

Tender Offer Explanatory Statement

August 2022

SK Life Support Co., Ltd.
(Target Company: Shinoken Group Co., Ltd.)

Tender Offer Explanatory Statement

The tender offer to be conducted in accordance with this Explanatory Statement is subject to Section 1, Chapter 2-2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) and this Explanatory Statement has been prepared in accordance with Article 27-9 of the Financial Instruments and Exchange Act.

Name of filing party (Tender Offeror)	SK Life Support Co., Ltd.
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Name of contact person	N/A
Place where a copy of the tender offer registration statement is available for public inspection	SK Life Support Co., Ltd. (1-9-2, Marunouchi, Chiyoda-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Note 1: The term “**Tender Offeror**” means SK Life Support Co., Ltd.

Note 2: The term “**Target Company**” means Shinoken Group Co., Ltd.

Note 3: Where the figures have been rounded or truncated, the amount indicated as the total may not always be equal to the sum of the relevant figures.

Note 4: The term “**Act**” means the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

Note 5: The term “**Enforcement Order**” means the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended).

Note 6: The term “**Cabinet Ordinance**” means the Cabinet Ordinance with respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended).

Note 7: The term “**Share Certificates, Etc.**” means a right or interest in a share or stock acquisition right.

Note 8: The term “**Business Day(s)**” means any day(s) other than those set forth in Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended).

Note 9: Unless otherwise specified, any reference to the number of days or the date and time means the number of days or the date and time in Japan.

Note 10: While the tender offer that is the subject of this Statement (the “**Tender Offer**”) will be conducted in accordance with the procedures and information disclosure standards

prescribed in the Act, these procedures and information disclosure standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13 (e) or 14 (d) of the U.S. Securities Exchange Act of 1934 (as amended; the “**U.S. Securities Exchange Act of 1934**”), and the rules prescribed thereunder, do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information contained in this Statement and reference documents for this Statement may not be equivalent to the financial information of U.S. companies. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Tender Offeror and the Target Company are incorporated outside the United States and some or all of their executives are non-U.S. residents. It may not be possible to commence legal proceedings against a non-U.S. company or individual in a non-U.S. court for violations of U.S. securities laws. In addition, it may not be possible to compel a non-U.S. company or individual, or a subsidiary or affiliate (an “**Affiliate**”) of the non-U.S. company to subject themselves to a U.S. court’s jurisdiction.

Note 11: Unless otherwise described in this Statement, all procedures relating to the Tender Offer will be conducted entirely in Japanese. While some or all of the documentation relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

Note 12: This Statement and the reference documents for this Statement include “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934. Actual results might be substantially different from the express or implied predictions set forth herein as “forward-looking statements” due to known or unknown risks, uncertainties or any other factors. The Tender Offeror, the Target Company, or its Affiliates do not assure that such express or implied predictions, etc. included as “forward-looking statements” will be achieved. The “forward-looking statements” contained in this Statement or the reference documents for this Statement have been prepared based on the information held by the Tender Offeror and the Target Company as of the date of this Statement, and, unless otherwise required under applicable laws and regulations, neither the Tender Offeror, the Target Company nor their Affiliates assume any obligation to update or revise those documents to reflect any future events or circumstances.

Note 13: Before the commencement of the Tender Offer or during the tender offer period of the Tender Offer (the “**Tender Offer Period**”), the Tender Offeror and its Affiliates, and the Affiliates of the financial advisor of each of the Tender Offeror and the Target Company might purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of the Target Company Shares on their own account or the account of their client to the extent permitted by Japanese laws and regulations related to financial instruments transactions and other applicable laws and regulations in the scope of their ordinary business and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on an English website of the person that conducted such purchase or its Affiliate.

Note 14: If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act (Law No. 86 of 2005, as amended; the

“Companies Act”), the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

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I. Summary of the Tender Offer

1. Name of the Target Company

Shinoken Group Co., Ltd.

2. Type of Share Certificates, Etc. Subject to Tender Offer

(1) Common stock

(2) The 7th stock acquisition rights issued pursuant to the resolution at the Target Company's board of directors meeting held on March 1, 2016 (the "**Stock Acquisition Rights**") (the exercise period for the Stock Acquisition Rights is from April 1, 2019 to March 15, 2023)

3. Purpose of the Tender Offer

(1) Outline of the Tender Offer

The Tender Offeror is a stock company (*kabushiki kaisha*) established on July 7, 2022 mainly for the purpose of acquiring and holding the Share Certificates, Etc. of the Target Company, and as of the date hereof, all of the issued shares of the Tender Offeror are held by Integral Corporation ("**Integral**"; Integral and the Tender Offeror are collectively referred to as the "**Tender Offerors**"). As of the date hereof, Integral and its subsidiaries and affiliates, including the Tender Offeror, do not hold any common shares of the Target Company (the "**Target Company Shares**") or any of the Stock Acquisition Rights.

Integral is an equity investment company that invests in listed companies, private companies, and the like in Japan. The company's name, Integral, refers to integration and accumulation, and Integral's mission is to engage in equity investments from a long-term perspective that involves building relationships of trust with portfolio companies and steadily implementing measures one on top of another that contribute to sustainably enhancing corporate value. Integral's policy is to walk together with portfolio companies based on the same perspectives and timescales as their management and to provide optimal management support in terms of both management and finances in order to maximize corporate value while respecting the business policies of the portfolio companies.

Since its founding in September 2007, Integral has invested in a total of 27 companies including QB Net Holdings Co., Ltd., Skymark Airlines Inc., Toyo Engineering Corporation, and Oliver Corporation and has provided support thereto in terms of both management and finances in order to enhance corporate value. Integral does not pursue short-term profits only through reducing costs and improving the efficiency of operations but instead aims to achieve lasting business growth and development through investment and resource allocation based on a long-term perspective. As an independent domestic investment company that has gathered people who are engaged in M&A operations and corporate management and who have a high level of expert knowledge in regard thereto, Integral gives its utmost to support the promotion of growth strategies that prioritize enhancing the corporate value of portfolio companies

while fully understanding and respecting the characteristics of management-level personnel at Japanese companies.

The Tender Offeror decided on August 10, 2022 to conduct the Tender Offer as part of the transactions for the purpose of acquiring all of the Target Company Shares listed on the Standard Market of the Tokyo Stock Exchange, Inc. (the “**TSE**”) (including the Target Company Shares issued due to the exercise of the Stock Acquisition Rights, and excluding the treasury shares held by the Target Company (excluding Target Company Shares held by the trust account of the Target Company’s employee stock ownership plan (J-ESOP); the same applies below) and the Shares Agreed to Not Be Tendered (as defined below)) and the Stock Acquisition Rights and taking the Target Company Shares private (the “**Transactions**”).

The Tender Offer will be conducted as part of a management buyout (MBO) (Note 1) with the support of the Target Company’s board of directors for the purpose of amicably acquiring all of the Target Company Shares (including the Target Company Shares to be issued due to the exercise of the Stock Acquisition Rights, and excluding the treasury shares held by the Target Company and the Shares Agreed to Not Be Tendered) and the Stock Acquisition Rights. Hideaki Shinohara (“**Mr. Shinohara**”), who is the representative director and president of the Target Company as well as its top shareholder and major shareholder (shares held: 7,633,957 shares (Note 2) (including the 600,000 Target Company Shares to be issued upon the exercise of the 3,000 Stock Acquisition Rights held by Mr. Shinohara, the “**Shares Held by Mr. Shinohara**”); ownership ratio (Note 3): 22.31%), intends to continue engaging in the management of the Target Company after the Transactions, and in order to share common goals for the enhancement of corporate value, the Tender Offerors executed a basic agreement with Mr. Shinohara on August 10, 2022 (the “**Basic Agreement**”) so that the contribution ratio of Mr. Shinohara to the Tender Offeror, which will be the surviving company in the Merger (as defined below), will be about 8%. In the Basic Agreement, it is agreed that Mr. Shinohara will tender 6,148,647 Shares Held by Mr. Shinohara (ownership ratio: 17.97%; the “**Shares Agreed to Be Tendered**”) and 3,000 Stock Acquisition Rights held by Mr. Shinohara (the “**Stock Acquisition Rights Agreed to Be Tendered**”; number of shares to be acquired upon the exercise of the Stock Acquisition Rights: 600,000 shares; ownership ratio: 1.75%) in the Tender Offer but will not tender 885,310 Shares Held by Mr. Shinohara (ownership ratio: 2.59%; the “**Shares Agreed to Not Be Tendered**”, shares pertaining to restricted stock compensation held by Mr. Shinohara are include in the Shares Agreed to Not Be Tendered as they are subject to transfer restrictions and therefore cannot be tendered in the Tender Offer) in the Tender Offer (however, the Basic Agreement stipulates that Mr. Shinohara may exercise the Stock Acquisition Right Agreed to Be Tendered and tender the Target Company Shares issued due to the exercise thereof in the Tender Offer, and in that case, the number of the Shares Agree to Be Tendered will be increased by the number of Target Company Shares issued due to the exercise of the Stock Acquisition Rights to Be Tendered, and Mr. Shinohara will no longer be obligated to tender the Stock Acquisition Right Agreed to Be Tender in the Tender Offer). For details of the Basic Agreement, please refer to “(6) Material Agreements regarding the Tender Offer” below.

Note 1: “Management buyout (MBO)” generally refers to a transaction in which the management of the company being acquired contributes all or part of the

acquisition funds and acquires the shares of the company on the assumption of continuing its business.

- Note 2: The number of shares held by Mr. Shinohara stated above (7,633,957 shares) includes 300,800 Target Company Shares indirectly held as equity through the officer shareholding association of the Target Company (the number of shares held as equity is rounded down to the nearest whole number) and 1,657 Target Company Shares granted as restricted stock compensation. The same applies below in regard to the calculation of the number of shares held by Mr. Shinohara.
- Note 3: “Ownership ratio” means the ratio to the number of shares (34,210,366 shares; the “**Total Number of Shares after Accounting for Potential Shares**”) calculated by adding the number of Target Company Shares (616,800 shares) to be issued upon the exercise of the Stock Acquisition Rights (3,090 units) reported by the Target Company to still exist as of June 30, 2022 to the number of shares (33,592,366 shares) calculated by deducting the number of treasury shares (2,788,034 shares; the number of treasury shares does not include the Target Company Shares (162,400 shares) held by the trust account of the Target Company’s employee stock ownership plan (J-ESOP) as of June 30, 2022; the same applies below) held by the Target Company as of June 30, 2022 from the total number of issued shares (36,380,400 shares) of the Target Company as of June 30, 2022 as stated in the “Consolidated Financial Results Release for the Second Quarter of the Fiscal Year Ending December 2022 (Japanese GAAP)” (the “**Target Company’s Second Quarter Financial Results Release**”) released by the Target Company on August 10, 2022. When calculating ownership ratios, numbers are rounded to two decimal places. The same applies below in regard to the calculation of ownership ratios.

The Tender Offeror has set the minimum number of shares to be purchased in the Tender Offer to 21,509,600 shares (ownership ratio: 62.87%), and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the “**Tendered Share Certificates, Etc.**”) is less than the minimum number of shares to be purchased (21,509,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. However, as the Tender Offeror intends to take the Target Company Shares private by acquiring all of the Target Company Shares (including the Target Company Shares to be issued due to the exercise of the Stock Acquisition Rights, and excluding the treasury shares held by the Target Company and the Shares Agreed to Not Be Tendered) and the Stock Acquisition Rights, the Tender Offeror has not set a maximum number of shares to be purchased in the Tender Offer, and if the total number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased (21,509,600 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

That minimum number of shares to be purchased (21,509,600 shares) has been set because as the purpose of the Tender Offer is to take the Target Company Shares private, a special resolution of a shareholders’ meeting provided for in Article 309, Paragraph 2 of the Companies Act is required at the Extraordinary Shareholders’ Meeting (as defined in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below) when conducting the Share

Consolidation (as defined in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below). Specifically, the minimum number of shares to be purchased has been set to the number calculated by (a) deducting the number of treasury shares held by the Target Company as of June 30, 2022 (2,788,034 shares) from the total number of issued shares of the Target Company as of June 30, 2022 (36,380,400 shares) stated in the Target Company’s Second Quarter Financial Results Release (resulting in 33,592,366 shares), (b) multiplying the number of voting rights represented by those shares (335,923 voting rights) by two thirds, which is the voting right ratio necessary for a special resolution of the shareholders’ meeting to approve the Share Consolidation (resulting in 223,949 voting rights, rounded up to the nearest whole number), (c) deducting the number of voting rights (8,853) represented by the Shares Agreed to Not Be Tendered (885,310 shares) (resulting in 215,096 voting rights), and (d) multiplying that amount by 100 shares, which is the number of shares in a share unit of the Target Company. This exceeds the number of voting rights equivalent to the so-called “majority of minority,” or a majority of the voting rights represented by the number of Target Company Shares held by shareholders of the Target Company who do not have any interests in the Tender Offeror (the number of shares (26,576,409 shares) calculated by deducting the Shares Held by Mr. Shinohara (7,633,957 shares) from the Total Number of Shares after Accounting for Potential Shares (34,210,366 shares).

If the Tender Offeror is unable to acquire all of the Target Company Shares (including the Target Company Shares to be issued due to the exercise of the Stock Acquisition Rights, and excluding the treasury shares held by the Target Company and the Shares Agreed to Not Be Tendered) and the Stock Acquisition Rights through the Tender Offer, then as stated in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below, after the successful completion of the Tender Offer, the Tender Offeror intends to conduct a series of procedures in order to make the Tender Offeror and Mr. Shinohara the only shareholders of the Target Company, or to make the Tender Offeror the only shareholder of the Target Company, and take the Target Company Shares private (the “**Squeeze-Out Procedures**”), and after the Squeeze-Out Procedures, the Tender Offeror intends to conduct a merger in which the Tender Offeror is the surviving company and the Target Company is the disappearing company (the “**Merger**”); however, the details such as the specific schedule of the Merger are undetermined as of the date hereof. If Mr. Shinohara no longer holds any shares of the Target Company as a result of the Squeeze-Out Procedures, he intends to recontribute part of the money received through the Transactions to the Tender Offeror so that his contribution ratio in the Tender Offeror, which will be the surviving company in the Merger is about 8%, as stated in “(C) Management Policy After the Tender Offer” under “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer”” below. So as to not conflict with the intent of the provisions that tender offer prices must be based on a single set of conditions (Article 27-2, Paragraph 3 of the Act) upon that recontribution, the amount calculated by multiplying the number of the Shares Agreed to Not Be Tendered by the purchase price per Target Company Share in the Tender Offer (the “**Tender Offer Price**”) will be deemed to be the contribution amount of Mr. Shinohara, and the contribution ratio of Mr. Shinohara to the Tender Offeror, which will be the surviving company in the Merger, is planned to be determined upon calculation based on that contribution amount and the contribution amount of Integral and funds

that Integral or its affiliates manage or operate, or in which they are otherwise involved. Additionally, the reason for Mr. Shinohara to hold shares in the Tender Offeror is to give Mr. Shinohara, who is planned to continue being engaged in the management of the Target Company after the Transactions, a common incentive for enhancing the corporate value of the Tender Offeror after the Merger, and not to provide consideration for tendering his shares in the Tender Offeror. Therefore the Tender Offeror considers this to not be contrary to the intent of the provisions that tender offer prices must be based on a single set of conditions (Article 27-2, Paragraph 3 of the Act).

As stated in “(C) Funds to be borrowed on or after the date hereof” and “(D) Other methods of financing” in “(2) Deposits or borrowings allocable for funds required for tender offer” under “8. Funds Required for Tender Offer” below, the Tender Offeror intends to cover the funds required for the Transactions, including the Tender Offer, by borrowings from Shinsei Bank, Limited and contributions from Integral, Integral 4 Limited Partnership, Innovation Alpha IV L.P., and Initiative Delta IV L.P., and the Tender Offeror intends to apply the same to the funds required for the Tender Offer.

According to the “Announcement of Implementation of MBO and Recommendation for Tender Offer” released by the Target Company on August 10, 2022 (the “**Target Company’s Press Release**”), the Target Company resolved at its board of directors meeting held on August 10, 2022 to express an opinion in support of the Tender Offer and to recommend that its shareholders and owners of the Stock Acquisition Rights (the “**Stock Acquisition Right Holders**”) tender their shares certificates, etc. in the Tender Offer.

For details of the above decision-making process of the Target Company’s board of directors, please refer to the Target Company’s Press Release and to “(D) Approval of All Disinterested Directors (including Audit Committee Director) of the Target Company” in “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” under “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below.

(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer

(A) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer

The background, purpose, and decision-making process with respect to the Tender Offeror deciding to conduct the Tender Offer are as follows. Statements below regarding the Target Company are based on explanations received from the Target Company and information publicly announced thereby.

Since its founding, the Target Company Group (collectively meaning the Target Company and its 30 consolidated subsidiaries and one equity-method affiliate as of the date hereof; the same applies below) has developed its business centered around providing “life support systems,” meaning asset development, through apartment management under its corporate philosophy of “ ‘All for customers success,” “Never forget Gratitude,” and “Challenge Spirit,” and the Target Company Group engages in its

business as a “Life Support Company” that stands by its customers throughout their lives.

The Target Company was founded as Shinohara Kensetsu Systems Co., Ltd. in Fukuoka-shi in June 1990, and under the leadership of its founder, Mr. Shinohara, who is also its representative director and president as of the date hereof, it began the apartment sales business and real estate leasing and management business. In December 2002, its shares were registered for over-the-counter trading with the Japan Securities Dealers Association and then listed on the JASDAQ Securities Exchange, Inc. (the “**JASDAQ Securities Exchange**”) in December 2004. Additionally, the Target Company implemented a holding company structure in October 2007 and changed its trade name to Shinoken Group Co., Ltd. Subsequently, following the merger of the JASDAQ Securities Exchange and the Osaka Securities Exchange Co., Ltd. (the “**OSE**”) in April 2010 and the merger of the TSE and the OSE in July 2013, the Target Company moved to the TSE Standard Market following the review of the market divisions of the TSE in April 2022.

Since its founding, the Target Company Group has consistently advocated “apartment management that can be done by office workers through their perspective,” and as a supporter of the lives of its customers (who are also owners) even after completing sales, the Target Company Group has built life support systems to aid customers throughout their lives by providing support for apartment management using the collective strength of the Group and covering the elderly care domain that is essential in Japan’s aging society, and it is engaged in the following businesses.

(i) Real estate sales business

In the real estate sales business, which is the Target Company Group’s main business, the Target Company Group is engaged in the development, construction, and sale of newly-built wooden apartments and RC (reinforced concrete; the same applies below) condominiums for investment purposes. In particular, in regard to newly-built wooden apartments for investment, main customers (for B2C) are office workers, civil servants, and the like, and by carefully selecting and procuring land within 10 minutes on foot from the nearest station, building designers apartments and condominiums that are both highly functional and well-designed, and appropriately setting rents, the Target Company Group provides stable assets (land and buildings) with reduced risk of vacancy while also making use of loans from affiliated financial institutions provided to its customers. In recent years, the Target Company Group has also engaged in sales for REITs for B2B, and these sales for REITs are intended as an exit strategy that leads to creating further room for developing and selling properties.

(ii) Real estate service business

In the real estate service business, the Target Company Group provides rental management services towards owners of the properties such as tenant recruiting, rent collection, and maintenance, leasing and sales brokerage, and condominium management as well as the selection of assets to be included in real estate funds and REITs, asset management, and the like. This means that revenue is generated based on the stock of properties created through the real estate sales business.

(iii) General contractor business

Through its consolidated subsidiary, Ogawa Construction Co., Ltd., the Target Company Group develops its general contractor business, which mainly undertakes construction of RC-structured condominiums mainly in the 23 special wards of Tokyo. Ogawa Construction Co., Ltd., which joined the Target Company Group through M&A in February 2014 is highly regarded for its model where experienced technicians / former site managers serves as sales managers.

(iv) Energy business

Through its group company, SK Energy Co., Ltd., and the subsidiaries thereof, the Target Company Group engages in the business of supplying electricity and gas to mainly residents of the properties sold and managed by the Target Company Group. As with the real estate service business, this is a “stock business” in which revenue increases as the number of the stock of managed properties obtained through the real estate sales business increases.

(v) Life care business

In order to achieve the Target Company Group’s vision of becoming “A Life Support Company for every generation across the world,” the Target Company Group owns and operates housing for the elderly with home-care services, elderly day care services, group homes and also provides home-visit care, support for people with disabilities, and other such services. The Target Company Group provides housing (leased housing with elderly support) to suite the life stage of residents of properties sold through the real estate sales business who find it difficult to live in ordinary properties as they age, thereby providing support to customers throughout their lives.

(vi) Other businesses

Regarding overseas businesses, the Target Company Group is engaged in the real estate leasing and sales brokerage business in Shanghai and Singapore, and in Indonesia, it is engaged in the development and operation of serviced apartments for Japanese expats.

Additionally, Shinoken Asset Management Co., Ltd. (Director General of Kanto Local Finance Bureau (Financial Instruments) No. 3167) (“**Shinoken Asset Management**”), a consolidated subsidiary of the Target Company, is engaged by Shinoken REIT Investment Corporation (Director General of Kanto Local Finance Bureau No. 150) (“**Shinoken REIT**”), a private REIT, to provide asset management services.

According to the press release titled “Regarding Efforts to List the Investment Units of Shinoken REIT Investment Corporation on the Tokyo Stock Exchange” released by the Target Company on August 10, 2022 (the “**Target Company’s Press Release Regarding the Shinoken REIT Listing**”), as stated in the “Notice of Approval of Listing of “Shinoken REIT Investment Corporation” on the Tokyo Stock Exchange” released by the Target Company on February 2, 2022, Shinoken REIT received approval from the TSE for the listing of its investment units on the TSE Real Estate Investment Trust Securities Market, but as stated in the “Notice Regarding the Postponement of Listing of “Shinoken REIT Investment Corporation” on the Tokyo Stock Exchange” released by the Target Company on February 17, 2022, the board of directors of Shinoken REIT resolved at its meeting held on February 17, 2022 to suspend the issuance of new investment units and the secondary offering of investment units and to postpone its listing on the TSE Real Estate Investment Trust Securities Market, due to which the approval for the listing of Shinoken REIT’s investment units on the TSE Real

Estate Investment Trust Securities Market was revoked (this postponement is hereinafter referred to as the “**Shinoken REIT Listing Postponement**”). Additionally, on February 17, 2022, the securities registration statement that it submitted to the Director-General of the Kanto Local Finance Bureau on February 2, 2022 in regard to the issuance of new investment units (units to be issued: 123,476; total issue value: 12,347,600,000 yen; issue price undetermined) and secondary offering by overallotment (units subject to secondary offering: 6,174; total secondary offering value: 617,400,000 yen; secondary offering price undetermined) to be conducted upon the listing of its investment units was withdrawn.

