

Roland D.G. Roland DG Corporation MBO and Proposed Acquisition by Brother without Consent /Timeline

<u>date</u>	<u>Events (Roland DG and Taiyo)</u>	<u>remarks</u>	<u>Events (Roland)</u>
Before 2005			Taiyo Pacific Partners, L.P. and its group (collectively, "Taiyo") came in contact with Roland DG Corporation ("Roland DG"), the parent company of Roland DG, a major musical instrument manufacturer.
2005	Taiyo becomes a shareholder of Roland DG		
2014.5.1			The Roland Arts Foundation (now Kakehashi Arts Foundation), a major shareholder of Roland, called an extraordinary meeting of the Board of Directors to vote on the MBO by Taiyo and Roland President Junichi Miki. However, The Board of Directors had to redo the meeting due to problems with the convocation process.
May 14, 2014			Roland announced that it will conduct an MBO by Taiyo and President Junichi Miki. The acquisition period was set to run from May 15 to June 25, but was extended to July 14.
2014.6.20			At a meeting of the Board of Trustees of the Roland Arts Foundation (now the Kakehashi Arts Foundation), the proposal was rejected because less than two-thirds of the trustees voted in favor of the sale.
June 27, 2014			The company treated Mr. Ikutaro Kakehashi, chairman of the foundation and founder of the company, as an individual shareholder, claiming that the person attending the meeting as the "Roland Arts Foundation (now Kakehashi Arts Foundation) was the executive director of the foundation. As a result, Mr. Ikutaro Kakehashi and President Miki engaged in a heated exchange of views on the merits of the MBO at the shareholders' meeting.
By 7.14.2014			Approximately 82.92% of the shares issued were tendered, and the above MBO was completed.
After 7.14.2014			The remaining shares, including those held by the Roland Arts Foundation, were purchased by Roland.
2014.10			Roland MBO completed
2014.10.26			Roland delisted
2014			Transferred a portion of Roland's shareholding in Roland DG, a listed

			subsidiary, to Roland DG, making Roland DG an equity-method affiliate.
2015	Roland sold a portion of its shares in Roland DG, which was an equity-method affiliate, and Roland DG is no longer an equity-method affiliate of Roland.		
2018-2019	Innovation was not progressing and performance was poor.		
2019	Brother Industries (" Brother ") offered to purchase the shares of Roland DG held by Taiyo. Taiyo turned down this offer. Instead, Taiyo introduced Brother to the management of Roland DG.		
2019-2023	Brother conducted a cooperative project (joint development of industrial printing presses) with Roland DG.	Taiyo (and Roland DG) negatively evaluated this collaboration project	
2020.3	Mr. Kohei Tabe was appointed President. Brian K. Haywood (" Mr. Haywood "), CEO of Taiyo Pacific Partners L.P., was appointed as an outside director.	The closing price of Roland DG shares at the time of Mr. Haywood's appointment as an outside director (March 19, 2020) (1,046 yen) compared to the closing price of Roland DG shares on December 20, 2023 (the date Taiyo submitted its final proposal to Roland DG for a partnership to enhance the company's medium- to long-term corporate value) (3,705 yen), which was 3.54 times higher.	
2020.12.16			Roland re-lists its shares on the First Section of the Tokyo Stock Exchange. Comparing the fiscal year ended March 31, 2014, before the delisting (October 27, 2014), with the fiscal year ending December 31, 2021, which is the full-year result after the company's re-listing to the First Section of the Tokyo Stock Exchange on December 16, 2020, Roland's electronic musical instruments business, a single segment (excluding the Roland DG business, which was a consolidated subsidiary at the time), recorded sales of 1.85 times, EBITDA of 4.92 times, and ROIC (return on invested capital) of 7.92 times. In comparison to the full-year results for FY12/2021 after Roland's re-listing to the First Section of the Tokyo Stock Exchange, Roland's single-segment electronic musical instruments business (excluding the Roland DG business, which was a consolidated subsidiary at the time) grew 1.85 times net sales, 4.92 times EBITDA, and 7.18 times ROIC (Return On Invested Capital).
September 1, 2023	Brother proposes TOB of 4,800 yen per share to Roland DG. Roland DG begins to consider this proposal.		
September 8, 2023	Appointment of Anderson, Mori & Tomotsune to LA		
From 2023.9	Roland DG management has begun to consider measures to increase the value of		

