years, it is estimated that the Tender Offer Price would exceed the theoretical acquisition price for more than 92% of shareholders of the Target Company. In addition, the Tender Offer Price is higher than the highest price (i.e., JPY 2,075) for the past one (1) year. From these circumstances, it is inferred that the Tender Offer Price is at a level that will not cause losses to the majority of the Target Company's minority shareholders.

(Appropriateness of scheme and other terms and conditions of transactions)

- Since cash is highly liquid and appropriate as a method of investment recovery, there is no reason why electing cash as the consideration itself would be disadvantageous to the minority shareholders of the Target Company.
- In addition, since IS Frontier Partners, among the Tender Offerors, is an unlisted SPC, it is unarguable that consideration in the form of SPC shares, which cannot be converted into cash, would not be in the interests of the minority shareholders of the Target Company. Furthermore, it is conceivable that listed shares of SECOM and/or ITOCHU, which have high liquidity, would be used as consideration; however, in the first place, it would be impossible or difficult to conduct a reorganization, etc., in which listed shares

of the two companies are used as consideration. In addition, since the businesses of the Target Company differ significantly from those of SECOM and ITOCHU, it is not necessarily desirable for the Target Company's minority shareholders, who have invested in the Target Company, to receive shares of both companies through a reorganization with stock consideration.

- It is contemplated that the Tender Offer Price and the consideration amount of the Squeeze-Out Procedures will be the same amount.
- Accordingly, the acquisition method and consideration of the Transactions, in which cash is delivered to the minority shareholders of the Target Company through the Tender Offer and the Squeeze-Out Procedure are not disadvantageous to the minority shareholders of the Target Company, and are therefore considered reasonable.
- Based on the foregoing, since the Tender Offer Price is a reasonable price that ensures the benefits to be enjoyed by the minority shareholders of the Target Company, the Tender Offer provides the shareholders of the Target Company with a reasonable opportunity to sell their shares at a price with an appropriate premium. Thus, the appropriateness of the terms and conditions of the Transaction is ensured.

iii. Whether sufficient consideration is given to the interests of the shareholders of the Target Company through fair procedures in the Transactions

(Establishment of the Special Committee)

- The Special Committee, which is composed of members who are independent and competent enough to consider the Advisory Matters, was established at the beginning of the examination of the Transactions. While receiving advice from the Target Company's advisors, the Special Committee considered the Transactions after obtaining important information, including non-public information, as needed from the Target Company and its advisors in a timely manner, and received reports on the details of the negotiations on the terms and conditions of the Transactions in a timely manner, expressed opinions at critical junctures, and gave instructions and made requests. Thus, the Special Committee functioned effectively.
- In the resolution for establishing the Special Committee, the Target Company's board of directors resolved, in advance, to the effect that (i) if the Special Committee determines that the implementation of the Tender Offer or the terms and conditions of the Transactions are not appropriate, the Target Company will not support the Tender Offer, and (ii) any decision by the Target Company's board of directors regarding the Transactions will be made with maximum respect for the details of the Special Committee's determination, including on whether or not to support the Tender Offer.

(Obtainment of professional advice, etc. from independent outside experts)

- Since the early stages of the Transactions, the Target Company has obtained professional advice from Nomura Securities and NAKAMURA, TSUNODA & MATSUMOTO, both of which are independent.

(Ensuring opportunities for takeover proposals by other potential bidders (market check))

- So-called active market check has not been conducted for the Transaction. However, in the case of a takeover by a controlling shareholder, market checks function as a measure to ensure fairness only in a limited number of situations, and in many cases, they are considered to be of little significance. In addition to this, in the case of the Tender Offer, there are no exceptional circumstances that would allow a market check to function exceptionally, given that SECOM has no intention to sell its shares in the Target Company.
- The Tender Offer Period for the Tender Offer is 30 business days, which is longer than the minimum period of 20 business days required by the Financial Instruments and Exchange Act. Furthermore, the Target Company has not entered into any agreements with the Tender Offerors or ITOCHU that would restrict the Competing Tender Offerors from contacting the Target Company, such as an agreement including a deal protection provision that would prohibit the Target Company from contacting the Competing Tender Offerors.
- In light of the foregoing, it is believed that the shareholders are given a sufficient deliberation time to consider whether to tender their shares in the Tender Offer, and that the opportunity to make a competing offer is objectively secured.