According to the Target Company’s Press Release Regarding the Shinoken REIT Listing, this is because Shinoken REIT determined that as of February 17, 2022, when the Shinoken REIT Listing Postponement was announced, there is growing caution regarding early monetary tightening in response to increased long-term interest rates in the United States as well as rapidly increasing uncertainty caused by factors such as geopolitical risks due to increased tensions in Ukraine, and in consideration of there being concerns that amid this state of emergency in the market environment, it may not be possible to achieve a satisfactory level of financing through the issuance of new investment units in conjunction with the listing of Shinoken REIT’s investment units, and therefore carefully monitoring market trends and aiming to list its investment units at an appropriate time would contribute more to the investment value of Shinoken REIT and, by extension, the interests of its investors.

Following that, Shinoken REIT has continued preparations for listing, such as by confirming investor demand trends through securities companies and reconsidering the equity story to apply for listing, but uncertainty in the economic environment only continues to increase due to factors such as another increase in COVID-19 infections, the prolonged Russian invasion of Ukraine, increased long-term interest rates in the United States, and the rapid weakening of the yen, and although approximately six months have passed since the announcement of the Shinoken REIT Listing Postponement, it is difficult to say that the environment has improved, and the Target Company has confirmed that Shinoken REIT has reached the decision that at present, it is not appropriate to aim for listing during 2022.

However, the Target Company and Shinoken REIT have not changed their policy of continuing to aim to list Shinoken REIT at an appropriate time, and they intend to monitor the market environment from 2023 and list Shinoken REIT’s investment units on the TSE Real Estate Investment Trust Securities Market at an appropriate time (the listing of those investment units is hereinafter referred to as the “**Shinoken REIT Listing**”) (Note 1).

Note 1: As of the date hereof, nothing has been decided in regard to the Shinoken REIT Listing, including the timing thereof, and it is possible that the Shinoken REIT Listing will not be conducted in the future. Additionally, if it is conducted, it is possible that the Shinoken REIT Listing and transactions conducted in connection thereto (including Shinoken REIT acquiring real estate from the Target Company Group) will be conducted under terms and conditions greatly different from those anticipated before the Shinoken REIT Listing Postponement. This Tender Offer Registration Statement is not intended to solicit requests for the acquisition of Shinoken REIT’s investment units or to solicit requests for the sale or purchase thereof.

In addition, the Target Company Group has set its mission to resolve issues people and society face through REaaS (Note 2), and by combining business model innovations with technology to promote REaaS that makes it easier for a greater number of people to easily and safely engage in real estate transactions starting from small amounts of money, the Target Company Group aims to resolve not only future economic uncertainties, but also various social issues, such as elderly care problems and worker shortages. On November 20, 2020, the Target Company Group announced its “Mid-long-term Vision 2020” and set out initiatives explained in (I) to (III) below.

(I) Expansion of overseas businesses

By taking the real estate sales business ((i) above) and real estate service business ((ii) above) established in Japan, meaning the model that handles the entire process of land acquisition, construction, tenant management, operational management, and exit strategies within the group, and expanding it overseas, the Target Company Group will aim to further expand its overseas businesses.

(II) Development of REaaS

In order to achieve REaaS, the Target Company Group will establish a globally leading-edge platform using real estate trust DX (Note 3) in the area of trust services, which will become more active in Japan in the future.

(III) Strategic M&A development

As The Target Company Group has done in the past, it will continue to actively pursue M&A opportunities under a basic policy of creating group synergies in the life care domain, where social needs are increasing, in the DX domain, and in regard to overseas M&A.

Note 2: “REaaS” means “real estate as a service” and refers to the concept of a new type of real estate distribution that ties together real estate technology and business.

Note 3: “DX” means “digital transformation” and refers to establishing competitive advantages by making innovations in regard to anything such as products, services, and business models by combining data and digital technologies.

However, the Target Company recognizes that since its announcement of its “Mid-long-term Vision 2020,” the business environment surrounding the Target Company Group has become more severe, and as sustainable growth into the future cannot be expected if business is operated in the same way as at present, the Target Company considers that in order to achieve further enhancement to its corporate value, it is necessary for the management and employees of the Target Company Group to unite and promote a transformation of its business structure.

We are seeing unprecedented changes in international conditions, such as the spread of COVID-19 from 2020 and the continuing social unease regarding infection, procurement risks due to rising wood prices and supply shortages referred to as the “wood shock” that began in the spring of 2021, and recently, the Russian invasion of Ukraine, and construction material prices are rising due to a complex set of factors. These conditions are impacting the business of developing, constructing, and selling newly-built wooden apartments, which is the main business of the Target Company

Group, in the form of a reduced number of optimal yield properties that make it possible to ensure profitability.

Additionally, regarding land procurement, which is crucial to the Target Company Group's business model (i.e. purchasing land and constructing apartments), there is a governmental policy support for single-family home construction businesses, and competition to obtain land is becoming more intense, leading to further increases in costs, thereby making it more difficult to obtain optimal yield properties.

Since passing the increased costs of land to the property sale prices is undesirable from the perspective of owners as this prevents owners from enjoying optimal yield properties while maintaining appropriate level of property rents. In order to secure current profit levels under adverse conditions in terms of finding optimal yield properties, increasing the volume of properties sold is necessary and to do this, building an active sales structure is essential. However, strongly pursuing sales proceeds and quantity of properties sold leads to unrealistic sales plans and targets that are difficult to achieve, and to achieve those plans and targets, sales staff may be pressured to conduct sales activities through inappropriate methods, ultimately increasing compliance risks in ways such as leading to problems with customers. Therefore the Target Company considers it difficult to adopt such measure as it could have a negative impact on its competitiveness over the medium to long term. In this way, the Target Company recognizes that the business environment of the real estate sales business may become increasingly opaque going forward, which may lead to a drop in sales and profit levels, a resultant impact on share prices, and by extension, detriment to the interests of general shareholders.

Under the business model of the Target Company Group, in addition to flow revenue (Note 4) being generated through the development and sale of properties (in the real estate sales business), stock revenue (Note 4) is also generated through the management services and other such services provided to owners of properties developed and sold by the Target Company Group (in the real estate service business and other businesses). Currently, the real estate sales business is the leading driver of the Target Company Group's performance, accounting for 53% of sales and 48% of operating profit. However, as there are concerns regarding a slowdown in the growth of the real estate sales business due to the severe business environment described above, while maintaining development and sales, the Target Company Group plans to implement measures to evolve and diversify its business into a more sustainable business model centered around real estate service businesses. Measures include increase in the relative importance of "stock revenue", increase in the diversity of sales channels for developed real estate through expanding existing REITs and establishing new REITs in Japan and overseas in the future to stabilize revenue, and creating new services such as developing and providing real estate technology. Additionally, the Target Company Group feels that despite their efforts to ethical and integral business management, negative impression on the industry as a whole caused by misconduct of other companies in the past is having a certain level of impact on the business of the Target Company Group. Therefore, the Target Company Group considers that evolving and diversifying its business will contribute to enhancing its corporate value over the medium to long term also through a change in its image.

Note 4: “Flow revenue” is one-time revenue generated whenever a product or service is sold, while “stock revenue” is revenue continually generated from acts such as providing services.

Specifically, instead of pursuing short-term growth through strengthening real estate sales business, the Target Company Group intends to promote DX through means such as utilizing IoT, to secure opportunities for stock revenue from sale properties, and to expand its overseas businesses to achieve innovations aimed at sustainable growth over the medium to long term. In terms of forward looking measures, to strengthen existing businesses, (i) in the real estate sales business, based on the established business model, the Target Company Group will pursue a greater degree of discernment to find optimal yield properties, which are limited under the severe market environment, develop broader customer segments, and increase transactions with existing customers. Additionally, (ii) in relation to the real estate service business, the Target Company Group will increase property value by pursuing further added value (e.g. by introducing IoT such as facial recognition and smart locks (Note 5) in their properties), thereby appealing to new potential tenant segments. Further, the Target Company Group will seek ways to develop existing services originally developed by the Target Company (e.g. insurance for owners against an unattended death, which was developed in collaboration with insurance companies), and to develop the economic sphere surrounding owners, tenants, and the Target Company Group by introducing Shinoken Coin (Note 6). Furthermore, (iii) in the life care business, under its vision, “life support company for every generation across the world,” Target Company Group will endeavor to expand the services it already provides and intends to achieve growth through M&A to expand and provide services that aid customers and tenants throughout their lives. Additionally, (iv) regarding overseas business, in which the Target Company Group is currently applying efforts, it will endeavor to strengthen and expand their business in existing foreign locations and intends to apply its REIT business model overseas as well.

Note 5: “Smart locks” collectively means existing locks made capable of telecommunication through certain methods that are able to be opened, closed, and managed using devices such as smartphones, as well as the systems relating thereto.

Note 6: “Shinoken Coin” collectively means a point system to be introduced by the Target Company, in which the Target Company expects to grant, mainly to the owners and tenants of the properties managed by the Target Company, points that may be used for payment of various services provided by the Target Company Group.

However, in order to swiftly implement the above measures, not only active capital investment in systems and the like is necessary, but also securing management resources, i.e. utilizing and acquiring outside human resources, is becoming more an urgent issue than ever. In order to increase added value in the real estate service business, R&D investment for developing technology suited to the properties provided by the Target Company Group, as well as investment in development costs and human resources for introducing Shinoken Coin and developing platforms is necessary. Additionally, in fields where group synergies can be created, such as the life care business, DX areas, and overseas businesses, the Target Company Group actively promotes growth through M&A. In addition to securing funds for that purpose, it is important to secure human resources to promote PMI (post-merger integration) (Note 7). Furthermore, it is

necessary to implement measures from a long-term perspective while investing in development funds and human resources when expanding overseas businesses and the REIT business.

Note 7: “PMI (post-merger integration)” generally means the process of integration after M&A.

Based on the above awareness, amid the expected continuation of the severe business environment and substantial increases in expenses, Mr. Shinohara and the Target Company considered measures to achieve long-term growth.

In the process of that consideration, based on the awareness of the problems involving the above management issues, Mr. Shinohara considered that in addition to the management efforts of the Target Company Group itself, it would be beneficial to utilize outside management resources in order to achieve the further growth and enhanced corporate value of the Target Company Group, and in mid-April 2021, he obtained referrals to several companies, including Integral, from Credit Suisse Securities (Japan) Limited (“**Credit Suisse Securities**”), which had been providing proposals and information to the Target Company in regard to its capital policies and the enhancement of its corporate value over the medium to long term, for the purpose of consulting in regard to the management measures and optimal capital structure of the Target Company Group, including what methods would be available for utilizing outside management resources, and he received and exchanged opinions with those companies in turn.

Integral came to consider that in order to achieve the future growth of the Target Company Group, it would be effective to take the Target Company Shares private and to further evolve and diversify business, and in late June 2021, Integral introduced to Mr. Shinohara the option of a management buyout (MBO) as part of general portfolio company sourcing activities, proposed a direction for business portfolio restructuring, and expressed its initial intention that in the future, it would be able to support the consideration, and execution of a management buyout (MBO).

Following that, from July 2021, Mr. Shinohara exchanged opinions and engaged in initial consideration of the possibility of potential capital transactions, including the possibility of a management buyout (MBO), with several companies referred by Credit Suisse Securities, including Integral. However, time passed with no progress being made in specific considerations due to numerous unpredictable and unusual changes in the management environment surrounding the real estate industry, such as the dizzying pace of changes in international conditions, including the spread of COVID-19 and the continuing social unease regarding infection, the wood shock, and the Russian invasion of Ukraine. In 2022 as well, Mr. Shinohara continued considering potential capital transactions, including options other than a management buyout (MBO) such as a capital and business alliance with a third party, from the perspective of what would be the optimal measures for the Target Company Group.

Meanwhile, from July 2021, Integral deepened its understanding of the real estate industry and the Target Company Group through having meals and holding meetings, etc. with Mr. Shinohara, and once Mr. Shinohara had deeply considered the possibility of the Target Company Group conducting capital transactions, including a management buyout (MBO), on May 10 2022, Integral proposed to Mr. Shinohara the level of the planned purchase price anticipated at that time, based on examples of management buyouts (MBOs) by other companies, and the recontribution by Mr. Shinohara on the

assumption of a management buyout (MBO), expressed its intention regarding the Tender Offer, including a summary of the management support anticipated by Integral, and explained the details thereof to Mr. Shinohara. At that time, Integral approved of Mr. Shinohara's founding spirit and expressed its strong desire that he continue to contribute his guidance and advice in regard to management, at least as an executive officer of the management committee of the Target Company, which is an important decision-making body composed of directors, executive officers, and the like. Specifically, Integral recognizes that the Target Company Group is dependent upon accumulated layers of the trust, knowledge, and labor of its employees, management, customers, financial institutions, cooperating companies, and local communities, and Integral expressed that desire having determined that it is extremely important for Mr. Shinohara, the founder of the Target Company Group, to continue to captivate the many people gathered together in the Target Company Group as the symbol thereof.

Taking into consideration the above intention expressed by Integral, as well as the content of discussions with Integral since April 2021, in mid May 2022, Mr. Shinohara came to consider that in order to grow the Target Company Group into an even more appealing corporation and achieve the enhancement of its corporate value over the medium to long term, it is essential to conduct active investments based on swift business judgments and medium- to long-term management strategies without being excessively focused on short-term performance changes and the like and to restructure existing businesses to further develop them.

According to the "Notice Regarding Progress Status of Acquisition of Own Shares (Acquisition of Own Shares in Accordance with Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act)" released by the Target Company on March 28, 2022 and the "Notice Regarding Status and Completion of Acquisition of Own Shares (Acquisition of Own Shares in Accordance with Articles of Incorporation Pursuant to Article 165, Paragraph 2 of the Companies Act)" released by the Target Company on April 12, 2022, the Target Company acquired 344,400 shares of its own shares at 349,949,100 yen during the period from March 9, 2022 to April 11, 2022 by way of on-market purchase on the TSE in accordance with the resolution at the Target Company's board of directors meeting held on March 8, 2022. However, because Integral has not reached a decision to conduct the Tender Offer as of the time of the Target Company's decision to acquire its own shares, the Target Company considers that no "fact that a tender offer, etc. will be conducted" under Article 167, Paragraph 1 of the Act has occurred and also the Target Company was not aware of any "fact that a tender offer, etc. will be conducted" under Article 167, Paragraph 1 of the Act at that time.

Specifically, up to the present, the Target Company Group has provided real estate services and other peripheral services centered around the development and sale of properties, but the real estate sales business faces a severe business environment, including concerns of a decrease in sales and profit levels due to a decrease in optimal yield properties and a reduction in the number of units sold caused by factors such as high material prices and increased competition from single-family home businesses, and Mr. Shinohara considered that it is necessary moving forward to aim to achieve growth centered around the real estate service business, which creates stable stock revenue.

However, in the real estate service business, due to the characteristics of stock revenue businesses, while revenue is stable, sustainable growth is difficult unless the number of sales expands rapidly. In order to increase the number of managed properties that serve

as a base for stock revenue under the environment of severe market competition, in addition to the current direct response sales method, which encourages prospective customers to purchase the Target Company's properties through marketing activities such as TV commercials, newspaper advertisements and web advertisements, it is necessary to create a new, active sales team structure, but the Target Company considered it difficult to adopt that type of measure as it may lead to increased compliance risks that could have a negative impact on competitiveness over the medium to long term. Therefore, Mr. Shinohara considered that it is necessary to swiftly proceed with business expansion through other measures in order to transition to a structure centered around the real estate service business without rapidly expanding the number of sales.

In order to achieve that goal, Mr. Shinohara considered that in addition to increasing the number of properties managed, the promotion of measures such as increasing the added value of buildings themselves, utilizing IoT to improve the lifestyle experiences of owners (who are customers) and property tenants, and achieving digital transformation in real estate management and the creation of a business model that does not rely solely on development and sales for growth are urgent issues. Specifically, Mr. Shinohara considered that it is necessary to consider measures such as platform development and service line expansion for owners and tenants, the expansion of the real estate REIT business to broaden small-sum investment and diversify sales channels for existing owners and new investor segments, and the development of real estate STOs (security token offerings) (Note 8, Note 9) through the introduction of Shinoken Coin and further business expansion. Furthermore, he considered that it is necessary to expand overseas the real estate service business model that has grown based on the domestic real estate sales business and to search for and diversify revenue opportunities in growing markets. However, Mr. Shinohara considered that when developing that type of platform or STOs, in addition to the development costs, it would also be necessary to expand the human resources that would handle the platform and STOs. In addition, he considered that capital investment is necessary in order to promote the implementation of IoT in buildings as part of the real estate service business. Furthermore, although growth through M&A is intended for the life care business, digital transformation areas, and overseas businesses, Mr. Shinohara considered that funds are also necessary for M&A and that it will also become more important to be able to conduct agile decision-making.

However, Integral and Mr. Shinohara came to consider that there are significant concerns in regard to the fact that although the enhancement of the corporate value of the Target Company Group over the medium to long term can be expected, the above measures for evolving and diversifying business into a sustainable business model cannot be expected to quickly contribute to profits as a certain amount of time is required for the effects of each measure to manifest, and instead, even if the large sums of necessary investments are made for M&A, expansion into new business areas, IT investment, and the like, there is a significant risk of business not expanding as planned, and there is a possibility of the financial condition or revenue of the Target Company Group worsening over the short term. Therefore, Integral and Mr. Shinohara considered that if these measures are implemented while the Target Company remains listed, there is a concern that in the short term, share value would be negatively impacted due to not being sufficiently evaluated by the market, which may be detrimental to the interests of existing shareholders. Therefore, taking into consideration Integral's above expression of its initial intention in late June 2021 and subsequent discussions as

well as the expression of intent received on May 10 2022, in mid-May 2022, Mr. Shinohara came to consider that it is important to avoid exposing the Target Company's shareholders to the risks inherently involved in the above measures by temporarily taking the Target Company Shares private, to limit the shareholders of the Target Company to Integral and Mr. Shinohara, who can accept those risks, and establish a structure that can swiftly respond to rapid changes in the environment surrounding the real estate business, and for Integral, Mr. Shinohara, and the management and employees of the Target Company to unite in promoting the expansion of business and the strengthening of management foundations.

Integral and Mr. Shinohara have confirmed that as a future option, although they intend in principle to aim to relist the Target Company (i.e., the Tender Offeror after the Merger), the specific policies regarding conducting the relisting and the timing of the relisting if it is conducted are not decided at present.

Additionally, Mr. Shinohara considered that, compared to the multiple companies with which he held discussions, Integral is more capable of contributing to enhance the corporate value of the Target Company Group, considering factors such as depth of understanding of the real estate industry, attitude of valuing dialogue with Mr. Shinohara, and level of desire to support the realization of Mr. Shinohara's ideas. Moreover, Mr. Shinohara received explanations from Integral to the effect that if Integral were to engage in capital participation in the Target Company, it would be possible for the Target Company to receive through Integral the necessary human resources for promoting the business transformation using Integral's rich human resources network in areas such as management, financial strategy, and marketing, and by receiving support as required by the Target Company from "i-Engine," Integral's corporate value enhancement support team, it would be possible to steadily promote the business reforms of the Target Company through Integral providing consulting to the Target Company for the purpose of enhancing business administration in regard to matters such as management, governance, and compliance. Based on the results of these discussions, in mid-May 2022, Mr. Shinohara considered that utilizing Integral's networks, know-how, and the like to the maximum extent would lead to enhancing the corporate value of the Target Company and therefore began considering the Transactions with Integral as the optimal partner.

Note 8: "STO (security token offering)" means a method of procuring funds through security tokens, which are digitized securities.

Note 9: "Real estate STO" means procuring funds for real estate investment from the public through an STO (security token offering). At present, the Target Company Group sells apartments by the building and condominiums by the unit, but for individual investors, investing in a building or unit requires a significant investment amount. By introducing real estate STOs, it will be possible to invest with smaller amounts by securitizing and improving the liquidity of property assets, and the Target Company Group considers that this will make it possible to appeal to existing investors who find it difficult to make additional investments even if they want to due to having loans, and to potential customer segments who consider the hurdles to investing in a single building or unit to be too high, thereby enabling the Target Company Group to increase the number of its customers.

Based on the above considerations, Integral and Mr. Shinohara reached the decision that the Transactions will contribute to enhancing the Target Company's corporate value over the medium to long term to be achieved by implementing the above measures without being deterred by performance changes in the short-term, and that the Transactions are the best measure not only for the general shareholders but also for the various stakeholders of the Target Company. Therefore, on May 17, 2022, Integral and Mr. Shinohara made a request to the Target Company to discuss and consider the implementation of the Transactions. In late April 2022, Integral appointed Mori Hamada & Matsumoto as its legal advisor, but it has not appointed any financial advisor.