onward	the company by going private with third parties, including Brother.		
September 20, 2023.	Appointed Nomura Securities as FA and third-party valuation agent		
September 29, 2023	In addition, in parallel with the discussions with Brother, the company held hearings on the possibility of an alliance with Taiyo and two PE funds, which were selected as candidates other than Brother based on advice from Nomura Securities, and the company decided, if positive responses were received, to conduct bidding procedures (the "Bidding Procedures" and such bidding is referred to as the "Bidding") . On the same day, it was also decided that Brother would be invited to participate in the Bidding Procedures once it was confirmed that the transaction would enhance Roland DG's corporate value over the medium to long term, after evaluating and reviewing Brother's proposal and considering synergies and dis-synergies. Roland DG conducted interviews with two PE funds through Nomura Securities.	(1) Is it permissible for Brother not to participate in this bidding procedure? See " TAKEOVER without CONSENT (UNFRIENDLY TAKEOVER) vs. MBO - Analysis of Roland DG's (Taiyo) response to Brother's takeover offer without consent (with comments on Taisho Pharmaceutical's MBO)" (the " Analysis ," the terms defined therein being used herein as therein defined unless otherwise defined herein), to which this document is attached as an exhibit. (2) Regarding the two PE funds: Since Attorney Yasuhiro Kasahara, who chairs the Special Committee, is involved in Bain Capital's work as legal counsel, it should have been stated in the tender offer registration statement whether or not there were any conflicts of interest between such two PE funds and Mr. Kasahara. Thereafter, Mr. Haywood did not participate in any consideration of the MBO by Roland DG's Board of Directors. Chronologically, it appears that Mr. Haywood was involved in the appointment of Roland DG's LA, FA, and third-party valuation agent.	
October 2, 2023	Roland DG made a request to Taiyo for initial consideration.		
October 5, 2023	Roland DG conducted a hearing with Taiyo through Nomura Securities.		
Until early October 2023	Initial responses were received from all three companies indicating that they would positively consider the project.		
From early Oct. 2023	Conducted Bidding Procedures for the three companies		
Mid to late October 2023	Conducted interviews with three companies.		
Late October 2023 to early November 2023	Received initial proposals from three companies for partnerships to enhance Roland DG's corporate value over the medium to long term		
November 6, 2023	In addition to the one company with the highest proposal price in the initial proposal, Roland DG selected one company that Roland DG was able to appreciate in terms of its understanding of the Target Company (Roland DG; the same shall apply hereinafter) and its strategies and measures to improve the Target Company's corporate value over the medium to long term, and through Nomura Securities, the financial advisor to the Target Company, Roland DG invited two companies including Taiyo as candidates who were prioritized for further discussions and awarded the opportunity to conduct the due diligence process for the implementation of the relevant transaction.	The management of Roland DG has been considerably influenced by Taiyo (Taiyo holds 19.41% [Note] of Roland DG shares), and it is questionable whether it was reasonable for Nomura Securities, which was appointed by Roland DG, to be involved in the appointment of the two remaining parties in the second round of the Bidding. [Note]: This percentage of ownership means the ratio to the number of shares (12,319,393 shares) obtained by deducting the number of treasury shares (518 shares) from the total number of shares issued (12,319,911 shares).	
From mid-November 2023 to mid-December	Due diligence has been conducted.		