(Majority of Minority conditions)

- So-called "Majority of Minority" conditions have not been set for the Tender Offer.
- However, it is believed that it is unnecessary to set the "Majority of Minority" conditions for the Tender Offer, given that other sufficient measures to ensure fairness are taken for the Transactions, and that having the said conditions would make it possible to obstruct the Transactions by acquiring a relatively small number of shares, and would make a successful completion of the Tender Offer uncertain, and, as a result, would not contribute to the interests of minority shareholders of the Target Company who wish to tender their shares in the Tender Offer.

(Decision-making process within the Target Company)

- In addition to the multiple measures to ensure fairness above, the examinations and negotiations on the Transaction were conducted by the Target Company excluding the directors and officers who could have certain interests since the early stage.
- From the viewpoint of eliminating the possibility of conflicts of interest, Mr. Kazuhisa Miyamoto and Mr. Kiyoshi Kamiyama, who are directors of the Target Company and concurrently serve as employees of SECOM, Mr. Kiyotaka Yanai and Mr. Kosaku Sogabe, who are audit & supervisory board members of the Target Company and concurrently serve as employees of SECOM, and Mr. Atsushi Tatsuguchi, who was an audit & supervisory board member of the Target Company and concurrently served as an employee of SECOM were excluded from the deliberation at the meeting of the board of directors of the Target Company regarding the Transaction, nor did they participate in any discussions and negotiations held with SECOM and ITOCHU.

(Enhancement of information provision to minority shareholders and improvement of transparency of process)

- The Special Committee believes that the sufficient information that will contribute the proper decision of minority shareholders of the Target Company, including the information on the Special Committee, Nomura Securities Share Valuation Report and processes of and negotiations to implement the Transaction, is disclosed in the documents to be disclosed in an easily understood manner.

(Elimination of coercion)

- The Squeeze-Out Procedure will be executed by way of share consolidation. In the course of execution of the scheme, each shareholder is entitled to file a petition or determination of the price of the Target Company Share in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act, and such information is expressively stated in the documents to be disclosed. In addition, in the relevant section of the documents to be disclosed, it is stated that the Squeeze-Out Procedures will be implement immediately after the completion of the Tender Offer and the amount of cash delivered to each of the shareholders in the Squeeze-Out Procedure is expected to be equal to the Tender Offer Price.
- Given the foregoing, it is recognized that, in the Transaction, due consideration has been given to the interest of minority shareholders of the Target Company with fair procedures.

iv. Whether the decision on the Transactions is considered not disadvantageous to minority shareholders of the Target Company

As discussed above, in light of the fact that (i) the Transactions will contribute to the improvement of the corporate value of the Target Company, and the purpose of the Transactions is legitimate and reasonable; (ii) since the Tender Offer Price is a reasonable price that ensures the benefits to be enjoyed by the minority shareholders of the Target Company, the Tender Offer provides the shareholders of the Target Company with a reasonable opportunity to sell their shares at a price with an appropriate premium and, the appropriateness of the terms and conditions of the Transaction is ensured; and (iii) sufficient consideration is given to the interests of the minority shareholders of the Target Company through fair procedures in the Transactions, the Special Committee believes that the decision on the Transactions is not disadvantageous to the minority shareholders of the Target Company.

v. Whether the Target Company's board of directors should express an opinion to support the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer
For the same reasons as iv. above, the Special Committee believes that it is appropriate for the Target Company's board of directors to express an opinion to support the Tender Offer and to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

(III) Obtainment by the Target Company of advice from an independent legal adviser

According to the Target Company Press Release, in order to ensure the fairness and appropriateness in process of decision-making of the board of directors of the Target Company for the Tender Offer, the Target Company appointed NAKAMURA, TSUNODA & MATSUMOTO as the legal advisor independent of the Target Company, as well as the Tender Offerors and ITOCHU and has obtained necessary legal advice about the method and process of decision-making by the board of directors of the Target Company, including various procedures regarding the Transactions, and other points to be noted. Also, NAKAMURA, TSUNODA & MATSUMOTO is not a related party of the Target Company, as well as the Tender Offerors and ITOCHU, and have no material interest to be stated in the Transactions. The fees to be paid to NAKAMURA, TSUNODA & MATSUMOTO do not include contingent fees subject to the announcement or completion of the Transactions. It is confirmed by the Special Committee that there is no problem in its independence of NAKAMURA, TSUNODA & MATSUMOTO.