Thereafter, taking into consideration matters such as the progress of the due diligence on the Target Company Group conducted by Integral from early June to early July 2022, Mr. Shinohara and the Tender Offerors made an official proposal to the Target Company regarding the Transactions on June 21, 2022, which included the purchase price per Target Company Share in the Tender Offer (the **"Tender Offer Price"**) being approximately 1,300 yen (a premium of 34.30% (rounded to two decimal places; the same applies below in regard to the calculation of premium ratios unless otherwise specified) on the closing price of the Target Company Shares (968 yen) on June 20, 2022, the Business Day before the submission of the relevant letter of intent). Subsequently, as stated in "(B) Decision-Making Process and Reasons Behind the Target Company's Opinion Supporting Tender Offer" below, on July 6, 2022, the Tender Offerors received a request from the Target Company to reconsider the Tender Offer Price, and to make a proposal regarding the handling of the Stock Acquisition Rights, for the reasons that taking into consideration the opinion of the Special Committee (as defined in "(B) Decision-Making Process and Reasons Behind the Target Company's Opinion Supporting Tender Offer" below; the same applies below) and discussions with Credit Suisse Securities, the price cannot be said to be at a level that appropriately reflects the intrinsic value that the Target Company may achieve and that in light of trends in recent similar transactions as well, the price does not include an appropriate level of premiums from the perspective of protecting the interests of minority shareholders. Therefore, the Tender Offerors reconsidered the Tender Offer Price and made a new proposal on July 11, 2022 for the Tender Offer Price to be 1,425 yen (a premium of 45.41% on the closing price of the Target Company Shares (980 yen) on July 8, 2022, the Business Day before the submission of the relevant letter of intent) and to purchase the Stock Acquisition Rights at the price calculated by multiplying the number of shares to be acquired per Stock Acquisition Right by the difference between the Tender Offer Price and the exercise price. In response, as the Tender Offerors received a request from the Target Company on July 15, 2022 to reconsider the Tender Offer Price for the reasons that the price is not at a level that appropriately reflects the intrinsic value that the Target Company may achieve, that the proposal cannot be said to include an appropriate price and conditions that ensure the benefits to be enjoyed by general shareholders of the Target Company, and that the price does not provide the general shareholders of the Target Company with a reasonable opportunity to sell their shares, the Tender Offerors reconsidered the Tender Offer Price and made a new proposal to the Target Company on July 21, 2022 for the Tender Offer Price to be 1,520 yen. In response, the Tender Offerors received a request from the Target Company on July 26, 2022 to reconsider the Tender Offer Price for the reasons that the price is still not at a level that appropriately reflects the intrinsic value that the Target Company may achieve and that in consideration of factors such as that the price cannot be said to

include sufficient premiums from the perspective of protecting the interests of minority shareholders taking into account the fact that the share price of the Target Company has been increasing recently as well as in light of trends in similar recent transactions, the proposed conditions cannot be said to ensure the benefits to be enjoyed by the general shareholders of the Target Company, and the price does not provide the general shareholders of the Target Company with a reasonable opportunity to sell their shares. Thereafter, the Tender Offerors engaged in further discussions and negotiations with the Target Company regarding the various terms of the Transactions and made a final proposal on August 3, 2022 for the Tender Offer Price to be 1,600 yen. In regard to the final proposal, after confirming and discussing the details of the proposal on August 5, 2022 with the Tender Offerors, and confirming the reasonableness of the proposal with the Special Committee and asking for an opinion, etc. from Credit Suisse Securities, on August 10, 2022, the Target Company's board of directors determined that the Tender Offer Price was appropriate for the Target Company's shareholders and provided a reasonable opportunity to sell their shares taking into consideration the facts that (i) of the valuation results of the share value of the Target Company Shares performed by Credit Suisse Securities stated in "(A) The Target Company's Acquisition of a Share Valuation Report from an Independent Third-Party Appraiser" in "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" under "Background of Valuation" in "(2) Price of Tender Offer" under "4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased" below, the proposed price exceeds the upper limit of the range of valuation results under the market price method and is within the ranges of valuation results under the comparable company analysis and the discounted cash flow analysis ("**DCF Analysis**") and exceeds the medians of those ranges; (ii) the proposed price represents a premium of 45.59% on the closing price (1,099 yen) of the Target Company Shares quoted on the TSE Standard Market on August 9, 2022, the Business Day preceding the announcement date of the implementation of the Tender Offer, and a premium of 49.39% on the simple average closing price (1,071 yen) (rounded to the nearest yen; the same applies below in regard to the calculation of simple average closing prices) over the one-month period ending on that date, a premium of 57.33% on the simple average closing price (1,017 yen) over the three-month period ending on that date, and a premium of 57.33% on the simple average closing price (1,017 yen) over the six-month period ending on that date, each as quoted on that market (or the TSE JASDAQ Market on and before April 3, 2022), and the proposed price can be assessed as including a suitable premium in comparison to the levels of premiums added when determining purchase prices in past examples of MBOs for the purpose of taking a company private announced from June 28, 2019 to August 9, 2022 (14 examples; however, limited to transactions in which the purchase price was 10 billion yen or more and that were successfully completed) (the average of those premiums is 46.0% for the Business Day preceding the announcement date, 44.8% for the most recent one month, 49.7% for the most recent three months, and 52.2% for the most recent six months, and the median of those premiums is 40.8% for the Business Day preceding the announcement date, 38.0% for the most recent one month, 45.7% for the most recent three months, and 52.7% for the most recent six months; rounded to one decimal place), and (iii) it is recognized that the interests of general shareholders are taken into consideration, such as measures to avoid conflicts of interest as stated in "(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the

Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” under “3. Contents, Basis of and Reasons for Opinion on Tender Offer”. Following that, on August 10, 2022, the Tender Offerors reached an agreement with the Target Company for the Tender Offer Price to be 1,600 yen. The Tender Offerors has not made any agreement with Mr. Shinohara for tendering shares in the Tender Offer on the condition of recontribution by Mr. Shinohara.

After repeatedly engaging in these discussions and negotiations, on August 10, 2022, the Tender Offeror decided to conduct the Tender Offer with a Tender Offer Price of 1,600 yen as part of the Transactions. For details of the Tender Offer Price, please refer to “Basis of Valuation” and “Background to Valuation” in “(2) Price of Tender Offer” under “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below.

(B) Decision-Making Process and Reasons Behind the Target Company’s Opinion Supporting Tender Offer

According to the Target Company’s Press Release, in response to a proposal for discussion and consideration towards pursuing the Transactions from Integral and Mr. Shinohara on May 17, 2022, the Target Company commenced to consider the Transactions in detail.

As stated in “(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below, the Target Company appointed as its legal adviser Anderson Mori & Tomotsune which has given the Target Company advice on other matters in the past, and also established a special committee for consideration of the offer for the Transactions (the “Special Committee”, and for its members and other specific consultation matters, see “(C) Establishment by the Target Company of an Independent Special Committee and Procurement of the Opinion (Special Committee Report)” in “Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” under “Background of Valuation” in “(2) Price of Tender Offer” under “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below) on May 24, 2022 in order to eliminate arbitrariness in decision-making by the Target Company and its board of directors in the Transactions, and to ensure fairness, transparency and objectivity in its decision-making process. The Target Company also appointed as its financial adviser and third-party appraiser Credit Suisse Securities which has given various advice including the trends in stock markets and IR activities from the perspective of capital markets, and organized a structure to examine the offer from the Tender Offeror and began considerations. For the avoidance of doubt, as stated in “(A) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” above, Credit Suisse Securities referred Mr. Shinohara to several companies including Integral however (i) Mr. Shinohara had not yet decided on the implementation of the MBO as of the mid April when such referral was made, and in fact, referral was made to Mr. Shinohara in the context of and as a part of consultation by him as the representative director and chief executive officer of the Target Company on strategic measures to further grow of the Target Company, (ii) Credit Suisse Securities referred Mr. Shinohara to not only one specific party but to several parties including Integral,

and (iii) Credit Suisse Securities was not involved in the decision-making by Mr. Shinohara that Integral would be the optimal partner to realize the growth strategy of the Target Company. As such, the Target Company has determined that Credit Suisse Securities does not have any material interest in the Transactions including the Tender Offer and there are no doubts with respect to its independence. In addition, The Target Company and the Special Committee have verified through an external and objective observation that Credit Suisse Securities has consistently given objective advice as a financial adviser based on its extensive knowledge and experience and there has been no incentive for Credit Suisse Securities to close the transaction in the process of the discussions and negotiations with the Tender Offerors on the Tender Offer, for example, even after the discussion with the Tender Offerors commenced on the transaction to take the Target Company Shares private by a means of MBO, Credit Suisse Securities continued to give the advice to compare and examine competing offers, if made, from the qualitative and economic perspective to avoid opportunity losses of minority shareholders of the Target Company, and the advice to comprehensively consider the offers including suspension and extension depending on terms and conditions of such competing offers. Thus, taking into account the background of referral of Integral to Mr. Shinohara and the fee structure that includes an success based fee, it is reasonable for the Target Company to determine that Credit Suisse Securities has given the Target Company and the Special Committee advice on the appropriateness of the Transaction from an objective and independent standpoint, and as such the Target Company does not have any doubt on such determination on independence based on the determination by the Special Committee that there are no doubts with respect to Credit Suisse Securities' independence.

Thereafter, taking such examination into account, the Target Company held discussions and negotiations with the Tender Offeror several times on the appropriateness of the Transactions based on negotiation policies confirmed by the Special Committee in advance, and opinions, instructions and requests at important junctures of the negotiation, and with advice from Credit Suisse Securities and Anderson Mori & Tomotsune.

Furthermore, after the Target Company received an offer from the Tender Offeror on June 21, 2022 with the Tender Offer Price being around 1,300 yen, the Target Company requested to reconsider the Tender Offer Price on July 6, 2022, taking into account opinions from the Special Committee and discussions with Credit Suisse Securities, for the reasons that the Tender Offer Price did not properly reflect the intrinsic value that the Target Company could achieve and that the Tender Offer Price was not offered with the reasonable level of premium in light of the recent trends in transactions of the similar kind to protect the interest of minor shareholders. Thereafter, the Target Company continued to report the progress of the negotiation to the Special Committee in a timely manner and to hold discussions and negotiations with the Tender Offeror several times on the Tender Offer Price based on opinions, instructions, and requests at important junctures of the negotiation and with advice from Credit Suisse Securities. Specifically, the Target Company received an offer from the Tender Offeror with the Tender Offer Price being 1,425 yen on July 11, 2022 and an offer with the Tender Offer Price being 1,520 yen on July 21, 2022. In response to the offers, the Target Company requested further reconsideration of the Tender Offer Price from the perspective of the further protection of the interest of minor shareholders. Based on the negotiations above, the

Target Company received a final offer from the Tender Offeror with the Tender Offer Price being 1,600 yen on August 3, 2022.

The Target Company confirmed and discussed the detail of the offer with the Tender Offerors on August 5, 2022, consulted the Special Committee on the reasonableness of the offer, requested Credit Suisse Securities for its additional views on the offer, and carefully examined the offer taking into account a share valuation report obtained from Credit Suisse Securities on August 9, 2022 (“**Share Valuation Report**”). As a result, the Target Company determined that (i) the price was appropriate since it could be regarded as carrying a reasonable premium in light of the market price and was reasonable as it exceeded the upper limit of the range calculated by the market price analysis, and was in and above the median of the range calculated by the comparable companies analysis and DCF Analysis) conducted by Credit Suisse Securities described in “(A) The Target Company’s Acquisition of a Share Valuation Report from an Independent Third-Party Appraiser “Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” under “Background of Valuation” in “(2) Price of Tender Offer” under “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below, (ii) the proposed price represents a premium of 45.59% on the closing price (1,099 yen) of the Company Shares quoted on the TSE Standard Market on August 9, 2022, the Business Day preceding the announcement date of the implementation of the Tender Offer, and a premium of 49.39% on the simple average closing price (1,071 yen) over the one-month period ending on that date, a premium of 57.33% on the simple average closing price (1,017 yen) over the three-month period ending on that date, and a premium of 57.33% on the simple average closing price (1,017 yen) over the six-month period ending on that date, each as quoted on that market (or the TSE JASDAQ Market on and before April 3, 2022), and the proposed price can be assessed as including a suitable premium in comparison to the levels of premiums added when determining purchase prices in past examples of MBOs for the purpose of taking a company private announced from June 28, 2019 to August 9, 2022 (14 examples; however, limited to transactions in which the purchase price was 10 billion yen or more and that were successfully completed) (the average of those premiums is 46.0% for the Business Day preceding the announcement date, 44.8% for the most recent one month, 49.7% for the most recent three months, and 52.2% for the most recent six months, and the median of those premiums is 40.8% for the Business Day preceding the announcement date, 38.0% for the most recent one month, 45.7% for the most recent three months, and 52.7% for the most recent six months; rounded to one decimal place), and (iii) it is recognized that the interests of general shareholders are taken into consideration, such as measures to avoid conflicts of interest as stated in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” under “3. Contents, Basis of and Reasons for Opinion on Tender Offer”. As stated above, the Target Company continuously negotiated with the Tender Offeror on the Tender Offer Price.

The Target Company received necessary legal advice from Anderson Mori & Tomotsune, its legal adviser, on the method and process of decision-making by the board of directors of the Target Company including various procedures relating to the Transactions as well as other points of attention, and received a findings report from the Special Committee on August 9, 2022 (“**Special Committee Report**” and for the overview of the Special Committee Report and specific activities of the Special Committee, see “(C)

Establishment by the Target Company of an Independent Special Committee and Procurement of the Opinion (Special Committee Report)” in “Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” under “Background of Valuation” in “(2) Price of Tender Offer” under “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below). Given the foregoing, the Target Company has carefully discussed and examined whether the Transactions would contribute to improvement of the corporate value of the Target Company and whether the terms and conditions of the Transactions including the Tender Offer Price are appropriate while fully respecting the Special Committee Report submitted from the Special Committee and taking into account legal advice given by Anderson Mori & Tomotsune as its legal adviser, and the Share Valuation Report from Credit Suisse Securities as its third-party appraiser.

As stated in “(A) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer” above, the Target Company recognizes that the environment surrounding the Target Company Group has become more and more difficult, with soaring prices of construction materials due to various factors and increasing competition for lands acquisitions making it more difficult to secure properties with optimal yields. The Target Company has come to believe that it would be difficult to maintain the same growth potential and competitive advantages under the previous business model that relied on the real estate sales business to drive the performance of the Target Company Group, and that if it does not make a more fundamental shift to a business model centered on the service business, its earnings may decline and result in damage to the Target Company’s corporate value in the medium to long term. Specifically, the Target Company concluded that it is necessary to (i) with respect to the real estate sales business, seek to further pursue the ability to find properties with optimal yields that are limited in a severe market environment, to develop a more diversified customer base, and to further cultivate existing customers based on the already established business model, and (ii) with respect to the real estate service business, seek to enhance property value by providing additional value (such as introducing IoT to properties such as facial recognition and smart lock) to appeal to new potential customers, strengthen the existing high value-added services that the Target Company has uniquely developed (such as an unattended death insurance developed in cooperation with an insurance company) and develop a circle of economy involving owners, tenants and the Target Company Group through introduction of Shinoken Coin, etc., (iii) with respect to the life care business, seek to expand the existing services and pursue growth through M&A in order to expand and provide services that closely support customers and tenants throughout their lives as a “life support company for all generations around the world” which is the Target Company Group’s vision, and (iv) seek to strengthen and expand operations not only in the domestic business but also the international business that the Target Company is currently working on, and to expand the REIT business model internationally and the Target Company believes that the foregoing restructurings will ensure its competitiveness and enhance its corporate value over the medium to long term. However, while it is expected that initiatives for the above restructurings towards the shift to a sustainable business model and diversification will enhance its corporate value in the medium to long term, not all of such initiatives will be successful in the short term, and it will take time to realize the effects of the business restructurings and to make profits from new businesses. Rather,

even if essential large investments are made in the establishment of a platform, IT investment, entry into new business domains, M&A, and acceleration of international expansion, etc., there is a business risk that the business will not be developed as planned, and the Target Company Group's financial condition and earnings may deteriorate in the short term. There is a concern that if these initiatives are implemented while the Target Company remains listed, the Target Company may not be fully evaluated by the market in the short term and that may adversely affect the stock price causing disadvantages to existing shareholders.

Under these circumstances, in order to avoid the above adverse effects that may occur to the shareholders and to enhance its corporate value in a medium to long-term perspective, the Target Company has concluded that it is important to privatize the Target Company Shares by a means of management buyout (MBO) and to establish a management system that enables the Tender Offeror, directors, and employees together to promptly and boldly address each initiative with the cooperation of Integral without being constrained from the shorter-term evaluation from the stock market.

In the case that the Target Company goes private, it will not be able to raise funds through equity finance from capital markets, and that it is possible to affect the acquisition of talented human resources and the expansion of its clients which are supported by high social credibility and name recognition which the Target Company has enjoyed as a listed company. However, the Target Company is not likely to have a need for large-scale financing through equity finance in the next several years provided that of the Target Company's current financial conditions and other factors. In addition to the foregoing, it is unlikely that privatization will have a significant impact on the acquisition of human resources given the brand, name recognition, and accumulated achievements that it has established, and the expansion of clients can be partially achieved through improvement of name recognition and social credibility through business activities, the Target Company believes that the demerits of the privatization of the Target Company Shares will be limited. Hence, the board of directors of the Target Company determined that the merits of the privatization of the Target Company Shares exceeds the demerits.

Based on the above, the board of directors of the Target Company determined that privatization of the Target Company Shares through the Transactions including the Tender Offer, will contribute to the enhancement of the corporate value of the Target Company.

Also, the board of directors of the Target Company determined that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for shareholders of the Target Company and that the Tender Offer provides shareholders of the Target Company with a reasonable opportunity to sell their shares, based on the facts that (i) the Tender Offer Price (1,600 yen) exceeds the upper limit of the range calculated by the market price analysis, is within the range calculated by the comparable companies analysis and the DCF Analysis, and is above the median of the range of the valuation of the Target Company Shares by Credit Suisse Securities as described in "Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" under "Background of Valuation" in "(2) Price of Tender Offer" under "4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased" below; (ii) the Tender Offer Price (1,600 yen) is the price of 1,099 yen, the closing price of Target Company Shares

on the Standard Market of the TSE on August 9, 2022 which is the business day immediately preceding the announcement date of the implementation of the Tender Offer, plus a 45.59% premium; 1,071 yen, the simple average of closing prices during the past one (1) month period up to the same date, plus a 49.39% premium; 1,017 yen, the simple average of closing prices during the past three (3) month period up to the same date, plus a 57.33% premium; 1,017 yen, the simple average of closing prices during the past six (6) month period up to the same date, plus a 57.33% premium, and compared with the premium levels (the average of those premiums is 46.0% for the Business Day preceding the announcement date, 44.8% for the most recent one month, 49.7% for the most recent three months, and 52.2% for the most recent six months, and the median of those premiums is 40.8% for the Business Day preceding the announcement date, 38.0% for the most recent one month, 45.7% for the most recent three months, and 52.7% for the most recent six months; rounded to one decimal place) granted when determining the purchase price in the past MBO cases (14 cases, and limited to the successfully completed case of which the purchase value is 10 billion yen or more) publicly announced from June 28, 2019 to August 9, 2022 for the purpose of privatization, the price can be evaluated as a price with an appropriate premium added thereto; (iii) it is found that due consideration is given to interests of general shareholders such as measures, etc. to avoid conflict of interest described in “Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest under “Background of Valuation” in “(2) Price of Tender Offer” under “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below; and (iv) the Tender Offer Price was determined through several discussions and negotiations between the Target Company and the Tender Offeror after the above measures were taken to eliminate the conflicts of interest, more specifically, determined through good faith and continued discussions and negotiations taking into account the valuation of the Target Company Shares by Credit Suisse Securities, discussions with the Special Committee, and legal advice from Anderson Mori & Tomotsune.

Since the Stock Acquisition Rights Tender Offer Price was calculated based on the amount obtained by multiplying the difference between the Tender Offer Price and the exercise price of the Stock Acquisition Rights per Target Company Share by 200 shares which are the number of the Target Company Shares to be issued upon exercise of one (1) Stock Acquisition Right, the Target Company determined that the Stock Acquisition Rights Tender Offer Price would generate economic benefits equivalent to those of the Target Company Shares and provides the Stock Acquisition Right Holders with an opportunity to sell their Stock Acquisition Rights at a price with a reasonable premium added thereto and on reasonable terms and conditions.

Based on the above, the Target Company adopted a resolution at the board of directors’ meeting held on August 10, 2022 by unanimous consent of the directors of the Target Company who participated in the deliberation and voting (Junichi Tsurukawa, Yoshiaki Miura, Takashi Tamaki, Minoru Sakata, Katsuji Inoue, Yuichiro Yasuda, and Yasuko Maekawa, all the members of the board of directors except for Mr. Shinohara and Hiroyuki Irie) to express the opinion supporting the Tender Offer and recommend that the Target Company’s shareholders and Stock Acquisition Right Holders tender their shares in the Tender Offer.

The resolution of the board of directors was made on the assumption that the Target Company Shares would be delisted as a result of the implementation of the Tender Offer and a series of procedures thereafter by the Tender Offer.

Since Mr. Shinohara, who is the Representative Director and Chief Executive Officer of the Target Company, intends to invest in the Tender Offeror if the Tender Offer is closed and continue to manage the Target Company after the Transactions, and thus has a structural conflict of interest with the Target Company with regard to the Transactions, he did not participate in any deliberation and voting at the aforementioned board of directors' meeting as a director with special interest and did not participate in any discussions and negotiations with the Tender Offeror on behalf of the Target Company.

In addition to Mr. Shinohara, since Mr. Hiroyuki Irie concurrently serves as a Deputy President of The Nishi-Nippon City Bank, Ltd. and the Tender Offeror communicated on August 4, 2022 its decision to borrow funds from Shinsei Bank, Limited as fundraising for the Transactions, resulting in reconsideration of the transactions between the current financial institutions, he did not participate in any deliberation and voting at the aforementioned board of directors' meeting in order to avoid a conflict of interest with the Company with regard to the Transactions.

(C) Management Policy After the Tender Offer

The Transactions constitute a management buyout (MBO), and Mr. Shinohara has agreed with the Tender Offerors in the Basic Agreement to hold approximately 8% of the shares of the Tender Offeror after the Merger by continuing to hold the Shares Agreed to Not Be Tendered without tendering them in the Tender Offer (however, as stated in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” below, before the Share Consolidation takes effect, if there is any shareholder of the Target Company other than the Tender Offeror or Mr. Shinohara who holds Target Company Shares in a number greater than that of the Shares Agreed to Not Be Tendered, or if it is determined that there may come to be such a shareholder, the Tender Offeror intends to conduct the Squeeze-Out Procedures to make the Tender Offeror the only shareholder of the Target Company, in which case Mr. Shinohara will be unable to continue holding the Target Company Shares and will therefore hold the shares of the Tender Offeror after the Merger by contributing to the Tender Offeror after the Transactions are conducted (the specific amount, contribution ratio, and timing of that contribution are undetermined at present, but the Tender Offeror intends to hold discussions with Mr. Shinohara in the future)). Additionally, Mr. Shinohara intends to continue promoting the management of the Target Company as stated in “(A) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer” under “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” above as the representative director of the Target Company after the Tender Offer is completed. The Tender Offeror is considering appointing people nominated by Integral as directors of the Target Company, but the specific number of people, timing, candidates, and the like are undetermined at present, and there is no agreement between the Tender Offeror and the directors of the Target Company other than Mr. Shinohara regarding the appointment of officers after the Tender Offer. In the Basic Agreement, the Tender Offeror has agreed with Mr.