2023			
December 17, 2023	Taiyo XYZ Group, L.P. (a Cayman Islands limited partnership) (the " Fund ") incorporated. Taiyo manages the operation and administration of the Fund.	Taiyo established the Fund at a stage when the results of the Bidding were not yet known, but did it do so because (i) it knew it would be selected (because of Taiyo's control over Roland DG), or (ii) it wanted to be able to respond quickly to such a situation?	
December 20, 2023	Roland DG received final proposals from two companies, including Taiyo, concerning a partnership to enhance the medium- to long-term corporate value of the Target Company (of such final proposals, the one from Taiyo is referred to as the " Taiyo Offer "). In the Taiyo Offer, the Tender Offer Price was set at 5,035 yen.	The Taiyo Offer included a proposal that the MBO be done not only by Taiyo but also by Mr. Kohei Tabe. In response, Mr. Tabe decided to consider it.	
December 21, 2023	<p>Upon comparing and reviewing the proposals received from the two companies, the Company considered that, compared to the other candidate (excluding Brother), Taiyo's proposal was superior in terms of both the price proposed and the probability of the transaction (a series of transactions for the purpose of an MBO to take Roland DG shares private by acquiring all Roland DG shares (excluding treasury shares held by Roland DG)) to be completed, as well as in terms of strategies and measures for taking Roland DG shares private through an MBO. The Company believes that Taiyo's proposal to take Roland DG shares private through an MBO will contribute to the realization of further growth and improvement of Roland D's corporate value over the medium to long term.</p> <p>Establishment of Special Committee: Members are three independent outside directors. The committee chairman, Attorney Yasuhiro Kasahara, is a partner at Nagashima Ohno & Tsunematsu (who appears to have been involved, as outside regular counsel, in Bain Capital's operations). The right to appoint its own FA and LA (FA and LA compensation is borne by Roland DG) was granted.</p> <p>The Company has decided to hold discussions with Taiyo Pacific Partners to implement a transaction relating to the MBO in the period from late December 2023 to early February 2024.</p> <p>Regarding Brother: Since the possibility of dis-synergy had not been dispelled, Roland DG confirmed that it would continue discussions with Brother in order to evaluate and consider Brother's proposal.</p>	<p>Mr. Tabe did not participate in any deliberations or resolutions at the Board of Directors meeting held on December 21, 2023 regarding the selection of the final candidate, nor did he participate in any deliberations or resolutions regarding the relevant transaction in his capacity as Roland DG after that date, nor did he participate in any discussions or negotiations with Taiyo in his capacity as Roland DG.</p> <p>Conversely, however, since Mr. Tabe, in his capacity as Roland DG, participated in the deliberation and resolution of the proposals for the relevant transaction prior to December 21, 2023, and also participated in the discussions and negotiations with Taiyo in his capacity as Roland DG, we should clarify whether this is not legally problematic.</p>	
2024.1.16	Roland DG requests increase in tender offer price from Taiyo		
2024.1.19	Taiyo responds to Roland DG that it has no intention of raising the tender offer price. XYZ Corporation (" XYZ ") was		