(IV) Obtainment by the Target Company of share valuation report from the independent third-party valuation organization

(i) Name of the valuation organization and relationships with the Target Company and the Tender Offerors

According to the Target Company Press Release, upon expressing opinion on the Tender Offer, the Target Company requested Nomura Securities, which is the financial advisor and a third-party valuation organization independent of the Target Company, the Tender Offerors and ITOCHU, to evaluate the share value of the Target Company Shares and obtained the Nomura Securities Share Valuation Report as of September 5, 2024 from Nomura Securities (Note 3).
As stated in "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)," based on the fact that the Target Company and the Tender Offerors have taken measures to ensure the fairness of the Tender Offer Price and the fairness of the Transactions, the Target Company believes that the fairness of the Transactions, including the Tender Offer Price, is ensured, and as a result, has not obtained an opinion on the fairness of the Tender Offer Price (fairness opinion) from Nomura Securities.
In addition, the fees to be paid to Nomura Securities in relation to the Transactions include contingent fees subject to the completion of the Transactions. The Target Company determined, taking into consideration the normal business practice in similar transactions and the appropriateness of matters such as a fee system which would impose considerable financial burden on the Target Company in the case of the non-completion of the Transactions, that the independence of Nomura Securities would not be negated due to the inclusion of the contingent fees subject to the completion of the Transactions, etc., and appointed Nomura Securities as its financial advisor and a third-party valuation organization under the above fee system.
The Special Committee approved Nomura Securities as the financial advisor of the Target Company after having confirmed at the first meeting of the Special Committee that there is no problem with the independence of Nomura Securities.

(ii) Summary of calculation concerning the Target Company Shares

According to the Target Company Press Release, Nomura Securities valued the Target Company Shares using the following methods: the average market price method (because the Target Company Shares are listed on the Standard Market of the Tokyo Stock

Exchange); the Comparable Company Method (because there is a comparable listed company and it is possible to infer the share value through a comparison with the listed company); and the DCF Method (in order to reflect the Target Company's anticipated future business situation in the calculation), based on the idea that it is appropriate to determine the value of the Target Company Shares from multiple perspectives after considering valuation methods to be adopted in the Tender Offer in valuing the Target Company Shares from among various valuation methods, under the assumption that the Target Company is a going concern. The Target Company obtained the Nomura Securities Share Valuation Report as of September 5, 2024 from Nomura Securities.
The per share value range of the Target Company Shares calculated based on each of the methods described above in the Nomura Securities Share Valuation Report is as set forth below:

Average Market Price Method	JPY1,618 – JPY1,822
Comparable Company Method	JPY2,077 – JPY2,433
DCF Method	JPY1,770 – JPY3,316

Under the average market price method, Nomura Securities set September 4, 2024, as the calculation base date and calculated the per share value range of the Target Company Shares to be JPY 1,618 – JPY 1,822, based on the closing price of JPY 1,629 for regular transactions of the Target Company Shares on the Standard Market of the Tokyo Stock Exchange on the base date and the simple average of closing prices for the most recent five-day, one-month, three-month and six-month periods, each ending on the base date (JPY 1,689, JPY 1,618, JPY 1,752, and JPY 1,822, respectively).

Under the comparable companies method, Nomura Securities selected Asia Air Survey Co., Ltd. as the listed company that is considered comparable with the Target Company, and calculated the share value of the Target Company Shares, using the multiple of the operating income to the corporate value, the multiple of the operating income before depreciation and amortization (the "EBITDA") to the corporate value (the "EBITDA Multiple"), the multiple of the net income to the market capitalization, and the multiple of the shareholder's equity to the market capitalization. As a result, the per share value range of the Target Company Shares was calculated to be JPY 2,077 – JPY 2,433.
Under the DCF Method, based on the Target Company's business plan, taking into account various factors, including the revenue forecasts and investment plans in the business forecasts for the five-year period from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029, as well as such information as those publicly available, Nomura Securities analyzed the Target Company's corporate value and share value by discounting the free cash flow expected to be generated by the Target Company in and after the fiscal year ending March 31, 2025 to the present value at certain discount rates. In calculating the per share value of the Target Company Shares, Nomura Securities applied the discount rate of 7.25% – 8.25%, and for the calculation of the going-concern value, the perpetual growth method with the perpetual growth rate of -0.25% – 0.25% and the multiple-method with the EBITDA Multiple of 3.5 times – 5.5 times were used. As a result, the per share value range of the Target Company Shares was calculated to be JPY 1,770 – JPY 3,316.
The specific figures of the financial forecasts based on the Target Company's business plan, which Nomura Securities used as the premise for calculation under the DCF Method, are as follows. While the financial forecasts do not include any fiscal years with significant increases or decreases in profits expected, the financial forecasts include the fiscal year in which a significant change in free cash flow is expected. Specifically, in the fiscal year ending March 31, 2026, a significant decrease of free cash flow is expected due to an expected increase in working capital resulting from an increase in revenue and an expected increase in capital expenditures for rebuilding the core system. In addition, the financial forecasts below did not take into consideration the expected synergy effects to be achieved through the Transactions, given their difficulty in estimating the specific effects at the time.