Shinohara to execute, after the completion of the Transactions, an executive service agreement with Mr. Shinohara that contains terms regarding the performance and continuance of the duties of Mr. Shinohara as the representative director of the Target Company, but at present, no matters have been specifically agreed to.

The Tender Offeror intends to determine the details of the management structure, including the officer composition, of the Target Company after the Tender Offer while holding amicable discussions with the Target Company after the successful completion of the Tender Offer. Additionally, the Tender Offeror intends in principle to maintain the current treatment of employees of the Target Company Group after the successful completion of the Tender Offer. Moreover, the Tender Offeror and the Target Company intend to conduct the Merger after the completion of the Squeeze-Out Procedures, but the details such as the specific schedule of the Merger are undetermined as of the date hereof.

The Tender Offeror intends to introduce incentive plans such as stock options for the management and employees of the Target Company after the Transactions, but the specific details thereof are undetermined at present.

(3) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

In light of the fact that, among others, the Tender Offer will be conducted as part of a so-called management buyout (MBO) and therefore there is a structural conflict of interest, the Tender Offeror and the Target Company have taken the following measures to ensure the fairness of the Transactions, including the Tender Offer, from the perspective of ensuring the fairness of the Tender Offer Price and the Stock Acquisition Rights Tender Offer Price, eliminating arbitrariness in the decision-making process leading to the decision to conduct the Tender Offer, and avoiding conflicts of interest.

The following statements on measures that have been taken by the Target Company are based on the explanations from the Target Company.

- (A) The Target Company's acquisition of a share valuation report from an independent third-party appraiser.
- (B) Advice from an independent law firm at the Target Company.
- (C) Establishment by the Target Company of an independent special committee and procurement of the opinion (special committee report).
- (D) Approval of all disinterested directors (including Audit Committee Director) of the Target Company.
- (E) Setting the minimum number of Share Certificates, Etc. to be purchased at a number exceeding the majority of minority.
- (F) Securing objective circumstances that ensure the appropriateness of the Tender Offer Price and the Stock Acquisition Rights Tender Offer Price and the fairness of the Tender Offer.

For the details of the matters described above, please refer to “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” under “Background of Valuation” in “(2) Price of Tender Offer” under “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” below.

(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)

As set out in “(1) Outline of the Tender Offer” above, if the Tender Offer is successfully completed but the Tender Offeror is not able to acquire all of the Target Company Shares (excluding the treasury shares held by the Target Company and the Shares Agreed to Not Be Tendered), the Tender Offeror intends to carry out the Squeeze-Out Procedures in the following manner after the successful completion of the Tender Offer in order to make the Tender Offeror and Mr. Shinohara or the Tender Offeror the only shareholder(s) of the Target Company and take the Target Company Shares private.

(A) Share Consolidation

Promptly after the completion of the settlement of the Tender Offer, the Tender Offeror will, in accordance with Article 180 of the Companies Act, request the Target Company to hold an extraordinary shareholders’ meeting (the “**Extraordinary Shareholders’ Meeting**”) in late November 2022 at which the consolidation of the Target Company Shares (the “**Share Consolidation**”) and a partial amendment to the Target Company’s Articles of Incorporation that would abolish the share unit number provisions on the condition that the Share Consolidation becomes effective will be proposed. According to the Target Company’s Press Release, the Target Company intends to accept the Tender Offeror’s request if so requested by the Tender Offeror. The Tender Offeror and Mr. Shinohara intend to approve each of the above proposals at the Extraordinary Shareholders’ Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders’ Meeting. If a fraction less than one share arises due to the Share Consolidation, any shareholder of the Target Company who holds such fractional shares will receive an amount of cash obtained by selling the Target Company Shares equivalent to the total sum of the fractional shares (with such aggregate sum rounded down to the nearest whole number) to the Target Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act and other applicable laws and regulations. The purchase price for the number of shares equivalent to the total sum of the fractional shares in the Target Company Shares will be calculated so that the amount of cash received by each shareholder who did not tender its shares in the Tender Offer (excluding the Target Company and Mr. Shinohara) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by the shareholder of the Target Company, and then a petition will be filed to the court for permission to sell such Target Company Shares on

this basis. Although the ratio of the Share Consolidation of the Target Company Shares has not been determined as of the date hereof, it is intended that shareholders (excluding the Target Company and Mr. Shinohara) who hold shares in the Target Company and do not tender in the Tender Offer will have a fraction of less than one share in order for the Tender Offeror and Mr. Shinohara to become the only owners of all of the Target Company Shares (excluding treasury shares held by the Target Company).

However, if, before the Share Consolidation becomes effective, there are certain shareholders of the Target Company (other than the Tender Offeror and Mr. Shinohara) who hold the number of Target Company Shares that is equal to or greater than the number of the Shares Agreed to Not Be Tendered (885,310 shares) or it is determined that there is a possibility that such shareholders would exist, and as a result of the successful completion of the Tender Offer, the total number of voting rights in the Target Company held by the Tender Offeror is less than 90% of the number of voting rights of all shareholders of the Target Company, the ratio of the Share Consolidation will be set in a manner that, as a result of the Share Consolidation, the Tender Offeror will become the only owner of all of the Target Company Shares (excluding treasury shares held by the Target Company). In this case, Mr. Shinohara will not remain to be a shareholder of the Target Company and will receive money as consideration for fractional shares he holds, but a portion of the money received as a result of the Transactions is scheduled to be recontributed to the Tender Offeror. The Target Company intends to disclose specific procedures for the Share Consolidation as soon as the details are determined upon discussion between the Tender Offeror and the Target Company.

For the purpose of protecting the rights of general shareholders in relation to the Share Consolidation, the Companies Act provides that if the Share Consolidation occurs and there is a fraction less than one share as a result thereof, each shareholder may request that the Target Company purchase all such shares that will be a fraction less than one share at a fair price, and such shareholders may file a petition to the court to determine the price of the Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other applicable laws and regulations. As stated above, because the number of the Target Company Shares held by the shareholders who do not tender their shares in the Tender Offer (excluding the Target Company and Mr. Shinohara) will be less than one, the shareholders of the Target Company objecting to the Share Consolidation will be able to file a petition to determine the price. It is noted that the court will ultimately make a decision on the purchase price of the Target Company Shares if the above petition is filed.

(B) Demand for Cash-Out of Shares, Etc.

In addition, if, before the Share Consolidation becomes effective, there are certain shareholders of the Target Company (other than the Tender Offeror and Mr. Shinohara) who hold the number of Target Company Shares that is equal to or greater than the number of the Shares Agreed to Not Be Tendered (885,310 shares) or it is determined that there is a possibility that such shareholders would exist, and as a result of the successful completion of the Tender Offer, the total number of voting rights in the Target Company held by the Tender Offeror becomes 90% or more of the number of the voting rights of all shareholders of the Target Company, and the Tender Offeror becomes a special controlling shareholder as provided for in Article 179, paragraph (1) of the

Companies Act, the Tender Offeror intends to, promptly after the completion of the settlement of the Tender Offer, make a demand to all of the shareholders of the Target Company (excluding the Tender Offeror and the Target Company; the “**Selling Shareholders**”) to sell all of the Target Company Shares they hold (the “**Demand for Shares Cash-Out**”) and to all of the Stock Acquisition Right Holders pertaining to the Stock Acquisition Rights (excluding the Tender Offeror; the “**Selling Stock Acquisition Right Holders**”) to sell all of the Stock Acquisition Rights they hold (“**Demand for Cash-Out of Stock Acquisition Rights**”; together with the Demand for Shares Cash-Out, “**Demand for Cash-Out of Shares, Etc.**”) under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act.

Money equal to the amount of the Tender Offer Price is to be delivered to the shareholders of the Target Company in the Demand for Shares Cash-Out as consideration for each share of the Target Company Shares, and money equal to the amount of the Stock Acquisition Rights Tender Offer Price is to be delivered to the Selling Stock Acquisition Right Holders in the Demand for Cash-Out of Stock Acquisition Rights as consideration for each Stock Acquisition Right. In that case, the Tender Offeror will notify the Target Company to that effect and request approval from the Target Company for the Demand for Cash-Out Shares, Etc. If the Target Company approves the Demand for Cash-Out of Shares, Etc. by a resolution of its board of directors meeting, the Tender Offeror will acquire all of the Target Company Shares held by the Selling Shareholders and all of the Stock Acquisition Rights held by the Selling Stock Acquisition Right Holders as of the acquisition date stated in the Demand for Cash-Out of Shares, Etc. without requiring any individual approval of the Selling Shareholders or the Selling Stock Acquisition Right Holders in accordance with procedures prescribed in applicable laws and regulations. As consideration for the Target Company Shares held by the Selling Shareholders and the Stock Acquisition Rights held by the Selling Stock Acquisition Right Holders, the Tender Offeror will deliver an amount of cash equal to the Tender Offer Price to each of the Selling Shareholders in exchange for one share of the Target Company Shares and an amount of cash equal to the Stock Acquisition Rights Tender Offer Price to each of the Selling Stock Acquisition Right Holders in exchange for one Stock Acquisition Right.

According to the Target Company’s Press Release, if the Target Company is notified by the Tender Offeror to the effect that it intends to make the Demand for Cash-Out of Shares, Etc. and of the matters set out in the items of Article 179-2(1) of the Companies Act, the Target Company’s board of directors will approve the Demand for Cash-Out of Shares, Etc.

If the Demand for Cash-Out of Shares, Etc. is made, Mr. Shinohara will not remain to be a shareholder of the Target Company and will receive money as consideration for the shares of the Target Company he holds, but a portion of money received as a result of the Transactions is scheduled to be recontributed to the Tender Offeror.

For the purpose of protecting the rights of minority shareholders in relation to the Demand for Cash-Out of Shares, Etc., the Companies Act provides that any of the shareholders of the Target Company may file a petition with a court for determination of the purchase price of its Target Company Shares in accordance with the provisions of Article 179-8 of the Companies Act and other applicable laws and regulations. It is noted that the court will ultimately make a decision on the purchase price of the Target Company Shares if the above petition is filed.

With regard to the above procedures, it is possible that, depending on amendments to or the implementation or interpretation of the relevant laws and regulations by authorities and in the case where there are certain shareholders of the Target Company (other than the Tender Offeror and Mr. Shinohara) who hold the number of Target Company Shares that is equal to or greater than the number of the Shares Agreed to Not Be Tendered or it is determined that there is a possibility that such shareholders would exist as of the time when the Share Consolidation becomes effective, it will require time to implement the procedure or the methods of implementation may be altered. However, even in such a case, it is intended that a method will be used whereby the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company and Mr. Shinohara) will ultimately receive cash consideration equal to the number of Target Company Shares held by such shareholder multiplied by the Tender Offer Price in exchange for their shares. The specific details and expected timing for the procedures described above will be determined through consultation between the Tender Offeror and the Target Company and then promptly announced by the Target Company.

In addition, if the Tender Offer is successfully completed but the Tender Offeror is not able to acquire all of the Stock Acquisition Rights in the Tender Offer and there are remaining Stock Acquisition Rights due to not being exercised, the Tender Offeror will request the Target Company to carry out procedures that are reasonably necessary to effect the Transactions, such as recommending the Stock Acquisition Right Holders to waive the Stock Acquisition Rights.

The Tender Offer is in no way intended to solicit the consent of the Target Company's shareholders at the Extraordinary Shareholders' Meeting. Also, all shareholders and Stock Acquisition Right Holders are solely responsible for seeking advice from certified public tax accountants or other experts with regard to the tax consequences of tendering in the Tender Offer or the procedures outlined above.

Furthermore, although the Tender Offeror intends to conduct the Merger after the completion of the Squeeze-Out Procedures, the specific method, date, or other details of the Merger have not been determined as of present.

(5) Prospects and Reasons for Delisting

The Target Company Shares are currently listed on the Standard Market of the TSE as of the date hereof. However, since the Tender Offeror has not set a maximum number to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the delisting criteria set out by the TSE, depending on the results of the Tender Offer.

Also, if the Tender Offer is successfully completed, even in the case that the delisting criteria are not met upon completion of the Tender Offer, the Tender Offeror plans to carry out the Squeeze-Out Procedures stated in “(4) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters relating to the “Two-Step Acquisition”)” above after the successful completion of the Tender Offer, in which case the Target Company Shares will be delisted through the prescribed procedures in

accordance with the delisting criteria of the TSE. After delisting, the Target Company Shares will be unable to be traded on the Standard Market of the TSE.

(6) Material Agreements regarding the Tender Offer

The Tender Offeror executed the Basic Agreement dated August 10, 2022 with Mr. Hideaki Shinohara, the Representative Director and President of the Target Company (number of shares held: 7,633,957 shares; ownership ratio: 22.31%), that contains the following terms and conditions.

- (i) Mr. Shinohara shall tender the Shares Agreed to Be Tendered (number of shares held: 6,148,647 shares; ownership ratio: 17.97%) among the shares held by Mr. Shinohara (number of shares held: 7,633,957 shares; ownership ratio: 22.31%) and Stock Acquisition Rights Agreed to Be Tendered (number of Target Company Shares to be acquired: 600,000 shares; ownership ratio: 1.75%; the **“Stock Acquisition Rights Agreed to Be Tendered”**) and shall not tender the Shares Agreed to Not Be Tendered (885,310 shares; ownership ratio: 2.59%) in the Tender Offer. However, Mr. Shinohara may exercise the Stock Acquisition Rights Agreed to Be Tendered and then tender the Target Company Shares issued upon the exercise thereof in the Tender Offer, in which case the Shares Agreed to Be Tendered will be the number of Target Company Shares to which the Target Company Shares issued upon the exercise of the Stock Acquisition Rights Agreed to Be Tendered. No conditions precedent have been established with regard to the tendering or non-tendering.
- (ii) Mr. Shinohara shall cooperate with the procedures that will be necessary to conduct the Share Consolidation (including voting in favor of the relevant proposal at a general meeting of shareholders of the Target Company) if, with respect to the Shares Agreed to Not Be Tendered (885,310 shares; ownership ratio: 2.59%), (a) the Tender Offer is successfully completed but the Tender Offeror is not able to acquire all of the Target Company Shares (including the Target Company Shares to be issued upon the exercise of the Stock Acquisition Rights but excluding the treasury shares held by the Target Company and the Shares Agreed to Not Be Tendered) in the Tender Offer, and (b) regardless of (a), if, after the settlement of the Tender Offer, there are certain shareholders of the Target Company (other than the Tender Offeror and Mr. Shinohara) who hold the number of Target Company Shares that is equal to or greater than the number of the Shares Agreed to Not Be Tendered or the Tender Offeror reasonably determines that there is a possibility that such shareholders would exist, the Tender Offeror will be able to conduct the Share Consolidation at the ratio of consolidation that will enable the Tender Offeror to achieve the purpose of making the Tender Offeror the only shareholder of the Target Company or make a Demand for Cash-Out of Shares, Etc. for that purpose, and Mr. Shinohara shall cooperate with the procedures necessary therefor.
- (iii) After the completion of the Squeeze-Out Procedures, Mr. Shinohara shall provide necessary cooperation (including voting in favor of the relevant proposal at a general meeting of shareholders of the Target Company) so that the Merger is conducted in the timeline and manner and based on the terms and conditions that the Tender Offeror reasonably requests.

- (iv) If the Squeeze-Out Procedures are conducted in accordance with (b) of (ii) above, Mr. Shinohara shall, promptly after the completion of the Squeeze-Out Procedures and before the Merger, subscribe for the number of shares for subscription to be issued by the Tender Offeror whose value is equivalent to the number of the Shares Agreed to Not Be Tendered multiplied by the Tender Offer Price and the Tender Offeror and Mr. Shinohara shall carry out procedures necessary therefor.
- (v) After the Merger becomes effective, the Merger and recontribution set out in (iv) above are to be conducted so that the percentage of the number of shares in the Tender Offeror held by Mr. Shinohara will be approximately 8% of the total number of issued shares of the Tender Offeror.
- (vi) Mr. Shinohara and the Tender Offeror confirm as of the execution date of the Basic Agreement that, after the Transactions are completed, the Target Company Group will implement measures for evolving and diversifying its business to form a sustainable business model and enhance its corporate value with the intention of, as a general rule, aiming at relisting shares of the Tender Offeror after the Merger on a financial instruments exchange, and Mr. Shinohara and the Tender Offeror shall consult in good faith to achieve that purpose.
- (vii) Promptly after the completion of the Transactions, Mr. Shinohara shall execute an executive service agreement with Integral or a fund that Integral or its affiliate manages or operates or in which they are otherwise involved, that contains terms regarding the performance and continuance of the duties of Mr. Shinohara as the representative director of the Target Company.
- (viii) After the completion of the Tender Offer, if (i) Mr. Shinohara holds Target Company Shares and the Tender Offeror wishes to transfer (including any transfer resulting from the execution of security interests created on the Shares to be Transferred; the same applies below (including any execution under statutory proceedings and execution resulting from voluntary sale and substitute performance outside statutory proceedings; the same applies below)) all or part of the Target Company Shares held by it to a third party or (ii) Mr. Shinohara holds shares in the Tender Offeror and Integral wishes to transfer all or part of the shares in the Tender Offeror held by it (together with the shares to be transferred in the case of (i) above, **“Shares to Be Transferred”**) to a third party, the Tender Offeror or Integral (as the case may be) who wishes to effect the transfer (the **“Shareholder Wishing to Transfer Shares”**) shall give a written notice of request for sale of shares to Mr. Shinohara that states the principal terms regarding the transfer, and may, by giving a written notice that states the number of the Target Company Shares or the shares in the Tender Offeror held by Mr. Shinohara that the Shareholder Wishing to Transfer Shares requests Mr. Shinohara to sell together with the Shares to Be Transferred, request Mr. Shinohara to transfer the Target Company Shares or the shares in the Tender Offeror held by Mr. Shinohara to the third party as the transferee on the terms stated in the notice. However, the number of shares subject to such request for sale must be the number set out in (a) or (b) below (any fraction less than one share will be rounded down to the nearest whole number; the **“Number of Shares Available for Sale by Mr. Shinohara”**).

- (a) In the case of (i) above, the portion of the Target Company Shares held by Mr. Shinohara that corresponds to the percentage of (x) the number of the Shares to be Transferred in (y) the number of the Target Company Shares held by the Tender Offeror.
- (b) In the case of (ii) above, the portion of the Target Company Shares held by Mr. Shinohara that corresponds to the percentage of (x) the shares to be transferred concurrently with the transfer by the Shareholder Wishing to Transfer Shares in (y) the shares held by the shareholders of the Tender Offeror after the Merger (excluding Mr. Shinohara).
- (ix) In the case of (i) and (ii) of item (viii) above, if the Shareholder Wishing to Transfer Shares wishes to transfer the Shares to Be Transferred (excluding any transfer as a result of the execution of security interests created on the Shares to Be Transferred), Mr. Shinohara may, at the time of the transfer, request that all of the portion of the Target Company Shares or the common stock of the Tender Offeror held by Mr. Shinohara at that time that is equivalent to the Number of Shares Available for Sale by Mr. Shinohara be transferred at the same terms and conditions as those of the transfer of the Shares to Be Transferred unless any Shareholder Wishing to Transfer Shares exercises the right to request the sale of shares in accordance with item (viii) above.