	established. The Fund became a 100% shareholder of XYZ.		
2024.2.6	Brother proposes TOB of 4,850 yen per share for Roland DG		
2024.2.9	<p>Since there was no change in the situation where the competitiveness of the Target Company's products would decline due to the occurrence of "concerns about dis-synergies (negative effects)" and the probability of a decline in corporate value from a medium- to long-term perspective due to such decline could not be dispelled, the Target Company's Board of Directors confirmed at its meeting held on February 9, 2024 that the previous policy of discontinuing consideration of Brother's proposal had not been changed. Therefore, the Target Company's Board of Directors confirmed at its meeting held on February 9, 2024 that there has been no change in its previous policy of discontinuing consideration of Brother's proposal. The above was communicated to Brother.</p> <p>XYZ Announces Commencement of Tender Offer.</p> <p>Roland DG Announces Notice of MBO and Recommends Application for MBO.</p>	<p>The Special Committee also confirmed the appropriateness of the proposed tender offer price of 5,035 yen.</p> <p>Reasons why the Unconflicted Company Board considered ¥5035 to be appropriate from the standpoint of protecting minority shareholders:</p> <p>(i) · Steps were taken to ensure the fairness of the transaction terms</p> <ul style="list-style-type: none"> · Price agreed to as a result of thorough negotiations with XYZ under the involvement of the Special Committee · The Taiyo Offer is the highest proposed price <p>(ii) · The share valuation report of Nomura Securities is above the upper limit of each range of the average market share price method and the comparable company non-core method, and above the median (4867 yen) of the range of the DCF method and within such range</p> <ul style="list-style-type: none"> · The premise of the share valuation report of Nomura Securities is the business plan dated November 9, 2023 · The Special Committee received an explanation of the business plan from Roland DG based on the advice of Nomura Securities and believes that there is nothing unreasonable in the process of preparation or content of the business plan <p>[Note]: Mr. Tabe and Mr. Haywood were not involved in the preparation of the business plan</p> <p>[Point of Attention]: The fact that the business plan was prepared without the involvement of Mr. Haywood and Mr. Tabe, who are key persons in the management of Roland DG, is questionable in itself. It is assumed that they did so in consideration of the issue of conflict of interest. However, since the business plan prepared without the involvement of two key persons is not considered to be the highest level that Roland</p>	

		<p>DG can prepare, we believe that we should be cautious about giving weight to the results of Nomura Securities' share value valuation, which was prepared based on such a business plan. With, among other things, this in mind, the question remains as to whether it is reasonable to conclude that this tender offer price of 5,035 yen is appropriate without even receiving a fairness opinion.</p> <p>It appears to be reasonable to have a business plan prepared in a manner that involves two key persons and then make arrangements to have the question as to whether the tender offer price is fair determined in the fairness opinion.</p> <p>(iii) Premium: (A) Closing price: 29.27% (Offer price) vs. 45.85% and 45.59% (average and median of premium level), (B) Simple average of closing prices for the last one month: 32.85% vs. 48.76% and 49.41% (average and median of premium level), (C) Simple average of closing prices for the most recent three months: 36.97% vs. 52.45% and 53.69% (average and median of premium level), (D) Simple average of closing prices for the most recent six months: 42.55% vs. 54.16% and 55.78% (average and median of premium level)</p> <p>[Note]: PBR for this IPO price of ¥5035 is 1.7045 (\div ¥5035/2, 953.97 yen (net assets per share as of December 31, 2023)</p> <p>(iv)The Special Committee also finds it appropriate</p>	
2024.2.13	<p>XYZ filed a tender offer registration statement stating that Roland DG is the target (TOB price: 5035 yen)</p> <p>Roland DG Submits Opinion Report (recommends application)</p>		
2024.3.13	<p>Brother makes advance notice of commencing counter-TOB for JPY 5,200</p>		
March 22, 2024	<p>Special Committee Appoints Nishimura & Asahi as LA</p>		
March 27, 2024.	<p>Board of Directors: Publicly notified that it agrees to the purchase by Taiyo, but withdraws its recommendation to tender its shares and adopts a neutral position.</p>		
April 19, 2024.	<p>Mr. Haywood Discusses Significance of MBO in Media</p>		
April 26, 2024	<p>Taiyo raises TOB price to 5,370 yen</p> <p>Kazuhiro Ogawa, Managing Director of Roland DG, disclosed the contents of the "dis-synergy" at an emergency press conference.</p>		
April 30, 2024	<p>Board of Directors: Publicly notified that it agrees to Taiyo's purchase and decided to withdraw its neutral position and change it to a recommendation.</p> <p>Roland DG President Kohei Tabe appears on TV Tokyo's "World Business Satellite</p>		
2024.5.9	<p>Brother Announces It Will Not Raise TOB Price</p>		
May 15, 2024.	<p>Successful completion of TOB by Taiyo</p>		
2024.5.16	<p>Brother withdraws advance notice of commencement of TOB</p>		