(millions of yen)

	March 2025	March 2026	March 2027	March 2028	March 2029

Net Sales	60,000	60,500	62,000	63,000	64,000
Operating Income	4,620	4,818	5,117	5,518	6,019
EBITDA	6,961	7,673	8,189	8,812	9,524
Free Cash Flow	3,599	2,216	2,835	3,581	4,144

(Note 3) In calculating the share value of the Target Company Shares, Nomura Securities assumed that publicly available information and all the information provided by the Target Company were accurate and complete, and did not independently verify their accuracy or completeness. Nomura Securities did not conduct an independent assessment, valuation or appraisal of any assets or liabilities (including derivatives, off-balance sheet assets and liabilities and other contingent liabilities) of the Target Company or its affiliates, including any analysis or evaluation of individual assets and liabilities, nor did Nomura Securities make any request to a third-party valuation organization for any such valuation or appraisal. The Target Company's business plan is assumed to have been reasonably considered or prepared by the Target Company's management based on the best projections and judgment made in good faith that were available to the management of the Target Company at the time. The calculation by Nomura Securities reflects the information and economic conditions obtained by Nomura Securities up to September 4, 2024. The sole purpose of the calculation by Nomura Securities is to serve as a reference for the Target Company's board of directors to consider the share value of the Target Company Shares.

(V) Establishment by the Target Company of an independent structure for consideration

According to the Target Company Press Release, as stated in "(B) Process of, and reasons for, the decision making by the Target Company in support of the Tender Offer" of "(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer" of "2. Purposes of Tender Offer" above, the Target Company established within itself a system to review, negotiate and make decisions about the Transaction independently from the Tender Offerors and ITOCHU. Specifically, on December 8, 2023, after receiving the initial proposal about the Transaction, the Target Company established a project team to implement the Transaction in order to review the Transaction (including the preparation of business plan that is to be the basis of the valuation of the Target Company Shares) and to discuss and negotiate with SECOM and ITOCHU. The members of the project team exclusively consist of officers and employees who have not concurrently served as officers and employees of the companies in the SECOM Group (excluding the Target Company Group) and the statuses of members has not been changed since the establishment thereof.
In addition, the Target Company obtained confirmation from the Special Committee that there is no issue regarding the independence and fairness of the review system (including the range of the officers and employees who engaged in the review of the Transaction, discussions and negotiations) as well as the handling of the project team above.

(VI) Approval of all of directors of the Target Company without conflicts of interest and opinion of non-objection of all of audit & supervisory board members of the Target Company without conflicts of interest

According to the Target Company Press Release, the Target Company, taking into account the legal advice received from NAKAMURA, TSUNODA & MATSUMOTO, advice from a financial view point obtained from Nomura Securities and the contents of the share valuation report obtained from Nomura Securities dated September 5, 2024, carefully discussed such matters as whether the Transactions would contribute to the improvement of the corporate value of the Target Company and whether the Transactions are conducted through fair procedures so that the interests to be gained by minority shareholders are secured while respecting the determinations stated in the Report Dated September 4, 2024 submitted by the Special Committee.
As a result, the board of directors of Target Company has resolved, as described in "(B) Process of, and reasons for, the decision making by the Target Company in support of the Tender Offer" of "(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer" of "2. Purposes of the Tender Offer"

above, upon unanimous approval of all of the directors who participated in the deliberations and resolutions (seven (7) directors excluding Mr. Kazuhisa Miyamoto and Mr. Kiyoshi Kamiyama out of a total of nine (9) directors), to express an opinion to support the Transactions, at the meeting of the board of directors of the Target Company held today, and resolved to recommend that the shareholders of the Target Company accept the Tender Offer. In addition, at the meeting of board of directors above, all two (2) audit & supervisory board members out of four (4) audit & supervisory board members of the Target Company except for Mr. Kiyotaka Yanai and Mr. Kosaku Sogabe participated and all audit & supervisory board members participated stated that they had no objections to the above resolution.