4. **Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased**

(1) Period of the Tender Offer

(A) Initial period as of registration

Tender offer period	August 12, 2022 (Friday) to September 26, 2022 (Monday (30 Business Days))
Date of public notice	August 12, 2022 (Friday)
Name of newspaper in which public notice is to appear	An electronic public notice will be conducted, and a notice to that effect will be published in the Nikkei. (URL of the electronic public notice: http://disclosure.edinet-fsa.go.jp/)

(B) Possibility of extension by request of the Target Company

N/A

(C) Person to contact for information about extension of Tender Offer Period

N/A

(2) Price of Tender Offer

Share certificates	1,600 yen per common stock
Call options	142,600 yen per Stock Acquisition Right
Bonds with call options	—
Trust beneficiary certificates for Share Certificates, Etc. ()	—
Deposit receipts for Share Certificates, Etc. ()	—
Basis of Valuation	<p>(1) Common stock</p> <p>In determining the Tender Offer Price, the Tender Offeror analyzed the business and financial conditions of the Target Company in a multifaceted and comprehensive manner based on the financial information and other materials disclosed by the Target Company, the results of the due diligence of the Target Company conducted by Integral from early June to early July 2022, and other factors. In addition, given that the Target Company Shares are traded through a financial instruments exchange, the Tender Offeror referred to the closing price (1,099 yen) of the Target Company Shares on August 9, 2022, which is a Business Day preceding the date of the announcement of the implementation of the Tender Offer (August 10, 2022), and changes in the simple average closing prices over the preceding one-month, three-month, and six-month periods (1,071yen, 1,017 yen, and 1,017 yen, respectively), each as quoted on the Standard Market of the TSE (or the TSE JASDAQ Market on and before April 3, 2022). Furthermore, on August 10, 2022, the Tender Offeror decided on the Tender Offer Price of 1,600 yen, comprehensively taking into account whether or not the Target Company supports the Tender Offer and the prospect of the successful completion of the Tender Offer, and based on the discussions and negotiations with the Target Company. The Tender Offeror did not obtain any valuation report or opinion (fairness opinion) from any third party appraiser because the Tender Offeror decided on the Tender Offer Price by comprehensively taking into account the above factors and through holding discussions and negotiations with the Target Company.</p> <p>The Tender Offer Price of 1,600 yen is a price that represents a premium of 45.59% on the closing price (1,099 yen) of the Target</p>

	<p>Company Shares quoted on the TSE Standard Market on August 9 2022, the Business Day preceding the announcement date of the implementation of the Tender Offer, and a premium of 49.39% on the simple average closing price (1,071 yen) over the one-month period ending on that date, a premium of 57.33% on the simple average closing price (1,017 yen) over the three-month period ending on that date, and a premium of 57.33% on the simple average closing price (1,017 yen) over the six-month period ending on that date, each as quoted on that market (or the TSE JASDAQ Market on and before April 3, 2022). In addition, the Tender Offer Price of 1,600 yen is a price that represents a premium of 45.45 % on the closing price (1,100 yen) of the Target Company Shares on the Standard Market of the TSE on August 10 2022, which is the Business Day preceding the date hereof.</p> <p>(2) Stock Acquisition Rights</p> <p>Because the exercise price (887 yen) per Stock Acquisition Right is lower than the Tender Offer Price (1,600 yen) as of the date hereof and the exercise period has commenced and the terms and conditions for exercising the Stock Acquisition Rights have been satisfied, on August 10, 2022, the Tender Offeror decided to set the Stock Acquisition Rights Tender Offer Price at 887 yen, which is the difference between the Tender Offer Price (1,600 yen) and the exercise price per Stock Acquisition Right (142,600 yen) multiplied by the number of Target Company Shares to be acquired upon the exercise of the Stock Acquisition Rights (200 shares).</p> <p>Although the terms of issuance of the Stock Acquisition Rights stipulate that any acquisition of the Stock Acquisition Rights by way of transfer requires the approval of the board of directors of the Target Company, the Target Company resolved at its board of directors meeting held on August 10, 2022 to comprehensively approve the Tender Offeror's acquisition of Target Company Shares in relation to the purchase of shares tendered in the Tender Offer on the condition that the Tender Offer is successfully completed.</p> <p>The Tender Offeror did not obtain any valuation report or opinion (fairness opinion) from any third party appraiser because the Tender Offeror decided on the Stock Acquisition Rights Tender Offer Price based on the Tender Offer Price as described above.</p>
Background of Valuation	<p>(Background of the Decisions on the Tender Offer Price and the Stock Acquisition Rights Tender Offer Price)</p> <p>As stated in “(A) Background, Purpose, and Decision-Making Process with respect to the Tender Offeror Deciding to Conduct the Tender Offer” in “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” under “3. Purpose of the Tender Offer” above, Integral and Mr. Shinohara reached the determination that the</p>

	<p>Transactions will contribute to the enhancement of the Target Company's corporate value over the medium to long term to be achieved by the Target Company implementing the above measures without being deterred by short-term performance changes and that the Transactions are therefore the best measure for both the general shareholders of the Target Company as well as its various stakeholders. Therefore, on May 17, 2022, Integral and Mr. Shinohara made a request to the Target Company to discuss and consider the implementation of the Transactions.</p> <p>Thereafter, taking into consideration matters such as the progress of the due diligence on the Target Company Group conducted by Integral from early June to early July 2022, Mr. Shinohara and the Tender Offerors made an official proposal to the Target Company regarding the Transactions on June 21, 2022, which included the purchase price per Target Company Share in the Tender Offer (the "Tender Offer Price") being approximately 1,300 yen (a premium of 34.30% on the closing price of the Target Company Shares (968 yen) on June 20, 2022, the Business Day before the submission of the relevant letter of intent). Subsequently, as stated in "(B) Decision-Making Process and Reasons Behind the Target Company's Opinion Supporting Tender Offer" in "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" under "3. Purpose of the Tender Offer" above, on July 6, 2022, the Tender Offerors received a request from the Target Company to reconsider the Tender Offer Price, and to make a proposal regarding the handling of the Stock Acquisition Rights, for the reasons that taking into consideration the opinion of the Special Committee and discussions with Credit Suisse Securities, the price cannot be said to be at a level that appropriately reflects the intrinsic value that the Target Company may achieve and that in light of trends in recent similar transactions as well, the price does not include an appropriate level of premiums from the perspective of protecting the interests of minority shareholders. Therefore, the Tender Offerors reconsidered the Tender Offer Price and made a new proposal on July 11, 2022 for the Tender Offer Price to be 1,425 yen (a premium of 45.41% on the closing price of the Target Company Shares (980 yen) on July 8, 2022, the Business Day before the submission of the relevant letter of intent) and to purchase the Stock Acquisition Rights at the price calculated by multiplying the number of shares to be acquired per Stock Acquisition Right by the difference between the Tender Offer Price and the exercise price. In response, as the Tender Offerors received a request from the Target Company on July 15, 2022 to reconsider the Tender Offer Price for the reasons that the price is not at a level that appropriately reflects the intrinsic value that the Target Company may achieve, that the proposal cannot be said to include an appropriate price and conditions that ensure the benefits to be enjoyed by general shareholders of the Target Company, and that the price does not provide the general shareholders of the Target Company with a reasonable opportunity to</p>
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	<p>sell their shares, the Tender Offerors reconsidered the Tender Offer Price and made a new proposal to the Target Company on July 21, 2022 for the Tender Offer Price to be 1,520 yen. In response, the Tender Offerors received a request from the Target Company on July 26, 2022 to reconsider the Tender Offer Price for the reasons that the price is still not at a level that appropriately reflects the intrinsic value that the Target Company may achieve and that in consideration of factors such as that the price cannot be said to include sufficient premiums from the perspective of protecting the interests of minority shareholders taking into account the fact that the share price of the Target Company has been increasing recently as well as in light of trends in similar recent transactions, the proposed conditions cannot be said to ensure the benefits to be enjoyed by the general shareholders of the Target Company, and the price does not provide the general shareholders of the Target Company with a reasonable opportunity to sell their shares. Thereafter, the Tender Offerors engaged in further discussions and negotiations with the Target Company regarding the various terms of the Transactions and made a final proposal on August 3, 2022 for the Tender Offer Price to be 1,600 yen. In regard to the final proposal, after confirming and discussing the details of the proposal on August 5, 2022 with the Tender Offerors, and confirming the reasonableness of the proposal with the Special Committee and asking for an opinion, etc. from Credit Suisse Securities, on August 10, 2022, the Target Company's board of directors determined that the Tender Offer Price was appropriate for the Target Company's shareholders and provided a reasonable opportunity to sell their shares taking into consideration the facts that (i) of the valuation results of the share value of the Target Company Shares performed by Credit Suisse Securities stated in "(A) The Target Company's Acquisition of a Share Valuation Report from an Independent Third-Party Appraiser" in "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" below, the proposed price exceeds the upper limit of the range of valuation results under the market price method and is within the ranges of valuation results under the comparable company analysis and the DCF Analysis and exceeds the medians of those ranges; (ii) the proposed price represents a premium of 45.59% on the closing price (1,099 yen) of the Target Company Shares quoted on the TSE Standard Market on August 9, 2022, the Business Day preceding the announcement date of the implementation of the Tender Offer, and a premium of 49.39% on the simple average closing price (1,071 yen) over the one-month period ending on that date, a premium of 57.33% on the simple average closing price (1,017 yen) over the three-month period ending on that date, and a premium of 57.33% on the simple average closing price (1,017 yen) over the six-month period ending on that date, each as quoted on that market (or the TSE JASDAQ Market on and before April 3, 2022), and the proposed price can be assessed as including a suitable premium in comparison to the levels of premiums</p>
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	<p>added when determining purchase prices in past examples of MBOs for the purpose of taking a company private announced from June 28, 2019 to August 9, 2022 (14 examples; however, limited to transactions in which the purchase price was 10 billion yen or more and that were successfully completed) (the average of those premiums is 46.0% for the Business Day preceding the announcement date, 44.8% for the most recent one month, 49.7% for the most recent three months, and 52.2% for the most recent six months, and the median of those premiums is 40.8% for the Business Day preceding the announcement date, 38.0% for the most recent one month, 45.7% for the most recent three months, and 52.7% for the most recent six months; rounded to one decimal place), and (iii) it is recognized that the interests of general shareholders are taken into consideration, such as measures to avoid conflicts of interest as stated in “(6) Measures to Ensure the Fairness of the Tender Offer, Including Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest” under “3. Contents, Basis of and Reasons for Opinion on Tender Offer”. Following that, on August 10, 2022, the Tender Offerors reached an agreement with the Target Company for the Tender Offer Price to be 1,600 yen. The Tender Offerors has not made any agreement with Mr. Shinohara for tendering shares in the Tender Offer on the condition of retribution by Mr. Shinohara.</p> <p>After repeatedly engaging in these discussions and negotiations, on August 10, 2022, the Tender Offeror decided to conduct the Tender Offer with a Tender Offer Price of 1,600 yen as part of the Transactions.</p> <p>(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)</p> <p>In light of the fact that, among others, the Tender Offer will be conducted as part of a so-called management buyout (MBO) and therefore there is a structural conflict of interest, the Tender Offeror and the Target Company have taken the following measures to ensure the fairness of the Transactions, including the Tender Offer, from the perspective of ensuring the fairness of the Tender Offer Price and the Stock Acquisition Rights Tender Offer Price, eliminating arbitrariness in the decision-making process leading to the decision to conduct the Tender Offer, and avoiding conflicts of interest.</p> <p>The following statements on measures that have been taken by the Target Company are based on the explanations from the Target Company.</p> <p>(A) The Target Company’s Acquisition of a Share Valuation Report from an Independent Third-Party Appraiser</p> <p>According to the Target Company’s Press Release, in expressing the Target Company’s opinion on the Tender Offer, the Target Company requested Credit Suisse Securities, the financial adviser and third-party appraiser independent from the Target Company, the Tender Offeror,</p>
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	<p>and Mr. Shinohara, to conduct a valuation of the Target Company Shares in order to ensure the fairness in the process of decision making on the Tender Offer Price offered by the Tender Offeror, and acquired the Share Valuation Report dated August 9, 2022. The Target Company has not acquired an opinion on the fairness of the Tender Offer Price (fairness opinion) from Credit Suisse Securities.</p> <p>Credit Suisse Securities, the financial adviser and third-party appraiser of the Target Company, does not fall under the related party of the Target Company, the Tender Offeror, and Mr. Shinohara, and has no material interest in relation to the Transactions. In addition, fees payable to Credit Suisse Securities in connection with the Transactions include a success based fee payable on the condition of the closing of the Transactions. The Target Company appointed Credit Suisse Securities as its financial adviser and third-party appraiser under the fee structure described above based on its determination that the inclusion of the success based fee payable on the condition of the consummation of the Transactions will not deny independence, given the general business practice in transactions of the same kind and the fee structure that requires the Target Company to bear certain financial burdens in case of failure of the Transactions.</p> <p>Credit Suisse Securities considered the valuation method to be adopted for the valuation of the Target Company Shares among a number of valuation methods, and based on the idea that it would be appropriate to evaluate the Target Company Shares from various perspectives on the assumption that the Target Company is a going concern, Credit Suisse Securities conducted analyses of the per-share value of the Target Company Shares using the following valuation methods: (a) the market price analysis given the Target Company Shares are listed on the Standard Market of the TSE and have a market price; (b) the comparable companies analysis given there are multiple listed companies comparable to the Target Company and analytical inference of the share value of the Target Company based on comparable companies is possible; and (c) the DCF Analysis in order to reflect the earnings results and projections of the Target Company in the valuation. The Target Company acquired the Share Valuation Report dated August 9, 2022 from Credit Suisse Securities.</p> <p>According to Credit Suisse Securities, the methods adopted for valuation of the Target Company shares and the range of per-share value of the Target Company shares estimated under each of such methods are as follows:</p> <table border="1"> <tr> <td>Market price analysis</td><td>from 1,017 yen to 1,099 yen</td></tr> <tr> <td>Comparable companies analysis</td><td>from 879 yen to 1,881 yen</td></tr> <tr> <td>DCF Analysis</td><td>from 1,285 yen to 1,748 yen</td></tr> </table>	Market price analysis	from 1,017 yen to 1,099 yen	Comparable companies analysis	from 879 yen to 1,881 yen	DCF Analysis	from 1,285 yen to 1,748 yen
Market price analysis	from 1,017 yen to 1,099 yen						
Comparable companies analysis	from 879 yen to 1,881 yen						
DCF Analysis	from 1,285 yen to 1,748 yen						

	<p>Under the market price analysis, the valuation reference date is August 9, 2022, and based on 1,099 yen, the closing price of the Target Company Shares on the reference date on the Standard Market of the TSE (or the TSE JASDEC Market on and before April 3, 2022); 1,071 yen, the simple average of the closing prices for the last one (1) month; 1,017 yen, the simple average of the closing prices for the last three (3) months; and 1,071 yen, the simple average of the closing prices for the last six (6) months, the range of per-share value of the Target Company Shares is estimated as 1,017 yen to 1,099 yen.</p> <p>Under the comparable companies analysis, PRESSANCE CORPORATION, KI-STAR REAL ESTATE CO.,LTD, SANEI ARCHITECTURE PLANNING CO.,LTD., and ESLEAD CORPORATION were selected as similar listed companies determined to have similarity to the Target Company, per-share value of the Target Company Shares is estimated using the ratio of its operating profit before amortization (“EBITDA”) to its corporate value (the ratio is hereinafter referred to as “EBITDA Multiple”) and the ratio of its net earnings to its market value.</p> <p>Under the DCF Analysis, the corporate value and share value of the Target Company were estimated by discounting free cash flows expected to be generated by the Target Company in and after the third quarter of the fiscal year ending December 2022 to their present values at certain discount rate, based on the business plan developed by the Target Company and on the assumption of various factors such as earnings estimates, investment plans in the business plan for the 3 fiscal years from the fiscal year ending December 2022 to the fiscal year ending December 2024, and publicly available information, then the range of per-share value of the Target Company Shares is estimated as 1,285 yen to 1,748 yen. The Target Company adopts the discount rate of 6.1% to 7.1%, a multiple model for the valuation of the terminal value, and an EBITDA Multiple of 3.5 to 5.0.</p> <p>Specific figures of the financial forecast that Credit Suisse Securities used in the DCF Analysis are as follows. In the financial forecasts, there is no fiscal year in which a significant change in profits is expected. For the avoidance of doubt, the financial forecasts include fiscal years in which a significant change in free cash flow is expected. Specifically, free cash flow is expected to decrease significantly in the fiscal year ending December 2022 and fiscal year ending December 2024. This is because the estimated change in the working capital for the fiscal year ending December 2022 (6 months) was calculated by comparing the balances at the end of different months, specifically comparing the actual amount of the working capital at the end of June 2022 and the projected amount of the working capital at the end of December 2022, which will result in a significant increase in the working capital and a decrease in free cash flow. For the fiscal year ending December 2024, although the comparison was made using the figures of the working capital at the end of December, a significant growth in the net sales is expected in the fiscal year and this is expected</p>
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to significantly increase the working capital and significantly decrease free cash flow. In addition, the synergies expected to be realized by the execution of the Transactions are not taken into account in the following financial forecasts because it is difficult to make a specific estimate at this point.

(unit: million yen)

Item	Fiscal year ending December 2022 (6 months) (Note)	Fiscal year ending December 2023	Fiscal year ending December 2024
Net sales	56,906	112,563	126,324
Operating profit	4,473	9,737	10,425
EBITDA	4,900	10,642	11,379
Free cash flow	607	4,613	1,283

(Note) A period from July 1, 2022 to December 31, 2022, which is the third and subsequent quarterly accounting periods of the fiscal year. The financial forecast above takes into account the consolidated earnings forecast for the full fiscal year ending December 2022 stated in “Notice on Revision of Consolidated Earnings Forecast for the Full Fiscal Year Ending December 2022” released by the Target Company on August 10, 2022.

(B) Advice from an Independent Law Firm at the Target Company
According to the Target Company’s Press Release, in order to ensure the fairness and appropriateness of decision-making at the Target Company’s board of directors’ meeting regarding the Transactions including the Tender Offer, the Target Company appointed Anderson Mori & Tomotsune as its legal adviser independent of the Target Company, the Tender Offeror and Mr. Shinohara, from which the Target Company received necessary legal advice on the method and process of decision-making at the Target Company’s board of directors’ meeting including procedures regarding the Transactions including the Tender Offer and other points to note. Anderson Mori & Tomotsune is not a party affiliated with the Target Company, the Tender Offeror and Mr. Shinohara, and does not have any material interest in the Transactions including the Tender Offer. The fees payable to Anderson Mori & Tomotsune do not include success based fees to be paid subject to the completion of the Transactions.

(C) Establishment by the Target Company of an Independent Special Committee and Procurement of the Opinion (Special Committee Report)

	<p>According to the Target Company’s Press Release, in light of factors such that the Tender Offer is carried out as part of management buyout (MBO) and there may be an inherent conflicts of interest in considering the Transactions at the Target Company, for the purposes of being careful about the Target Company’s decision-making regarding the Transactions, eliminating the arbitrariness of decision-making and conflicts of interest at the Target Company’s board of directors’ meeting, ensuring the fairness thereof and procuring opinions on whether or not the decision at the Target Company’s board of directors’ meeting to carry out the Transactions would be disadvantageous to the Target Company’s minority shareholders, the Target Company resolved at the board of directors’ meeting held on May 24, 2022 to establish the Special Committee consisting of three members whom are considered to be independent of the Target Company, the Tender Offeror and Mr. Shinohara and have advanced insight, namely Mr. Minoru Sakata (external director of the Target Company), Mr. Yuichiro Yasuda (external director of the Target Company, certified public accountant and certified tax accountant) and Mr. Hidetaka Nishina who has abundant experience in similar transactions to the Transactions (lawyer of Nakamura, Tsunoda & Matsumoto) (the membership of the Special Committee has not changed since its establishment, and Mr. Yuichiro Yasuda was appointed a chairperson of the Special Committee by the members’ mutual vote.).</p> <p>Pursuant to the resolution of the board of directors’ meeting, the Target Company consulted with the Special Committee on (a) whether or not the objectives of the Transactions are reasonable (including whether or not the Transaction contribute to enhance the Target Company’s corporate value), (b) whether or not the fairness and appropriateness of the conditions of the Transactions (including the Tender Offer Price) is ensured, (c) whether or not the fairness of procedures such as negotiation process behind the Transactions is ensured, (d) based on the above, whether or not the Transactions are not disadvantageous to the Target Company’s minority shareholders, and (e) details of opinions to be stated by the Target Company’s board of directors for the Tender Offer (including whether or not to approve the Tender Offer and whether or not to recommend shareholders and share acquisition right holders to participate in the Tender Offer) (collectively, the “Consulted-on Matters”).) and requested it to submit the Special Committee Report on the Consulted-on Matters to the Target Company. Also, the Target Company’s board of directors resolved that the decision-making at the Target Company’s board of directors’ meeting regarding the Transactions will fully respect the content of the Special Committee’s judgment, and that in particular, if the Special Committee judges the conditions of the Transactions to be inappropriate, the Target Company’s board of directors will not approve the Transactions under those conditions (including opinion not in support of the Tender Offer). Moreover, the Target Company’s board of directors resolved to grant the Special Committee the authority to request any of the Target</p>
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	<p>Company’s officers and employees, financial advisers and legal advisers to collect any information required to submit a report, and be substantially involved in the negotiation process regarding the conditions of the Transactions between the Target Company and the Tender Offeror by confirming a policy beforehand, receiving timely report, stating opinions as necessary or making a request in the negotiation of the conditions of the Transactions.</p> <p>Each member of the Special Committee will be paid remuneration in a time charge or fixed amount as consideration for their duties regardless of the matters reported by them.</p> <p>The Special Committee held 10 meetings in total during the period from May 30, 2022 to August 9, 2022 and carefully examined and discussed the Consulted-on Matters. Specifically, the Special Committee received an explanation form the Target Company on the process of accepting the proposal of the Transactions, objectives of the Transactions, business environment, business plan and business challenges and had a question and answer session, and received an explanation form the Tender Offeror on the process and reasons for the proposal of the Transactions, objectives of the Transactions and conditions of the Transactions and had a question and answer session. In addition, as a policy to involve in the negotiation process with the Tender Offeror, the Special Committee confirmed that, while Credit Suisse Securities, the financial adviser of the Target Company will act as a contact of the Target Company to directly negotiate, the Special Committee is entitled to be substantially involved in the negotiation process regarding the conditions of the Transactions by receiving a timely report on the situation from a person in charge of negotiation, stating an opinion in a material phase and making an instruction or request. Moreover, the Special Committee received an explanation from Credit Suisse Securities on the valuation methods of the value of the Target Company Shares and the results thereof (with regard to the Target Company’s business plan which is the basis of the valuation of share value, the Special Committee confirmed the reasonability of the Target Company’s business plan by grasping the preparation process of the business plan and current situation of the Target Company through multiple questions and answer sessions with the Target Company from the perspective that whether there were any unreasonable points therein.).</p> <p>Then, after the Special Committee received a timely report from the Target Company on the process and details of the consultation and negotiation regarding the Transactions between the Tender Offeror and the Target Company, the Special Committee had a discussion and carried out a negotiation with regard to the Tender Offer Price and the Share Acquisition Right Purchase Price as described in “(B) Decision-Making Process and Reasons Behind the Target Company’s Opinion Supporting Tender Offer” of “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” under “3. Purpose of the</p>
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	<p>Tender Offer” above. Until the Special Committee received an ultimate proposal from the Tender Offeror for the Tender Offer Price of 1,600 yen and for the Share Acquisition Right Purchase Price of 142,600 yen which is the amount calculated by multiplying the difference between the Tender Offer Price and the exercise price per Share which is subject to each Share Acquisition Right (713 yen) and 200 shares which is the number of Target Company Shares which is subject to each Share Acquisition Right, the Special Committee was involved in the negotiation process with the Tender Offeror by stating an opinion to the Target Company to the effect that the Target Company should request the Tender Offeror to raise the Tender Offer Price. Moreover, the Special Committee received an explanation from Anderson Mori & Tomotsune on the measures to mitigate or avoid conflicts of interest in the Transactions and the Transactions and had a question and answer session, and also received an explanation from the Target Company on the negotiation and determination process of the conditions of the Transactions and had a question and answer session. As the Special Committee confirmed that there are no doubts with respect to the independence and expertise of both Credit Suisse Securities as the financial adviser and third-party appraiser and Anderson Mori & Tomotsune as the legal adviser appointed by the Target Company, the Special Committee approved for their appointment as the Target Company’s financial adviser and third-party appraiser and the legal adviser respectively. Based on the above, the Special Committee had many discussions with Credit Suisse Securities and Anderson Mori & Tomotsune and engaged in consultation and deliberation on the Consulted-on Matters. As a result of such careful consultation and deliberation on the Consulted-on Matters, the Special Committee submitted to the Target Company’s board of directors’ meeting the Special Committee Report substantially in the manner set out below based on the unanimous opinion of the committee member on August 9, 2022.</p> <p>(a) Matters reported</p> <ol style="list-style-type: none"> 1. The Transactions are considered to contribute to the enhancement of the Target Company’s corporate value and the objectives of the Transactions are recognized as reasonable. 2. Fairness and appropriateness of the conditions of the Transactions (including the Tender Offer Price) are considered to be ensured. 3. Fairness of the procedures such as negotiation process behind the Transactions are considered to be ensured. 4. Based on the above, the Transactions are considered not to be disadvantageous to the Target Company’s minority shareholders. 5. It is reasonable that the Target Company’s board of directors expressed its opinion supporting the Tender Offer and resolved to recommend the Target Company’s shareholders and share acquisition right holders to participate in the Tender Offer.
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	<p>(b) Reasons for Giving the Above Opinions in the Report</p> <p>1. Enhancement of the Target Company's corporate value (related to Consulted-on Matters (a))</p> <p>From the following reasons, the Transactions are considered to contribute to the enhancement of the Target Company's corporate value and the objectives of the Transactions are recognized as reasonable.</p> <p>(1) Recognition of Current Situation by the Target Company</p> <ul style="list-style-type: none"> - For the prospective business development of the Target Company Group, the following matters are pointed out. (i) For the real estate sales business, challenges are to pursue further ability to judge the quality of properties to be purchased which enables to discover a limited property with optimal return of interest in a difficult market environment, to find wider customer bases and to deeply appeal to existing customers. (ii) For the real estate services business, challenges are to improve the property value by providing much additional value (such as properties combined with IoT through introduction of face authentication and smart locking) and to appeal to new potential resident bases. (iii) In order to improve the additional value of the real estate services business as described in (ii) above, investment in development cost and human resources in the field of DX (Digital Transformation) for the introduction of the Shinoken Coin and development of a platform as well as investment in a technology development adaptable to properties provided by the Target Company Group are necessary. (iv) For the overall business portfolio, a challenge is to develop to a business model centering the real estate services business by increasing the ratio of stock income. (v) Also for the overall business portfolio, it is also a challenge to diversify the businesses. This includes an expansion of overseas business and development of a REIT business model to overseas, for which the Target Company needs to work on with a long-term perspective while investing in development funds and human resources. (vi) Each business has common challenges that proactive equipment investment for systems is required and that procurement of management resources such as effective use of external human resources or acquiring of human resources is required. (vii) In addition to the above, in the life care business, the DX field and overseas where the group synergies are created, growth through M&A is actively promoted, and therefore procurement of funds therefor and human resources to
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	<p>promote PMI (integration process after M&A) is also a challenge.</p> <ul style="list-style-type: none"> - As a strategy for mid- to long-term, the Target Company published “Mid- to Long-term Vision 2020” on November 20, 2020 and announced the measures described in (I) to (III) below. <p>(I) Expansion of the overseas business: the Target Company aims to further expand the overseas business by delivering the consistent and coherent model within the Group established in Japan in real estate sales business and real estate service business which contains from site acquisition, construction, move-in management, operation management and to exit strategy overseas.</p> <p>(II) Development of REaaS: the Target Company establishes the world’s most advanced platform in the trust DX of real properties in the field of trust services to be fully in progress in Japan hereafter for the purpose of achieving REaaS (Real Estate as a Service)</p> <p>(III) Strategic development of M&A: the Target Company remains to proactively work on M&A in the fields such as life care and DX where societal needs are growing and overseas setting a creation of the group synergies as a basic policy.</p> <ul style="list-style-type: none"> - Each measure announced in the Mid- to Long-term Vision 2020 by the Target Company has the same centerpiece as (i) to (vii) above. - For Recognition of the current situation of the Target Company Group and the Target Company’s material challenges identified by the Special Committee, there is no contradiction or contrariety between the Target Company’s previous disclosures or objective facts, and the same is also consistent with information regarding the Target Company’s business recognized by members of the Special Committee who concurrently serves as an external director of the Target Company, therefore it can be considered to be reasonable based on objective grounds. - Although taking measures contributing to (i) to (vii) above (including, but not limited to M&A) requires to take individual risks for the measures and demerits in association with the measures into consideration, in general terms, it is believed that these measures contribute to enhance the Target Company’s corporate value. <p>(2) Corporate Value-enhancing Effect of the Transactions</p> <ul style="list-style-type: none"> - In the hearing of explanations from relevant parties conducted by the Special Committee (the “Hearing”), the Tender Offeror made an explanation on the Target Company’s policy to
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	<p>enhance the Target Company's corporate value to be carried out after the Transactions as follows:</p> <ul style="list-style-type: none"> A. Transformation of a business model: In the current difficult environment surrounding the real estate market and the Target Company, it is difficult to expand sales and developments of new properties and the situation will not be solved in a short-term considering the current market environment, therefore a transformation from a business model centering the sales of real property is necessary toward the development and growth of the business in a mid- to long-term. B. Intensification of sales opportunities in the real estate sales business: The Target Company reaches new customer bases by offering wider opportunity of a small investment for acquisition of existing owners and new investor bases, by expanding real property REIT business contemplating the diversification of sales channel and by developing the real property STO (a fund procurement method through security token of digitalized securities), and aims for the growth in income by increasing sales opportunity. C. Improvement of additional values in the real estate services business: The Target Company reaches wider customer bases and resident bases in addition to the existing customer base by an active introduction of new technology and IoT products to apartments and mansions, and aims for the growth in income by creating an option to lift property price or house rent. D. Making real estate services business a platform: Through deepening the existing services with high additional values independently developed by the Target Company (such as an insurance for an unattended death developed by a collaboration with an insurance company) and development of an economic circle involving owners, residents and the Target Company Group through introduction of Shinoken Coin, the Target Company aims for the expectation of future growth. E. Promotion of M&A: In the life care business, in order to expand and provide lifetime services for clients and residents, the Target Company aims for the growth by M&A. F. Promotion of DX: For the transformation contemplating the sustainable growth in a mid- to long-term, the Target Company plans to promote DX through using IoT in the businesses, ensure an opportunity of stock income from sales properties and acquire overseas growth market. G. Proactive overseas expansion: As well as the domestic business, the Target Company tries to strengthen the current overseas business and expand the location of business, and
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	<p>export and develop the REIT model implemented in Japan overseas.</p> <p>H. Recruitment of external human resources: Through utilizing the professional human resources network of the Tender Offeror, the Target Company strengthen recruitment and training of human resources in relation to new businesses.</p> <ul style="list-style-type: none"> - The Target Company acknowledges that the explanations from the Tender Offeror above are realizable and effective policy to enhance the Target Company's corporate value based on the current challenges. - From the points above, the policy to enhance the Target Company's corporate value planned by the Tender Offeror to be implemented after the Transactions is found to contribute to each of the points of importance for future enhancement of the Target Company's corporate value as described in (1) above, as follows: - Merits of the Transactions Points where contribution can be found <p>A. Transformation of the business model (iv)(v) of (1) above</p> <p>B. Intensification of sales opportunities in the real estate services business (i) of (1) above</p> <p>C. Improvement of additional values in the real estate services business (ii)(iii) of (1) above</p> <p>D. Making real estate services business a platform (iii)(iv) of (1) above</p> <p>E. Promotion of M&A (vii) of (1) above</p> <p>F. Promotion of DX (iii)(vi) of (1) above</p> <p>G. Proactive overseas expansion (v) of (1) above</p> <p>H. Recruitment of external human resources (vi)(vii) of (1) above</p> <ul style="list-style-type: none"> - As above, the policy to enhance the Target Company's corporate value planned by the Tender Offeror is recognized to handle each of material challenges for the Target Company's future business development. - The Transactions have a superiority towards other possible means from the perspective of the enhancement of the corporate value. - The Special Committee received an explanation of demerits for the Target Company and the Tender Offeror in connection with the Transactions in the Hearing and confirmed that no material demerits existed. <p>(3) Indispensability of delisting</p> <ul style="list-style-type: none"> - From the facts that the policy to enhance the Target Company's corporate value planned by the Tender Offeror may have a negative impact on its short-term income and a possibility of failure, it is believed that delisting because of the Transaction
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	<p>is indispensable as a premise of working on such policy to enhance the Target Company's corporate value.</p> <ul style="list-style-type: none"> - Taking it from another perspective, it can be said that delisting after granting of appropriate consideration for the minority shareholders can release the minority shareholders of such risks and also give the minority shareholders a part of future enhanced corporate value. - From the points above, on the premise that appropriateness of price and other requests are appropriately satisfied, the Transactions necessitating delisting can be considered to have a certain reasonability. <p>2. Ensuring the interests of minority shareholders through fairness procedures (related to Consulted-on Matters (c))</p> <p>From the following reasons, the interests of the Target Company's minority shareholders are considered to have been adequately taken into account through fair procedures in the Transactions.</p> <p>(1) Establishment of the Special Committee</p> <ul style="list-style-type: none"> - The Special Committee consists of three members of two external directors of the Target Company and one independent professional. - In the Special Committee, attention is paid as follows: <ul style="list-style-type: none"> A. The Special Committee was established before a determination of the conditions of the Transactions by the Tender Offeror and the Target Company. B. The Special Committee was ensured its independence of all members from the Tender Offeror and from the success or failure of the Transactions, and constituted with external directors who are most eligible to a member of a special committee in the M&A guideline forming a majority. C. In consultation of the Tender Offer Price by the Target Company with the Tender Offeror, confirmation by the Special Committee is requested before or promptly after the consultation, whereby the Special Committee was ensured a situation to substantially have an influence on the negotiation process of the conditions of the Transactions by receiving a timely report on the negotiation status, stating an opinion in a material phase and making an instruction or request. In addition, it is decided that, if the Target Company's board of directors resolved to ask the Special Committee and when the Special Committee judges the conditions of the Transactions to be inappropriate, the Target Company's board of directors will not approve the Transactions. D. Although an adviser of a special committee is not appointed, each member has advanced insight on the characteristics of the Target Company's business (two of the members of the
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	<p>Special Committee are the directors of the Target Company), on the evaluation of corporate value (one of the members of the Special Committee is a certified public accountant), and on laws (one of the members of the Special Committee is a lawyer), and in view of the professional and independence of an adviser of the Target Company, the Special Committee determined that appointment of an adviser as the Special Committee is unnecessary.</p> <p>E. Agreements to be planned or synergies to be expected regarding the Transactions vary and such whole details cannot be made public. Therefore, on behalf of the minority shareholders, the Special Committee obtained material information including drafts of agreements to be executed by the Target Company in connection with the Transactions and reviewed and made a determination based thereon.</p> <ul style="list-style-type: none"> - Moreover, the Target Company's board of directors determined that, at the time of resolution to ask the Special Committee, the board of directors fully respect opinions of the Special Committee and make a resolution regarding the Transaction. - From the establishment of the Special Committee and status of operation as above, the Special Committee can be recognized to effectively work as a measure to ensure fairness. <p>(2) Decision-making process at the Target Company</p> <ul style="list-style-type: none"> - Since, the Target Company's directors (i), Mr. Shinohara, the president, is a person who carries out the Transactions as the Tender Offeror, and (ii) Mr. Mr. Hiroyuki Irie, who concurrently serves as a Deputy President of The Nishi-Nippon City Bank, Ltd., was informed from the Tender Offeror on August 4, 2022 of the decision to borrow funds from Shinsei Bank, Limited as fundraising for the Transactions resulting in reconsideration of the transactions between the current financial institutions, they will not attend the board of directors' meeting to determine the Transactions and did not participate in consultation and negotiation with the Tender Offeror from the perspective of avoiding conflicts of interest and ensuring the fairness of the Transactions. No unfair points can be found in such arrangement of conflicts of interests in the Target Company's board of directors' meeting. - According to the Target Company's Press Release, a resolution will be made by unanimous consent of all of seven directors of the Target Company in the Target Company's board of directors' meeting. If approval of all directors other than those who have material interest in the M&A is made in the resolution of board of directors to determine whether to approve M&A, such approval is regarded as one of the fact
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	<p>indicating that the measures to ensure fairness effectively worked in the M&A.</p> <ul style="list-style-type: none"> - From the above, no suspicion on the fairness regarding the decision-making process at the Target Company cannot be found. <p>(3) Procurement of professional advice from external professionals</p> <ul style="list-style-type: none"> - The Target Company's board of directors received an advice on decision-making from lawyers of Anderson Mori & Tomotsune of a legal adviser, and were recognized to have procured independent professional advice from lawyers. The independence of the legal adviser was recognized as the Special Committee did not find any matters, including the fee structure, that raise questions about independence of the legal advisor. - The Target Company's board of directors procured the Share Valuation Report as a document on the value of the Target Company Shares from Credit Suisse Securities of an independent third-party appraiser and a financial adviser of the Target Company in order to ensure the fairness of the Tender Offer Price. - In the Share Valuation Report, multiple valuation methods are used and attention was paid not to make an arbitrary valuation of a price. In addition, in preparing the Target Company's business plan which is the basis of the valuation, no facts of arbitrary actions by directors or officers of the Tender Offeror nor circumstances throwing suspicion on fairness in the valuation are found. - Regarding the independence of Credit Suisse Securities, although Credit Suisse Securities introduced Integral to Mr. Shinohara, the Special Committee directly confirmed through external and objective observations that Credit Suisse Securities is conducting business while maintaining the fairness of the Transaction through objective and accurate advice such as how the Target Company should respond in the event of a competing offer against the Tender Offer and advice on negotiations in relation to this Transaction. Thus, taking into account the background of referral of Integral to Mr. Shinohara and the fee structure that includes an success based fee, it is reasonable for the Target Company to determine that Credit Suisse Securities has given the Target Company and the Special Committee advice from an objective and independent standpoint. The Target Company's Press Release also states, along with detailed reasons, that Credit Suisse Securities is independent from the Target Company.
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	<ul style="list-style-type: none"> - From the above, the Share Valuation Report can be recognized as a share valuation report by independent third-party appraiser. <p>(4) Market check</p> <ul style="list-style-type: none"> - The tender offer period for the Transactions are set 30 Business Days. This comparatively long tender offer period is considered to ensure an appropriate opportunity to make a decision about participation in the Tender Offer while ensuring an opportunity for offers for the Target Company Shares by parties other than the Tender Offeror. - The Target Company and the Tender Offeror have not agreed to prohibit contacting competing acquisition offerors including transaction protection clause. - As such, in the Transactions, a so-called indirect market check was carried out by conducting M&A after establishing an environment enabling other potential offeror to offer a competitive suggestion after the announcement. - The Special Committee determined that the possibility of receiving actual competitive offers is small even if the Transactions take bidding procedures as Mr. Shinohara, a representative of the Target Company Group carries out the Transactions as the Tender Offeror and it is not expected that he accept other offers. Therefore, in the Transactions, it is considered that the indirect market check also strengthens the Target Company's negotiation ability in the process of forming the conditions of the Transactions and contributes to carry out M&A in as advantageous conditions to the minority shareholders as possible while enhancing the corporate value. <p>(5) Majority of minority</p> <ul style="list-style-type: none"> - The minimum number of shares to be purchased in the Tender Offer is set as a majority of voting rights pertaining to the number of the Shares held by the Target Company's shareholders who do not have conflicts of interest with the Tender Offeror (the number of shares by deducting the shares held by Mr. Shinohara from the total number of shares after taking into account the potential shares including the number of shares subject to the Share Acquisition Rights, which is equivalent to so-called "majority of minority"). - In a M&A guideline, it is also evaluated that majority of minority places an much emphasis on ensuring an opportunity to make a decision by the minority shareholders and contributes to carry out M&A in as advantageous conditions to the minority shareholders as possible, thus it has high efficiency as part of measures to ensure the fairness.
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	<ul style="list-style-type: none"> - From this fact, in the Transactions as well, the minimum number set in the Tender Offer above is considered to further ensure the fairness of the Transactions. <p>(6) Sufficient information provision to minority shareholders and improvement of transparency in the process</p> <ul style="list-style-type: none"> - As for the Special Committee, it is advisable under the M&A policy to disclose, (a) information on the independence and qualification of its members, (b) information on the details of authorizations granted to the Special Committee, (c) information on deliberation by the Special Committee and its involvement in the negotiation process, (d) grounds and reasons for determinations of the Special Committee and details of the Special Committee Report, and (e) the fee structure of the members. For the Transactions, the Target Company's Press Release states all of the factors from (a) to (e). - As for the Share Valuation Report, with respect to DCF Analysis in particular, the M&A policy exemplifies disclosure of (a) the Target Company's free cash flow forecast which served as a basis of the calculation and whether such forecast assumes implementation of the M&A, (b) the process of preparation of the financial forecast which served as a basis of the calculation, (c) type and calculation base of the discount rate, and (d) policies for the period of free cash flow forecast and policies for terminal value such as growth rate assumed beyond the forecast period. - For the Transactions, the Target Company's Press Release states (a) and (b) (the fact that the Special Committee has verified the appropriateness, and whether the business plan assumes a fiscal year in which a significant fluctuation in profits in comparison to the previous year), the discount rate as (c), and the calculation method of the terminal value as (d). - As for other information, it is found that the Target Company's Press Release provides sufficient statements on the process and negotiations leading up to the implementation of the M&A. <p>(7) Elimination of coercive pressure</p> <ul style="list-style-type: none"> - The Squeeze-Out Procedures contemplated as a part of the Transaction after the closing of the Tender Offer will be executed by a scheme using the share consolidation method or the demand for cash-out of Shares, Etc.. Whichever scheme is chosen, shareholders are entitled to demand price determination, and this is expressly disclosed in the Target Company's Press Release. - Furthermore, the Target Company's Press Release discloses facts that the Squeeze-Out Procedures are executed promptly after the consummation of the Tender Offer and that the amount
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	<p>paid to the minority shareholders upon the Squeeze-Out Procedures is planned to be the same amount as the Tender Offer Price.</p> <ul style="list-style-type: none"> - Based on the above, it is found that measures to eliminate coercive pressure have been taken. <p>3. Reasonableness of terms and conditions (related to Consulted-on Matters (b))</p> <p>(1) Ensuring negotiations equivalent to negotiations between independent parties</p> <ul style="list-style-type: none"> - The Tender Offer Price was fairly and conclusively determined by the Target Company with advice from Credit Suisse Securities as well as opinions and instructions from the Special Committee. - Looking back to a series of negotiations on the Tender Offer Price, Credit Suisse Securities and the Target Company provided the Special Committee with the detailed explanations at the 4th and subsequent meetings and by e-mail from time to time between meetings. - At each of such explanations, the Special Committee stated its opinion on whether to accept or refuse an offer for the Tender Offer Price from the Tender Offeror. At the same time, when refusing the proposal from the Tender Offeror and giving a counteroffer on the price from the Target Company, it also stated its opinion on how much the price should be and the grounds for it. - For example, when the Target Company and Credit Suisse Securities intended to give the Tender Offeror written communication on the Tender Offer Price, the Special Committee viewed its content in advance and checked whether it accurately reflected the direction of discussions at the Special Committee. Thus, the Special Committee's opinions in the negotiation process were not that it only stated a desirable Tender Offer Price and left all the other things to the Target Company but that it stated opinions and requests on specific matters including negotiation policies and responses to the Tender Offeror. - The Tender Offer Price was negotiated through the process that the Special Committee stated its opinions on whether to accept or refuse an offer for the Tender Offer Price from the Tender Offeror and on counteroffers as above, and the Target Company and Credit Suisse Securities responded to the Tender Offeror taking into account the opinions. - Through such process, the Special Committee refused proposals on the Tender Offer Price from the Tender Offeror several times, and as a result of an upward revision of the Tender Offer Price three times, the Special Committee finally accepted the Tender Offer Price of 1,600 yen to determine the
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	<p>Tender Offer Price. As a result of the negotiation, the Tender Offer Price became the price which is 300 yen higher than the initial offer from the Tender Offeror.</p> <ul style="list-style-type: none"> - As stated above, the Special Committee actively involved itself in the negotiations on the Tender Offer Price taking into account its authorities. It is found that the negotiations were proceeded with an aim to execute the M&A on the terms and conditions as favorable to the minority shareholders as possible. - Based on the above, it was ensured that reasonable efforts would be made in the process to discuss and negotiate on the terms and conditions of the Transactions with the Tender Offeror with an aim to enhance the corporate value of the Target Company and execute the M&A on the terms and conditions as favorable to the minority shareholders as possible. <p>(2) Relation between share valuation and Tender Offer Price</p> <ul style="list-style-type: none"> - The Transactions are not a type of a transaction in which both parties conduct due diligence on the other party as in a merger, and whereas the Tender Offeror conducted a due diligence on the Target Company, the Target Company has not conducted a due diligence on the Tender Offeror. Thus, it is difficult for the Target Company to quantitatively estimate the effect of the Transactions on the enhancement of its corporate value at this point. For instance, the Target Company cannot analyze a synergy to reduce costs in back-office departments with a certain level of accuracy because the Target Company has not conducted a due diligence on the Tender Offeror. - As a result, the Target Company's business plan which serves as a basis of the share valuation is on a stand-alone basis, which is not unreasonable. - The Special Committee conducted a detailed hearing on the development process of the business plan at the 2nd meeting and confirmed that Mr. Shinohara was not involved in the development process of the business plan and no arbitrariness was found in the development. Also, no unreasonable point was found in the business plan. - Based on the above, it is recognized that no arbitrary pressure from the Tender Offeror was placed with respect to the business plan from the perspective of both its development process and development method, and its content is found to be reasonable. - The Special Committee conducted several hearings with Credit Suisse Securities to obtain detailed explanations on the calculation method of the share value and the valuation process of the Target Company Shares, and the examination process concerning the share value calculation. The Special Committee confirmed that there was no unreasonable point in
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	<p>any of the foregoing and the Share Valuation Report prepared by Credit Suisse Securities is reliable.</p> <ul style="list-style-type: none">- Per share value of 1,600 yen which is the Tender Offer Price (i) exceeds the upper limit of the range calculated by the market price analysis, (ii) was in and above the median of the range calculated by the comparable companies analysis and by the DCF Analysis.- Meanwhile, the M&A policy points out that it is fair that (a) all shareholders including minority shareholders should receive the “value achievable without M&A” in proportion to the number of shares held while (b) minority shareholders also receive a proper portion of the “value that cannot be achieved without M&A” though the minority shareholders will be squeezed out as a result of the M&A.- Even with such point taken into account, the Tender Offer Price is deemed as a price with a proper addition in comparison to the value of the Target Company Share calculated by Credit Suisse Securities (which is (a) above since it is the share value on a stand-alone basis); hence, the price is at a level that the proper portion mentioned in (b) above is given to the minority shareholders.- Based on the above, the Special Committee also understands that the Tender Offer Price is at a level not unfavorable to the minority shareholders in comparison to the value of the Target Company Shares calculated by Credit Suisse Securities .																			
	<p>(3) Premium Review</p> <ul style="list-style-type: none">- According to the Share Valuation Report prepared by Credit Suisse Securities , the Tender Offer Price is calculated by adding the relevant premium shown in the table below to the closing price of the Target Company Shares on the TSE on and before August 9, 2022 (the “Immediately Preceding Date”). <table><tr><th>Reference Value</th><th>Share Price</th><th>Premium</th></tr><tr><td>Closing Price on the Immediately Preceding Date</td><td>1,099 yen</td><td>45.59%</td></tr><tr><td>Average Closing Price for the Past One Month from the Immediately Preceding Date</td><td>1,071 yen</td><td>49.39%</td></tr><tr><td>Average Closing Price for the Past Three Months from the Immediately Preceding Date</td><td>1,017 yen</td><td>57.33%</td></tr><tr><td>Average Closing Price for the Past Six Months from the Immediately Preceding Date</td><td>1,017 yen</td><td>57.33%</td></tr></table> <ul style="list-style-type: none">- Among the tender offers implemented after the M&A guidelines are issued, the median of the level of premium of the same MBO case as the Tender Offer (14 cases, and limited to the successfully completed case of which the purchase value is 10 billion yen or more) is as shown in the table below. <table><tr><th>Reference Value</th><th>Median</th></tr><tr><td>Closing Price on Immediately Preceding Date</td><td>40.8%</td></tr></table>	Reference Value	Share Price	Premium	Closing Price on the Immediately Preceding Date	1,099 yen	45.59%	Average Closing Price for the Past One Month from the Immediately Preceding Date	1,071 yen	49.39%	Average Closing Price for the Past Three Months from the Immediately Preceding Date	1,017 yen	57.33%	Average Closing Price for the Past Six Months from the Immediately Preceding Date	1,017 yen	57.33%	Reference Value	Median	Closing Price on Immediately Preceding Date	40.8%
Reference Value	Share Price	Premium																		
Closing Price on the Immediately Preceding Date	1,099 yen	45.59%																		
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Reference Value	Median																			
Closing Price on Immediately Preceding Date	40.8%																			