In light of the fact that, among nine (9) directors of the Target Company, Mr. Kazuhisa Miyamoto and Mr. Kiyoshi Kamiyama are employees of SECOM, from the viewpoint of eliminating the possibility of conflicts of interest, they were excluded from the deliberation and resolution at the aforementioned meeting of the board of directors of the Target Company, nor did they, as a director of the Target Company, participate in any discussions and negotiations held with SECOM and ITOCHU in connection with the Transactions. Among four (4) audit & supervisory board members of the Target Company, Mr. Kiyotaka Yanai and Mr. Kosaku Sogabe are employees of SECOM, from the viewpoint of eliminating the possibility of conflicts of interest, they were excluded from the deliberation at the abovementioned meeting of the board of directors of the Target Company, nor did they, as a director of the Target Company participate in any discussions and negotiations held with SECOM and ITOCHU. In addition, as of June 21, 2024, Mr. Atsushi Tatsuguchi, who was an audit & supervisory board member of the Target Company and concurrently served as an employee of SECOM, resigned from his office as audit & supervisory board members, however, from the viewpoint of eliminating the possibility of conflicts of interest, he did not participate in any discussions and negotiations held with SECOM and ITOCHU.

(VII) Securance of objective circumstances to ensure fairness of the Tender Offer

There are no agreements among SECOM, ITOCHU and the Target Company to restrict the Competing Tender Offerors from contacting the Target Company, such as deal protection provisions prohibiting the Target Company from contacting the Competing Tender Offerors, and the Tender Offerors and the Target Company have been mindful of ensuring fairness in the Tender Offer by not preventing any opportunities for a competing offer.

In addition, the Tender Offerors set the period of 30 business days as the Tender Offer Period, while the minimum period required for a tender offer under the relevant laws was 20 business days. By setting the Tender Offer Period long compared to the shortest period under the relevant laws, the Tender Offerors ensured opportunities for the shareholders of the Target Company to make proper decision whether to tender their shares. At the same time, the Tender Offerors intends to ensure the fairness in the Tender Offer Price by ensuring opportunities for tender offerors other than the Tender Offerors to conduct counter offers in respect of the Target Company Shares.

(C) Relationships with the Valuation Organizations

EY, the third-party valuation organization of SECOM is not a related party of the Tender Offerors, ITOCHU, or the Target Company, and has no material interests in the Transactions including the Tender Offer.

KPMG, the third-party valuation organization of ITOCHU is not a related party of the Tender Offerors, ITOCHU or the Target Company, and has no material interests in the Transactions including the Tender Offer.

(5) Number of shares to be purchased

Class of Shares	Number of Shares to be Purchased	Minimum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
Common Stock	4,079,186 (shares)	― (shares)	― (shares)

Total	4,079,186 (shares)	－(shares)	－(shares)

(Note 1) As the maximum or minimum number of shares to be purchased through the Tender Offer has not been set, the Tender Offerors will purchase all of the Tendered Shares.

(Note 2) As the maximum number of shares to be purchased has not been set in the Tender Offer, the number of shares to be purchased is stated as 4,079,186 shares, which is the maximum number of the Target Company Shares that the Tender Offerors may acquire through the Tender Offer. In addition, the maximum number is the number of shares (4,079,186 shares) calculated by deducting the number of treasury shares owned by the Target Company as of June 30, 2024 as set out in the Target Company's Financial Results for the First Quarter (22,039 shares) and the number of the shares of the Target Company Shares owned by SECOM as of today (10,316,800 shares) from the total number of the shares of the Target Company (14,418,025 shares) as of the said date as set out in the Target Company's Financial Results for the First Quarter.

(Note 3) Shares less than 1 unit are also eligible for the Tender Offer. In addition, if a shareholder exercises its right to request the purchase of shares less than 1 unit in accordance with the Companies Act, the Target Company might purchase its treasury shares during the Tender Offer Period in accordance with procedures required by laws and regulations.

(Note 4) The Tender Offerors do not intend to acquire the treasury shares owned by the Target Company through the Tender Offer.

(Note 5) The method used by the Tender Offerors, respectively, for purchasing the Tendered Shares will be that (i) SECOM will purchase up to 480,941 shares (ownership ratio: 3.34%) out of the total number of the Tendered Shares and IS Frontier Partners will purchase the remaining Tendered Shares and (ii) if the total number of the Tendered Shares are less than 480,941 shares (ownership ratio: 3.34%), SECOM will purchase all of the Tendered Shares.

(6) Changes in Ownership Ratio of Shares due to Purchase, etc.