	<p>Average Closing Price for the Past One Month from Immediately Preceding Date 38.0%</p> <p>Average Closing Price for the Past Three Months from the Immediately Preceding Date 45.7%</p> <p>Average Closing Price for the Past Six Months from the Immediately Preceding Date 52.7%</p> <ul style="list-style-type: none"> - As shown above, since the Tender Offer Price is above the median of the range in relation to the reference value based on all of the closing price on the Immediately Preceding Date as well as on the average closing price for the past one, three and six months from the Immediately Preceding Date, it is generally deemed that the Tender Offer has the level of premium equivalent to other similar cases. - Further, it can be pointed out that the Tender Offer Price is the highest price since 2019, in relation to the past trend of the Target Company's share prices. <p>(4) Appropriateness of Purchase Price of Share Acquisition Rights</p> <ul style="list-style-type: none"> - The purchase price of the Share Acquisition Rights was calculated based on the difference between the Tender Offer Price and the exercise price per share of the Company Shares for the Share Acquisition Rights multiplied by 200 shares, the number of the Company Shares to be issued for each SAR. - Therefore, if the Tender Offer Price is found to be appropriate, the purchase price of the Stock Acquisition Rights is also considered to be appropriate as a price that will bring economic benefits to the holders of the Stock Acquisition Rights equivalent to those of the Company Shares. <p>(5) Appropriateness of Schemes</p> <ul style="list-style-type: none"> - In the first place, due to the MBO nature of the Transactions, it is not assumed that the Target Company's minority shareholders acquire the Tender Offeror's shares instead of the shares in the Target Company. Also, there is no advantage for the Target Company's minority shareholders in acquiring the Tender Offeror's shares because the Tender Offeror is a non-listed company and the methods for recovering investments are significantly limited. - With respect to the presence or absence and the details of alternative transactions, the schemes of the Transactions are not deemed to be inferior to those of the others. - From these points, the schemes of the Transactions under which the minority shareholders of the Target Company are granted opportunities to recover investments through the Tender Offer and the Squeeze-Out Procedures are appropriate among various measures to realize the policy to improve corporate value contemplated by the Tender Offeror.
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	<p>4. The Special Committee considers that the matters requested to be discussed in the Consulted-on Matters (a) through (c) are the elements to discuss the Consulted-on Matters (d). As detailed in the Special Committee Report, no problems were found in the Consulted-on Matters (a) through (c) as a result of the deliberations at the Special Committee. Therefore, the Special Committee reports the opinion regarding the Consulted-on Matters (d) that the Target Company's decision-making on the Transactions is not deemed to be disadvantageous to the Target Company's minority shareholders.</p> <p>5. With respect to the Consulted-on Matter (e), the Special Committee considers that the confirmation of the Consulted-on Matters (a) through (d) constitutes the reason for approving the Consulted-on Matters (e). As detailed in the Special Committee Report, no problems were found in the Consulted-on Matters (a) through (d) as a result of the deliberations at the Special Committee. Therefore, with respect to the Consulted-on Matters (e), the Special Committee reports that the Target Company's board of director's meeting expresses its support at the time of announcement of the Tender Offer and that it is reasonable to make a resolution to recommend that the shareholders of the Target Company tender in the Tender Offer.</p> <p>(D) Approval of All Disinterested Directors (including Audit Committee Director) of the Target Company</p> <p>According to the Target Company's Press Release, the Target Company carefully deliberated the conditions of the Transactions including the Tender Offer by fully respecting the contents of the Special Committee Report based on the Share Valuation Report procured from Credit Suisse Securities and legal advice obtained from Anderson Mori & Tomotsune. As a result, as described in "(B) Decision-Making Process and Reasons Behind the Target Company's Opinion Supporting Tender Offer" of "(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer" under "3. Purpose of the Tender Offer" above, with respect to the Tender Offer, the Target Company's board of directors determined that (i) the Target Company's corporate value is expected to be enhanced by the Tender Offer and (ii) the Tender Offer Price and the Share Acquisition Right Purchase Price as well as the conditions on the Tender Offer is appropriate for the Target Company's shareholders and share acquisition right holders, and the Tender Offer is to provide a reasonable opportunity for the Target Company's shareholders and share acquisition right holders to sell their shares and share acquisition rights. Accordingly, the board of directors' meeting held on August 10, 2022 resolved, by unanimous vote of seven directors, namely, Mr. Junichi Tsurukawa, Mr. Yoshiaki Miura, Mr. Takashi Tamaki, Mr. Minoru Sakata, Mr. Katsuji Inoue, Mr.</p>
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	<p>Yuichiro Yasuda and Ms. Yasuko Maekawa who participated in the deliberation and resolution, of the nine (9) directors of the Target Company's board of directors excluding Mr. Shinohara and Mr. Hiroyuki Irie, to express its opinion supporting the Tender Offer and recommend the Target Company's shareholders and share acquisition right holders to participate in the Tender Offer. An acquisition of the Share Acquisition Rights through transfer requires an approval of the Company's board of directors' meeting. At the Company's board of directors' meeting held on August 10, 2022, the Company resolved to comprehensively approve the transfer of the Share Acquisition Rights owned by the Share Acquisition Right Holders from such Share Acquisition Right Holders to the Tender Offeror by tendering in the Tender Offer subject to the completion of the Tender Offer.</p> <p>Such resolution at the Target Company's board of directors' meeting was resolved on the assumption that the Target Company Shares are planned to be delisted through the Tender Offer and a set of procedures thereafter by the Tender Offeror.</p> <p>Since, if the Tender Offer is completed, Mr. Shinohara will take a stake for the Tender Offeror and expected to remain engaged in the management of the Target Company after the Transactions and therefore has inherent conflicts of interest with the Target Company regarding the Transactions, he did not in any way participate in the deliberations and resolutions at the board of directors' meeting above as a special interested director, nor did he participate in the consultations and negotiations with the Tender Offeror on behalf of the Target Company.</p> <p>In addition to Mr. Shinohara, since Mr. Hiroyuki Irie concurrently serves as a Deputy President of The Nishi-Nippon City Bank, Ltd. and the Tender Offeror communicated on August 4, 2022 its decision to borrow funds from Shinsei Bank, Limited as fundraising for the Transactions, resulting in reconsideration of the transactions between the current financial institutions, he did not participate in any deliberation and voting at the aforementioned board of directors' meeting in order to avoid a conflict of interest with the Company with regard to the Transactions.</p> <p>(E) Setting Minimum Number of Share Certificates, Etc. to be Purchased at a Number Exceeding Majority of Minority</p> <p>The Tender Offeror has set the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer at 21,509,600 shares (ownership ratio: 62.87%) because the Tender Offeror conducts the Tender Offer with the aim of taking the Target Company private, and if the total number of Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (21,509,600 shares), the Tender Offeror will not purchase or otherwise acquire all of the Tendered Share Certificates, Etc. The minimum number of Share Certificates, Etc. to be purchased (21,509,600 shares) is the number calculated by (a) deducting the number of treasury shares</p>
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	<p>held by the Target Company as of June 30, 2022 (2,788,034 shares) from the total number of issued shares of the Target Company as of June 30, 2022 (36,380,400 shares) stated in the Target Company's Second Quarter Financial Results Release (resulting in 33,592,366 shares), (b) multiplying the number of voting rights represented by those shares (335,923 voting rights) by two thirds, which is the voting right ratio necessary for a special resolution of the shareholders' meeting to approve the Share Consolidation (resulting in 223,949 voting rights, rounded up to the nearest whole number), (c) deducting the number of voting rights (8,853) represented by the Shares Agreed to Not Be Tendered (885,310 shares) (resulting in 215,096 voting rights), and (d) multiplying that amount by 100 shares, which is the number of shares in a share unit of the Target Company. This exceeds the number of voting rights equivalent to the so-called "majority of minority," or a majority of the voting rights represented by the number of Target Company Shares held by shareholders of the Target Company who do not have any interest in the Tender Offeror (i.e, the Total Number of Shares after Accounting for Potential Shares (34,210,366 shares) less the Shares Held by Mr. Shinohara (7,633,957 shares) (26,576,409 shares)). By making this arrangement, if the Tender Offeror is not able to obtain the consent of the majority of the shareholders of the Target Company who do not have any interest in the Tender Offeror, the Tender Offeror will not conduct the Transactions, including the Tender Offer, placing importance on the intent of the minority shareholders of the Target Company.</p> <p>(F) Securing Objective Circumstances that Ensure the Appropriateness of the Tender Offer Price and the Stock Acquisition Rights Tender Offer Price and the Fairness of the Tender Offer</p> <p>Although the shortest tender offer period under laws and ordinances is 20 Business Days, the Tender Offeror has set the Tender Offer Period to be 30 Business Days.</p> <p>The Tender Offeror has set a comparatively long tender offer period as describe above to ensure an appropriate opportunity for the shareholders of the Target Company to make a decision about the tendering in response to the Tender Offer while ensuring an opportunity for competing offers regarding Target Company Shares by parties other than the Tender Offeror ("Competing Offerors") as a means to ensure the fairness of the Tender Offer.</p> <p>In addition, the Tender Offeror and the Target Company has not entered into any agreement that would restrict an opportunity for Competing Offerors to contact or otherwise negotiate with the Target Company, such as an agreement that contains a transaction protection clause that prohibits the Target Company from having contact with Competing Offerors. This, together with setting a comparatively long tender offer period described above, will ensure an opportunity for competing</p>
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	offers, thereby giving consideration to ensuring the fairness of the Tender Offer.
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Note: In calculating the share value, as a general rule, Credit Suisse Securities used information provided by the Target Company and publicly-available information, etc. on an as-is basis and assumed that all of the materials and publicly-available information, etc. it used were accurate and complete, and did not independently verify the accuracy, reliability, or completeness of such information, etc. In addition, Credit Suisse Securities did not conduct an independent assessment, valuation, or appraisal of any assets or liabilities (including off-balance sheet assets and liabilities and other contingent liabilities) of the Target Company, nor did it make any request to a third-party agency for any such assessment, valuation, or appraisal. Further, Credit Suisse Securities assumed that the financial forecasts (including profit plans and other information) submitted by the Target Company were reasonably prepared based on the best projections and judgement that were available to the management of the Target Company at the time of the provision of the relevant information, and it did not independently verify the accuracy of such information. The calculation by Credit Suisse Securities reflects the above information as of August 9, 2022.

(3) Number of Share Certificates, Etc. to be Purchased

Class of Share Certificates, Etc.	Number of Share Certificates, Etc. to be purchased	Minimum number of Share Certificates, Etc. to be purchased	Maximum number of Share Certificates, Etc. to be purchased
Common stock	33,325,056 shares	21,509,600 shares	– shares
Total	33,325,056 shares	21,509,600 shares	– shares

(Note 1): The Tender Offeror will not purchase all of the Tendered Share Certificates, Etc. if the total number of the Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc. to be purchased (21,509,600 shares). The Tender Offeror will purchase all of the Tendered Share Certificates, Etc. if the total number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased (21,509,600 shares).

(Note 2): Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Target Company may purchase its own treasury shares during the Tender Offer Period in accordance with procedures under laws and regulations.

(Note 3): The Tender Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

(Note 4): Target Company Shares that will be issued or transferred as a result of the exercise of the Stock Acquisition Rights by the last day of the Tender Offer Period will be subject to the Tender Offer.

(Note 5): The number of Share Certificates, Etc. to be purchased is stated as the maximum number of Share Certificates, Etc. of the Target Company to be acquired by the Tender Offeror through the Tender Offer (33,325,056 shares) because the maximum number of Share Certificates, Etc. to be purchased has not been set in the Tender Offer. The maximum number corresponds to the Total Number of Shares after Accounting for Potential Shares (34,210,366 shares) less the Shares Agreed to Not Be Tendered (885,310 shares) (33,325,056 shares).

5. Ownership Ratio of Share Certificates, Etc. after Tender Offer

Details	Number of voting rights
Number of voting rights represented by the Share Certificates, Etc. to be purchased: (a)	333,250
Number of voting rights represented by the potential Share Certificates, Etc. included in (a): (b)	6,1646,180
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (b): (c)	-
Number of voting rights represented by the Share Certificates, Etc. held by the Tender Offeror (as of August 12, 2022): (d)	-
Number of voting rights represented by the potential Share Certificates, Etc. included in (d): (e)	-
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (e): (f)	-
Number of voting rights represented by the Share Certificates, Etc. held by specially related parties (as of August 12, 2022): (g)	76,339
Number of voting rights represented by the potential Share Certificates, Etc. included in (g): (h)	6,000
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (h): (i)	-
Total number of voting rights of all shareholders, etc. of the Target Company (as of December 31, 2021): (j)	340,089

Ratio of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company (a/j) (%)	97.41
Ownership ratio of Share Certificates, Etc. after the Tender Offer $((a+d+g)/(j+(b-c)+(e-f)+(h-i)) \times 100)$ (%)	100.00

Note 1: “Number of voting rights represented by the Share Certificates, Etc. to be purchased: (a)” is the number of voting rights represented by the number of Share Certificates, Etc. to be purchased (33,325,056 shares) in the Tender Offer.

Note 2: “Number of voting rights represented by the Share Certificates, Etc. held by specially related parties (as of August 12, 2022): (g)” and “Number of voting rights represented by the potential Share Certificates, Etc. included in (g): (h)” state(s) the total number of voting rights represented by Share Certificates, Etc. held by each specially related party (except for persons excluded from specially related parties under Article 3(2)(i) of the Cabinet Ordinance for the purpose of calculating the ownership ratio of Share Certificates, Etc. under each item of Article 27-2(1)). However, since the Share Certificates, Etc. held by specially related parties (excluding the Shares Agreed to Not Be Tendered (885,310 shares) are subject to purchase in the Tender Offer, only the number of voting rights (8,853) represented by the Shares Agreed to Not Be Tendered (885,310 shares) among the “Number of voting rights represented by the Share Certificates, Etc. held by specially related parties (as of August 12, 2022): (g)” is included in the numerator when calculating the “Ownership ratio of Share Certificates, Etc. after the Tender Offer.”

Note 3: “Total number of voting rights of all shareholders, etc. of the Target Company (as of December 31, 2021): (j)” is the number of voting rights of all shareholders, etc. based on the preceding record date (December 31, 2021) stated in the quarterly report for the first quarter of the 33rd fiscal year submitted by the Target Company on May 12, 2022. However, since the shares less than one unit and Target Company Shares that will be issued or transferred as a result of the exercise of the Stock Acquisition Rights are subject to purchase in the Tender Offer, when calculating “Ratio of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company” and “Ownership ratio of Share Certificates, Etc. after the Tender Offer,” the number of voting rights (342,103) represented by the Total Number of Shares after Accounting for Potential Shares (34,210,366 shares) is used as the denominator.

Note 4: “Ratio of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders, etc. of the Target Company” and “Ownership ratio of Share Certificates, Etc. after the Tender Offer” have been rounded to two decimal places.

6. Licenses, etc. concerning Acquisition of Share Certificates, Etc.

(1) Type of Share Certificates, Etc.

Common stock

(2) Relevant laws and regulations

The Tender Offeror shall, in accordance with Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the “**Antimonopoly Act**”), give prior notification (the “**Prior Notification**”) to the Japan Fair Trade Commission regarding the plan for acquisition of shares of the Target Company through the Tender Offer (the “**Share Acquisition**”) and under Article 10, Paragraph 8 of the Antimonopoly Act, in principle, the Tender Offeror may not conduct the Share Acquisition until 30 days have passed from the date on which the Prior Notification was accepted (the period might be shortened; the period during which the Share Acquisition is prohibited is referred to as the “**Acquisition Prohibition Period**”).

In addition, Article 10, Paragraph 1 of the Antimonopoly Act prohibits any act of acquiring shares of other companies that will cause a substantial restraint of competition in a particular field of trade and the Japan Fair Trade Commission may order measures necessary to eliminate any acts that breach that provision (Article 17-2, Paragraph 1 of the Antimonopoly Act; hereinafter referred to as a “**Cease and Desist Order**”). If the Prior Notification set out above has been made and the Japan Fair Trade Commission intends to issue a Cease and Desist Order, it shall conduct a hearing of opinions with the would-be addressee of that Cease and Desist Order (Article 49 of the Antimonopoly Act), and in such a hearing, it shall notify the addressee of the details and the like of the planned Cease and Desist Order (Article 50, Paragraph 1 of the Antimonopoly Act; hereinafter referred to as “**Prior Notice of Cease and Desist Order**”), and Prior Notice of the Cease and Desist Order regarding share acquisition is to be made within a certain period of time (in principle, 30 days from the date on which the Prior Notification above was accepted; however, the period might be extended or shortened; hereinafter referred to as the “**Cease and Desist Period**”) (Article 10, Paragraph 9 of the Antimonopoly Act). If the Japan Fair Trade Commission has decided not to give Prior Notice of Cease and Desist Order, it will give notice to that effect (“**Notice to the Effect that Cease and Desist Order will not be Issued**”) (Article 9 of the Rules on Applications for Approval, Reporting, Notification, etc. Pursuant to the Provisions of Articles 9 to 16 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Japan Fair Trade Commission Rule No. 1 of 1953)).

The Tender Offeror has made Prior Notification to the Japan Fair Trade Commission regarding the Share Acquisition as of July 21, 2022, and it has been accepted as of that date. Subsequently, with respect to the Share Acquisition, on August 9, 2022, the Tender Offeror received from the Japan Fair Trade Commission a “notice of shortening of the Acquisition Prohibition Period” as of August 8, 2022, to the effect that the Acquisition Prohibition Period of 30 days would be shortened to 18 days, and therefore the Acquisition Prohibition Period ended upon the passing of August 8, 2022. In addition, on August 9, 2022, the

Tender Offeror received from the Japan Fair Trade Commission a “Notice to the Effect that Cease and Desist Order will not be Issued” as of August 8, 2022, and therefore the Cease and Desist Period ended on August 8, 2022.

(3) Date and Number of Licenses, Etc.

Date of Licenses, etc.: August 8, 2022 (upon receipt of a Notice to the Effect that Cease and Desist Order will not be Issued)

Number of Licenses, etc.: Ko/Kei/Ki No. 602 (the number of the Notice to the Effect that Cease and Desist Order will not be Issued)

Date of Licenses, etc.: August 8, 2022 (upon receipt of a notice of shortening of Prohibition Period)

Number of Licenses, etc.: Ko/Kei/Ki No. 603 (the number of the notice of shortening of Prohibition Period)

7. Method of Tendering Shares in Response to the Tender Offer and Cancellation Thereof

(1) Method of tendering shares in response to the tender offer

(A) Tender offer agent

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

SBI SECURITIES Co., Ltd. 1-6-1 Roppongi, Minato-ku, Tokyo

(In case of tendering shares through SMBC Nikko Securities Inc.)

(B) Any person who accepts the offer for the purchase of Share Certificates, Etc. in the Tender Offer or offers the sale of Share Certificates, Etc. in the Tender Offer (meaning shareholders and the Stock Acquisition Right Holders, “**Tendering Shareholders, Etc.**”) is requested to fill out the prescribed “Tender Offer Subscription Form” and submits it to the head office or any domestic sales office of SMBC Nikko Securities Inc. by 3:30 p.m. on the last day of the Tender Offer Period (subject to the business hours of the sales office and hours for operation and management of securities; Tendering Shareholders, Etc. should contact their sales office in advance to confirm).