Number of voting rights represented by Shares held by the Tender Offerors before the Tender Offer	103,168 voting rights	(Ownership Ratio of Shares before the Tender Offer:71.66%)
Number of voting rights represented by Shares held by special related parties before the Tender Offer	0 voting rights	(Ownership Ratio of Shares before the Tender Offer:－%)
Number of voting rights represented by Shares held by the Tender Offerors after the Tender Offer	143,959 voting rights	(Ownership Ratio of Shares after the Tender Offer: 100%)
Number of voting rights represented by Shares held by special related parties after the Tender Offer	0 voting rights	(Ownership Ratio of Shares after the Tender Offer:－%)
Number of voting rights of all of the shareholders of the Target Company	142,913 voting rights	

(Note1) The "Number of voting rights represented by shares held by special related parties before tender offer" is stated as the total number of the voting rights represented by the shares held by the special related parties (excluding the parties who are excluded from the special related parties, pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Office Ordinance on Disclosure of Tender Offer for Share Certificates, Etc. by Person other than Issuer (Ministry of Finance Ordinance No. 38 of 1990, as amended) (the "Cabinet Ordinance"), in calculating the ownership ratio of shares pursuant to each of the Items of Article 27-2, Paragraph 1 of the Act, or the Tender Offerors who mutually fall under the categories of special related parties). Provided, however, shares held by the special related parties (excluding the treasury shares owned by the Target Company and the Target Company Shares held by the Tender Offerors who mutually fall under the categories of special related parties) are also subject to tender offer, etc., and the "Number of voting rights represented by Shares held by special related parties after the Tender Offer" is zero.

(Note 2) "Number of voting rights all of the shareholders of the Target Company" is the number of voting rights of all of the shareholders as of March 31, 2024 set out in the Target Company Annual Securities Report for the 76th Fiscal Year submitted on June 21, 2024. However, given that shares less than 1 unit are also eligible for the Tender Offer, in the calculation of the "Ownership Ratio of Shares before the Tender Offer" and the "Ownership Ratio of Shares after the Tender Offer," the number of voting rights (143,959 voting rights) pertaining to the number of shares (14,395,986 shares) obtained by deducting the number of treasury shares (22,039 shares) owned by the Target Company as of June 30, 2024 from the total number of issued shares of the Target Company as of June 30, 2024 set out in the Target Company's Financial Results for the First Quarter (14,418,025 shares) is calculated as the denominator.

(Note 3) The figures in the "Ownership Ratio of Shares before the Tender Offer" and the "Ownership Ratio of Shares after the Tender Offer" are rounded to two decimal places.

(7) Purchase price: 8,729,458,040 yen

(Note) The amount obtained by multiplying the number of shares to be purchased through the Tender Offer (4,079,186 shares) by the Tender Offer Price (2,140 yen).

(8) Method of settlement

(A) Name and location of head office of financial instruments business operator/bank etc. in charge of settlement of tender offer

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

(B) Commencement date of settlement

Monday, October 28, 2024

(C) Method of settlement

After the expiration of the Tender Offer Period, the tender offer agent will promptly mail a notification concerning the purchase of shares through the Tender Offer to the addresses of the Tendering Shareholders (or addresses of their standing proxy in the case of the foreign shareholders). For applications through online trade (https://trade.smbcnikko.co.jp/) (the "Nikko Easy Trade"), the delivery of such notification will be made via electromagnetic methods.

Purchases will be settled in cash. Following the instructions of the Tendering Shareholders (or their standing proxy in the case of the foreign shareholders), the proceeds from the sale of the shares will be remitted by the tender offer agent promptly after the commencement date of settlement to the place designated by the Tendering Shareholders (or their standing proxy in the case of the foreign shareholders).

(D) Method of return of shares

If all of the tendered shares are not purchased pursuant to the terms described in "(A) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof" and "(B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc." of "(9) Other conditions and methods of purchase" below, the tender offer agent will revert records of the shares that shall be returned to the state immediately before such shares were tendered (i.e., the status where the execution of the tender has been cancelled) two (2) business days after the last day of the Tender Offer Period (or the date of withdrawal in the case of withdrawal of the Tender Offer).

(9) Other conditions and methods of purchase

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

The Tender Offerors have not set a maximum number of shares to be purchased or minimum number of shares to be purchased. Accordingly, the Tender Offerors will purchase all of the Tendered Shares.

(B) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)10, and (1)13 through (1)19, Items (3)1 through (3)8 and (3)10, as well as Article 14, Paragraph 2, Items (3) through (6) of the Enforcement Order occurs, the Tender Offerors may withdraw the Tender Offer.
For the avoidance of doubt, the "events that are equivalent to those listed in Items (3)1 through (3)9" in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order shall refer to the case where (i) it is found that there is a false statement, or an omission of, a material matter to be stated, in the statutory disclosure documents which the Target Company submitted in the past, where the Tender Offerors were not aware of the false statement or the omission and, despite using due care, the Tender Offerors were unable to be aware of the false statement or the omission or (ii) the fact listed in Item (3)1 through (3)7 has occurred to the material subsidiary of the Target Company.
If the Tender Offerors intend to withdraw the Tender Offer, the Tender Offerors will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offerors will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

(C) Conditions to reduce purchase price, details thereof and method of disclosure of reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offerors may reduce the Tender Offer Price in accordance with the standards set out in Article 19, Paragraph 1 of the Cabinet Ordinance.
If the Tender Offerors intend to reduce the Tender Offer Price, the Tender Offerors will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offerors will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.
If the Tender Offer Price is reduced, the Tender Offerors will also purchase the tendered shares on or before the date of the public notice at the reduced Tender Offer Price.

(D) Matters concerning Tendering Shareholders' right to cancel the tender agreement

The Tendering Shareholders may, at any time during the Tender Offer Period, cancel the contract concerning the Tender Offer.
Tendering Shareholders who wish to cancel the contract must send by personal delivery or mail, to a person specified below, cancellation documents stating that such Tendering Shareholder requests to cancel the contract concerning the Tender Offer (the "Cancellation Documents") by 15:30 on the last day of the Tender Offer Period (provided, however, that business hours differ between branch offices, therefore, please confirm beforehand the business hours of the branch office that the Tendering Shareholder wishes to use to take and complete the necessary procedures). If the Cancellation Documents are sent by mail, they must be received by the person specified below by 15:30 on the last day of the Tender Offer Period (provided, however, that business hours differ between branch offices, therefore, please confirm beforehand the business hours of the branch office that the Tendering Shareholder wishes to use to take and complete the necessary procedures).
For the cancellation of the contract concerning the tender made through Nikko Easy Trade, please log in to Nikko Easy Trade and complete the cancellation procedures in accordance with the description on the screen by 15:30 on the last day of the Tender Offer Period.
Persons authorized to receive the Cancellation Documents:

SMBC Nikko Securities Inc.
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
(or any other branch office of SMBC Nikko Securities Inc. in Japan)

No claims for payment of compensation for damages or penalties shall be made against the Tendering Shareholders by the Tender Offerors in the event that the agreement for the tender is cancelled by the Tendering Shareholders. The cost of returning the tendered shares will be borne by the Tender Offerors. If the Tendering Shareholders request the cancellation of their agreements for the tender, the tendered shares will be returned in the manner set out in "(D) Method of return of shares" of "(8) Method of settlement" above promptly after the completion of the procedures for such request for the cancellation.

(E) Method of disclosure if the conditions of the Tender Offer are changed

During the Tender Offer Period, the Tender Offerors may change the conditions, etc. of the Tender Offer unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13 of the Enforcement Order.
If the Tender Offerors intend to change any conditions, etc. of the Tender Offer, the Tender Offerors will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offerors will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.
If the conditions, etc. of the Tender Offer are changed, the Tender Offerors will also purchase the tendered shares on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(F) Method of disclosure if amendment statement is filed

If an amendment statement is filed to the Director-General of the Kanto Local Finance Bureau (excluding the cases provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offerors will immediately make a public announcement of the content of such amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Tender Offerors will also immediately amend the tender offer explanation statement and deliver the amended tender offer explanation statement to the Tendering Shareholders who have already received the original tender offer explanation statement. However, if the amendments are limited in scope, the Tender Offerors may instead prepare and deliver to Tendering Shareholders a document stating the reason for the amendments, the matters amended, and the details thereof.

(G) Method of disclosure of results of tender offer

The results of the Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(H) Other matters

The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S.
In addition, this notice and other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.
Each of person who tenders shares through the Tender Offer (or the standing proxy in the case of the foreign shareholders) will be required to represent and warrant the following:
(i) The Tendering Shareholder is not located in the U.S. at the time of tendering shares or sending the tender offer acceptance form; (ii) the Tendering Shareholder did not receive or send any information or documents regarding the Tender Offer, directly or indirectly, in, to or from the U.S.; (iii) the Tendering Shareholder did not use, directly or indirectly, the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication) or any facilities of a securities exchange in the U.S. with respect to the purchase or for signing or delivering the tender offer acceptance form; and (iv) the

Tendering Shareholder is not acting as an attorney, a trustee or a mandatary without discretion for any other person (except for the case where the latter provides all instructions for the purchase from outside the U.S.).

(10) Date of public notice of commencement of tender offer

Friday, September 6, 2024

(11) Tender offer agent

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

4. Policy, etc. after the Tender Offer and future outlook

With respect to the policy, etc. after the Tender Offer, please refer to "(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer," "(4) Policy for organizational restructuring after the Tender Offer (matters relating to two-step acquisition)" and "(5) Possibility of, and reasons for, delisting" under "2. Purposes of Tender Offer" above.

5. Others

(1) Agreements between the Tender Offerors and the Target Company or its directors, and contents thereof

(A) Expressing Support or the Tender Offer

According to the Target Company Press Releases, the Target Company has resolved at the meeting of the board of directors of the Target Company as of today to express its opinion in favor of the Tender Offer and to recommend that shareholders of the Target Company tender in the Tender Offer.

For details of the resolution at the meeting of the board of directors of the Target Company, please see the Target Company Press Releases and "(VI) Approval of all of directors of the Target Company without conflicts of interest and opinion of non-objection of all of audit & supervisory board members of the Target Company without conflicts of interest" of "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the calculation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" above.

(B) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer

Please see "(2) Background, purpose and decision-making process leading to the decision to conduct the Tender Offer and management policy after the Tender Offer" of "2. Purposes of Tender Offer" above.

(C) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer

Please see "(Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)" of "(B) Background of the Valuation" of "(4) Basis of Valuation of Tender Offer Price" of "3. Outline of Tender Offer" above.

(2) Other information considered necessary for investors to decide whether to tender their shares in tender offer

(A) Public Release of "Notice Concerning Revision of Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend)"

According to the "Notice Concerning Revision of Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend)" released by the Target Company today, the Target Company, at its meeting of the Board of Directors held on the same day, resolved to revise the dividend forecast for the fiscal year ending March 31, 2025, and not to pay year-end dividends for the fiscal year ending

March 31, 2025, on the premises that the Tender Offer is successfully completed. For details, please refer to the relevant announcement by the Target Company.

(B) Projections for financial results for the current fiscal year and actual financial results for the previous fiscal year

The impact of the Transaction on the consolidated financial results for the fiscal year ending March 31, 2025 of SECOM and ITOCHU is currently being reviewed and if any matters that should be disclosed come to light in the future, SECOM and ITOCHU will promptly disclose the same.

(Reference) SECOM's projections for consolidated financial results for the current fiscal year and consolidated actual results for the previous fiscal year

	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025 (forecast)
Revenue	1,154,740 million yen	1,170,000 million yen
Operating profit	140,658 million yen	131,200 million yen
Ordinary profit	166,859 million yen	138,000 million yen
Net income attributable to owners of the parent	101,951 million yen	87,000 million yen
Basic net income per share	482.04 yen	417.26 yen

(Reference) ITOCHU's projections for consolidated financial results for the current fiscal year and consolidated actual results for the previous fiscal year

	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025 (forecast)
Net profit attributable to ITOCHU	801,770 million yen	880,000 million yen
Basic earnings per share attributable to ITOCHU	553.00 yen	614.63 yen

Solicitation Regulations

This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should carefully read the tender offer explanation statement concerning the Tender Offer and then make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer or solicitation to sell, or solicitation to offer to purchase any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

Forward-Looking Statements

This press release and documents referred herein describe the prospects for business development based on the opinions of the management teams of SECOM and ITOCHU in case of acquiring the Target Company Shares, and may contain forward-looking expressions such as “anticipate,” “expect,” “forecast,” “intend,” “plan,” “believe,” “assume,” and similar expressions, including those related to the future business of the Tender Offerors, ITOCHU and other companies, etc. Such statements are based on the presently contemplated future outlook of SECOM and ITOCHU. Therefore, actual results may differ materially from such expectations due to numerous factors. SECOM, ITOCHU, IS Frontier Partners, the Target Company and their related parties assume no obligation to update or revise any forward-looking statements contained herein to reflect future events or circumstances.

Restriction related to the U.S.

The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S. In addition, this press release regarding the Tender Offer or other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.
No solicitation for the purchase of securities or their equivalents will be made to residents of the U.S. or in the U.S., and no securities or their equivalents may be sent to SECOM, ITOCHU or IS Frontier Partners from residents of the U.S. or from the U.S.

Other Countries

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In such case, shareholders should be aware of and comply with such restriction. In any country or region in which conducting the Tender Offer would be illegal, the fact of the receipt of this press release shall not be interpreted as an offer to purchase or solicitation of an offer to sell the share certificates in connection with the Tender Offer, but simply as the distribution of information.