Tendering Shareholders, Etc. may tender online (<https://trade.smbcnikko.co.jp/>) (“**Nikko Easy Trade**”) by logging into Nikko Easy Trade, accepting the Nikko Easy Trade Tender Transaction Rules, and providing the required information by 3:30 p.m. on the last day of the Tender Offer Period. Tendering Shareholders, Etc. must sign up for Nikko Easy Trade on the Tendering Shareholder, Etc.’s account with SMBC Nikko Securities Inc. (in “In case of tendering shares through SMBC Nikko Securities Inc.”, a “**Tendering Shareholder Account**”) to tender via Nikko Easy Trade.

- (C) The Tendered Share Certificates, Etc. must be registered in the Tendering Shareholder Account when tendering shares.
- (D) When tendering stock acquisition rights, since there are restrictions on transfer of Stock Acquisition Rights, it is required that “a notice of transfer approval for stock acquisition rights,” which is issued by the Target Company upon request from the Stock Acquisition Right Holders, and “a request for registration of transfer in the registry,” which is necessary to request the change of the holders’ name of the stock acquisition right in the registry subject to the completion of the Tender Offer, and “a document certifying the items described in the stock acquisition right registry” as certification of the position of holders of stock acquisition rights, which is issued by the Target Company upon their request, be submitted. For specific procedures for issuing “a notice of transfer approval for stock acquisition rights” and other documents, please contact the Target Company. Stock acquisition rights to be tendered in the Tender Offer will not be accepted at Nikko Easy Trade.
- (E) In the Tender Offer, Share Certificates, Etc. tendered through any financial instruments firm and the like other than the tender offer agents will not be accepted.
- (F) If a Tendering Shareholder, Etc. does not hold an account with SMBC Nikko Securities Inc., that Tendering Shareholder, Etc. must open a new account (see Note 1). Identification documents and the Tendering Shareholder, Etc.’s individual number (My Number) or corporate number (see Note 2) must be provided when opening a new account.
- (G) Shareholders, etc. residing outside Japan (including corporate shareholders, etc., “**Non-Resident Shareholders, Etc.**”) must tender Share Certificates, Etc. through their respective standing proxies in Japan (“**Standing Proxies**”). Submission of identification documents will be required (see Note 2). Non-Resident Shareholders, Etc. may not tender using Nikko Easy Trade.
- (H) Individual shareholders residing in Japan will generally be subject to separate self-assessment taxation concerning capital gains from transfer of shares, etc. (see Note 3) with respect to capital gains on the difference between the sale price and the acquisition cost or other price of Share Certificates, Etc. to be purchased.
- (I) Share Certificates, Etc. registered in an account with a financial instruments firm, etc. other than SMBC Nikko Securities Inc. (including Share Certificates, Etc. registered in a special account with Tokyo Securities Transfer Agent Co., Ltd., the special account manager of the Target

Company) must be transferred to the Tendering Shareholder Account with SMBC Nikko Securities Inc. SMBC Nikko Securities Inc. will accept Tendered Share Certificates, Etc. only after it has confirmed that transfer of those Tendered Share Certificates, Etc. to the Tendering Shareholder Account with SMBC Nikko Securities Inc. has been completed, and the Tendered Share Certificates, Etc. are registered to that account. Please note that the transfer process may take several days, and that Tendered Share Certificates, Etc. cannot be returned to a special account once they have been transferred from the special account.

- (J) The Target Company Shares issued or transferred by the exercise of the Share Acquisition Rights by the last day of the Tender Offer Period are also subject to the Tender Offer.

(Note 1): When opening an account, an individual shareholder will generally not be required to submit his/her seal. If a minor, an individual shareholder using the adult guardianship system, or a corporate shareholder, etc. opens an account, he/she will be required to submit his/her seal. In addition, if a shareholder changes the registered details of a Tendering Shareholder Account that has been already opened, he/she may be required to submit his/her seal.

(Note 2): Providing identification documents and individual number (My Number) or corporate number:

Tendering Shareholders, Etc. who tender by opening a new account with SMBC Nikko Securities Inc. and a Non-Resident Shareholder, Etc. who tenders through a Standing Proxy by opening a new account must provide the following identification documents and proof of individual or corporate number. Documents must be unexpired, or from within the last six months for documents without an expiry date (excluding a Notification Card). Please contact SMBC Nikko Securities Inc. for further details about identification documents and proof of individual or corporate number.

- Individuals:

A. Proof of My Number or corporate number (any one item)	My Number card (both sides) (*1)	
	Notification card	
	Copy of a residence certificate (with individual number) (*2)	
B. Identification documents (any one item of photo ID or any two items of non-photo ID)	Photo ID	Driver's license (certificate of driving history) (*3)
		Residence card
		Special permanent resident certificate
		Passport (*4)
		Welfare benefit certificate
	Non-photo ID	Health insurance card (*3)
		Public service pension fund membership card (*3)
		Pension handbook
		Seal registration certificate

		Copy of a residence certificate (*2)
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- Corporations:

A. Identification documents (any one item)	Certificate of all recorded matters
	Certificate of all presently recorded matters
B. Proof of individual or corporate number (any one item)	Notification of corporate number
	Corporate number information (*5)
C. Identification documents of the individual opening the account on behalf of the corporation (any one item)	Driver's license (*3)
	My Number card (the front side)
	Health insurance card (*3)
	Public service pension fund membership card (*3)
	Passport (*6)

(*1) If an My Number card is used as proof of My Number, separate identification documents are not required.

(*2) Copies of a residence certificate must include the page with the issuer's seal and date of issue.

(*3) If the holder's address is stated on the reverse side, the reverse side will be required in addition to the front side.

(*4) Each of the pages on which the holder's address, name, and date of birth can be confirmed is required. A passport issued on or after February 4, 2020 cannot be used because there is no space to state the holder's address.

(*5) Corporate number information can be obtained by printing the page that displays the corporate number on the "Corporate Number Publication Site" of the National Tax Agency.

(*6) Since a passport issued on or after February 4, 2020 has no space to state the holder's address, a copy of "any one of the identification documents" or "any one of the supplementary documents of the certificate of tax payment or the like" stating the holder's current address is required to be submitted separately.

- Non-Resident Shareholders, Etc.:

In addition to the above documents for the Standing Proxy, either a copy of the power of attorney or standing proxy agreement (the above documents shall include the Non-Resident Shareholder, Etc.'s name, name of corporate representative, and address outside Japan) must be submitted; if the Standing Proxy is not a financial institution, documents issued by a foreign government or a competent international organization approved by the Japanese government, or other similar documents equivalent to the identification documents required for Japanese residents must also be submitted.

(Note 3): Separate self-assessment taxation concerning capital gains from transfer of shares, etc. (for individual shareholders residing in Japan):

For individual shareholders, capital gains from transfer of shares, etc. will in principle be subject to separate self-assessment taxation. Please individually

consult with a certified tax accountant or other expert for any specific inquiries about taxation and make your own decision.

(In case of tendering shares through SBI SECURITIES Co., Ltd.)

- (B) Shareholders who tender in the Tender Offer or the Stock Acquisition Right Holders who tender in the Tender Offer (“**Tendering Shareholders, Etc.**”) may tender by tendering online by providing the required information on the website of SBI SECURITIES Co., Ltd. (<https://www.sbisec.co.jp>) by 9:00 a.m. on the last day of the Tender Offer Period, by requesting a “Tender Offer Subscription Form” from the website of SBI SECURITIES Co., Ltd. (<https://www.sbisec.co.jp>) and providing the required information on the “Tender Offer Subscription Form” dispatched by SBI SECURITIES Co., Ltd. and returning it to SBI SECURITIES Co., Ltd., or by providing the required information on the prescribed “Tender Offer Subscription Form” by 9:00 a.m. on the last day of the Tender Offer Period at the head office or any sales office of SBI SECURITIES Co., Ltd. or any branch office (Note 1) of SBI MONEY PLAZA Co., Ltd. at which a person in charge of SBI SECURITIES Co., Ltd. is stationed (in “In case of tendering shares through SBI SECURITIES Co., Ltd.”, “**OTC Counter**”; please see the website of SBI SECURITIES Co., Ltd. (<https://www.sbisec.co.jp>) or contact SBI SECURITIES Co., Ltd. for the location and other details; the same applies hereinafter.). The Stock Acquisition Right Holders may tender by contacting the customer service center of SBI SECURITIES Co., Ltd. (fixed telephone: 0120-104-214 (toll-free), mobile phone: 0570-550-104 (Navi Dial) and request a “Tender Offer Subscription Form” and providing the required information on the prescribed “Tender Offer Subscription Form” and submitting it by 9:00 a.m. on the last day of the Tender Offer Period). Identification documents may be required for tendering (Note 2) (Tendering Shareholders, Etc. who tender at an OTC Counter are requested to bring his/her seal. as well as “Tender Offer Subscription Form” when tendering). If the “Tender Offer Subscription Form,” is sent by mail, it must arrive at the OTC Counter by 9:00 a.m. on the last day of the Tender Offer Period after completing the transfer process for Tendered Share Certificates, Etc. to the Tendering Shareholders, Etc. Account (as defined in (c) below) opened with SBI SECURITIES Co., Ltd. set out below.
- (C) For tendering the Target Company Shares, the shares to be tendered must be stated or registered in the securities transaction account that any Tendering Shareholders, Etc. has opened with SBI SECURITIES Co., Ltd. in the name of the Tendering Shareholders, Etc. (in “In case of tendering shares through SBI SECURITIES Co., Ltd.”, “**Tendering Shareholders, Etc. Account**”). Accordingly, if the Target Company Shares to be tendered are stated or registered in the account opened with any financial instruments firm other than SBI SECURITIES Co., Ltd. (including in the case where the Target Company Shares are stated or registered in a special account with Tokyo Securities Transfer Agent Co., Ltd., the special account manager of the Target

Company), the transfer process of Tendered Share Certificates, Etc. to the Tendering Shareholders, Etc. Account opened with SBI SECURITIES Co., Ltd. must be completed prior to tendering. Please contact the account management institution of the special account stated above for the details of the process for transfer of records of shares and the like to the Tendering Shareholders, Etc. Account with SBI SECURITIES Co., Ltd. from a special account.

- (D) When tendering stock acquisition rights, since there are restrictions on transfer of Stock Acquisition Rights, it is required that the “Tender Offer Subscription Form (for stock acquisition rights)” and “a notice of transfer approval for stock acquisition rights” is submitted. It is also required that “a document certifying the items described in the stock acquisition right registry” as certification of the position of holders of stock acquisition rights, which is issued by the Target Company upon their request and “a request for registration of transfer in the registry,” which is necessary to request the change of the holders’ name of the stock acquisition right in the registry subject to the completion of the Tender Offer be submitted.
- (E) In the Tender Offer, Share Certificates, Etc. tendered through any financial instruments firm other than the tender offer agents will not be accepted.
- (F) If a Tendering Shareholder, Etc. does not hold a securities transaction account with SBI SECURITIES Co., Ltd., that Tendering Shareholder, Etc. must open a new securities transaction account. Identification documents (see Note 2) must be provided when opening a new securities transaction account.
- (G) Shareholders residing outside Japan (including corporate shareholders, etc., “Non-Resident Shareholders, Etc.”) must tender Share Certificates, Etc. through their respective standing proxies in Japan (a certified copy of the power of attorney of or the agreement with Non-Resident Shareholders, Etc. must be provided through Standing Proxies). Submission of identification documents will be required (see Note 2).
- (H) Individual shareholders residing in Japan will generally be subject to separate self-assessment taxation concerning capital gains from transfer of shares, etc. with respect to capital gains on the difference between the sale price and the acquisition cost or other price of Share Certificates, Etc. to be purchased (see Note 3).
- (I) Upon acceptance of any tendered Target Company Shares, SBI SECURITIES Co., Ltd. will deliver a tender receipt by mail to the Tendering Shareholders, Etc.

- (J) If all of the Tendered Share Certificates, Etc. are ultimately not purchased, the Share Certificates, Etc. that are not purchased will be returned to the Tendering Shareholders, Etc.

(Note 1): OTC Counters are located as follows:

The head office of SBI SECURITIES Co., Ltd.

Sales office of SBI SECURITIES Co., Ltd.

Osaka Sales Office, Nagoya Sales Office, Fukuoka Sales Office

Each sales office of SBI SECURITIES Co., Ltd. is attached to a branch office of SBI MONEY PLAZA Co., Ltd. (Osaka Branch, Nagoya Branch, Fukuoka-Chuo Branch).

Each branch office of SBI MONEY PLAZA Co., Ltd. at which a person in charge of SBI SECURITIES Co., Ltd. is stationed

Aizu Branch, Kumagaya-Chuo Branch, Shinjuku-Chuo Branch, Matsumoto Branch, Ina Branch, Nagoya Branch, Osaka Branch, Fukuoka-Chuo Branch, Kagoshima-Chuo Branch

(Note 2): Seal, My Number (individual number) or corporate number, identification documents, and the like

Tendering Shareholders, Etc. who tender by opening a new account with SBI SECURITIES Co., Ltd. and a Non-Resident Shareholder, Etc. who tenders through a Standing Proxy by opening a new securities trading account must provide the following proof of My Number (individual number) or corporate number and identification documents in addition to their seal. Even if Tendering Shareholders, Etc. already have an account, proof of their My Number (individual number) or corporate number, identification documents, and the like may be required each time they change their address or trading office or perform tax procedures. Identification documents required may vary depending on the document submitted for the confirmation of My Number (individual number). For more information, please visit the website of SBI SECURITIES Co., Ltd. (<https://www.sbisec.co.jp>) or an OTC Counter.

- For individuals:

Documents for the confirmation of My Number (individual number) and identification documents (Documents must state all of the name, address, date of birth and be from within six months or unexpired) will be required.

Proof of individual number (copy)	Identification documents (copy)
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My Number card (both sides)	N/A	
Notification card	Photo ID (any one item)	Driver's license, basic resident registration card (with photo), residence card, special permanent resident certificate, etc.
	Non-photo ID (any one item)	Health insurance card, pension handbook, seal registration certificate, abstract of family register, copy of a residence certificate, etc.
Copy of a residence certificate with individual number	Any one of the items below other than "copy of a residence certificate" or "certificate of items stated in resident register": driver's license, basic resident registration card (with photo), residence card, special permanent resident certificate, health insurance card, pension handbook, seal registration certificate, abstract of family register, etc.	
Certificate of items stated in resident register with individual number		

- For corporations:

- (A) Certificate of registered matters and seal registration certificate (certificate must be original and from within six months from issuance date and on which the name and the location of the head office or principal office and business activities can be confirmed)
- (B) Individual identity confirmation of the representative and agent/person in charge of the transaction (a person responsible for the execution of agreement) will be required, in addition to identity confirmation of the corporation itself.
- (C) Copy of "Notification of Corporate Number" or a printout of the webpage obtained as a result of searching for the corporate number on the Corporate Number Publication Site of the National Tax Agency will be required as certification of corporate number.

- For Non-Resident Shareholders, Etc.

For Non-Resident Shareholders, Etc. (excluding Japanese residents) and a corporation having its head office or principal office outside Japan, a copy of documents for identity confirmation such as documents issued by a foreign government or a competent international organization approved by the Japanese government, or other similar documents equivalent to the documents for identity confirmation required for Japanese residents and a written agreement regarding proxy agreement with the Standing Proxy, power of attorney, or the like (limited to those stating the name, the

name of the representative, and the location outside Japan of the Non-Resident Shareholders, Etc.) will be required.

Tendering Shareholders, Etc. who wish to open a transaction account during the Tender Offer Period are requested to promptly consult SBI SECURITIES Co., Ltd.

(Note 3): Separate self-assessment taxation concerning capital gains from transfer of shares, etc. (for individual shareholders residing in Japan):

For individual shareholders who reside in Japan, capital gains from transfer of shares, etc. will be generally applicable to separate self-assessment taxation. Please individually consult with a certified tax accountant or other expert for any specific inquiries about taxation and make your own decision.

(2) Method of cancellation of agreement

(In case of tendering shares through SMBC Nikko Securities Inc.)

Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, cancel their agreement for the Tender Offer.

A Tendering Shareholder, Etc. who wishes to cancel an agreement must deliver or send a notice stating the intention to cancel the agreement for the Tender Offer (a “**Cancellation Document**”) to the person designated below by 3:30 p.m. on the last day of the Tender Offer Period (subject to the business hours of the sales office and hours for operation and management of securities; Tendering Shareholders, Etc. should contact their sales office in advance to confirm). However, if a Cancellation Document is sent by mail, the cancellation is conditional on the Cancellation Document reaching the designated recipient below by no later than 3:30 p.m. on the last day of the Tender Offer Period (subject to the business hours of the sales office and hours for operation and management of securities; Tendering Shareholders, Etc. should contact their sales office in advance to confirm).

Tenders and agreements made through Nikko Easy Trade may be cancelled by logging into Nikko Easy Trade and following the onscreen instructions by 3:30 p.m. on the last day of the Tender Offer Period.

Party authorized to receive the Cancellation Document:

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

(In case of tendering shares through SBI SECURITIES Co., Ltd.)

Tendering Shareholders, Etc. who tender in the Tender Offer may, at any time during the Tender Offer Period, cancel their agreement for the Tender Offer. Tendering Shareholders, Etc. may take cancellation procedures by providing the required information on the website of SBI SECURITIES Co., Ltd. (<https://www.sbisec.co.jp>)

or by contacting the customer service center of SBI SECURITIES Co., Ltd. (fixed telephone: 0120-104-214 (toll-free), mobile phone: 0570-550-104 (Navi Dial) by 9:00 a.m. on the last day of the Tender Offer Period. Stock Acquisition Right Holders may, at any time during the Tender Offer Period, cancel their agreement for the Tender Offer. Stock Acquisition Right Holders may take cancellation procedures by contacting the customer service center of SBI SECURITIES Co., Ltd. (fixed telephone: 0120-104-214 (toll-free), mobile phone: 0570-550-104 (Navi Dial) by 9:00 a.m. on the last day of the Tender Offer Period.

A Tendering Shareholder, Etc. who wishes to cancel an agreement for tendering made via an OTC Counter (face-to-face transaction account) must deliver or send a notice stating the intention to cancel the agreement for the Tender Offer (a “**Cancellation Document**”) with a tender receipt (if delivered) attached to it to the head office or any sales office of the person designated below or any branch of SBI MONEY PLAZA Co., Ltd. at which a person designated below is stationed by 9:00 a.m. on the last day of the Tender Offer Period. However, if a Cancellation Document is sent by mail, it must arrive at the OTC Counter by 9:00 a.m. on the last day of the Tender Offer Period.

Party authorized to receive the Cancellation Document:

SBI SECURITIES Co., Ltd. 1-6-1 Roppongi, Minato-ku, Tokyo

(or any other domestic sales office of SBI SECURITIES Co., Ltd. or any other branch of SBI MONEY PLAZA Co., Ltd. at which a person in charge of SBI SECURITIES Co., Ltd. is stationed)

(3) Method of returning of Share Certificates, Etc.

If a Tendering Shareholder, Etc. cancels their agreement under the Tender Offer in the manner described in “(2) Method of cancellation of agreement” above, the Tendered Share Certificates, Etc. will be returned promptly after the completion of the cancellation procedures in accordance with the method indicated in “(4) Method of return of Share Certificates, Etc.” of “10. Method of Settlement” below.

(4) Name and address of the head office of financial instruments firm/bank, etc. holding in trust and returning Share Certificates, Etc.

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

SBI SECURITIES Co., Ltd. 1-6-1 Roppongi, Minato-ku, Tokyo

8. Funds Required for Tender Offer

(1) Funds, etc. required for tender offer

Purchase price (yen): (a)	53,320,089,600
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Type of consideration other than cash:	-
Total amount of consideration other than cash:	-
Purchase commission (yen): (b)	210,000,000
Others (yen): (c)	12,000,000
Total (yen) (a)+(b)+(c):	53,542,089,600

Note 1: “Purchase price (yen): (a)” shows the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (33,325,056 shares) by the Tender Offer Price per share (1,600 yen).

Note 2: “Purchase commission (yen): (b)” consists of estimated commissions to be paid to the tender offer agent.

Note 3: “Others (yen): (c)” consists of the estimated amount of fees and expenses including fees for issuing a public notice concerning the commencement of the Tender Offer and printing fees for the Tender Offer explanatory statement and other necessary documents.

Note 4: The above amounts are exclusive of consumption tax, etc.

Note 5: There are other expenses to be paid to the tender offer agent and attorney’s fees, etc., but the amounts of those expenses and fees will not be determined until after the completion of the Tender Offer.

(2) Deposits or borrowings allocable for funds required for tender offer

(A) Deposits as of one day or two days preceding the date hereof

Type of deposit	Amount (thousand yen)
-	-
Total (a)	-

(B) Borrowings before the date hereof

(a) Financial institutions

	Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
1	-	-	-	-
2	-	-	-	-
Total				-

(b) Others

Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
-	-	-	-
-	-	-	-
Total			-

(C) Funds to be borrowed on or after the date hereof

(a) Financial institutions

	Categ ory of busine ss of lender	Name of lender	Terms of contract	Amount (thousand yen)
1	-	-	-	-

2	Bank	Shinsei Bank, Limited (2-4-3, Nihonbashi-muromachi Chuo-ku, Tokyo)	<p>Borrowing to be allocated to funds required for tender offer (Note):</p> <p>(1) Term loan A</p> <p>Borrowing period: seven years (installment payment)</p> <p>Interest: variable interest rate based on JBA Japanese yen TIBOR</p> <p>Collaterals: Target Company Shares, etc.</p> <p>(2) Term loan B</p> <p>Borrowing period: seven years (bullet payment)</p> <p>Interest: variable interest rate based on JBA Japanese yen TIBOR</p> <p>Collaterals: Target Company Shares, etc.</p> <p>(3) Bridge loan</p> <p>Repayment due date: Same date as the deadline for completion of the Squeeze-Out Procedures</p> <p>Interest: short-term prime lending rate published by Shinsei Bank, Limited</p> <p>Collaterals: Target Company Shares, etc.</p>	<p>(1) Term Loan A 7,110,000</p> <p>(2) Term Loan B 16,590,000</p> <p>(3) Bridge Loan 25,700,000</p>
Total (b)				49,400,000

(Note): On August 10, 2022, the Tender Offeror obtained a loan certificate as evidence of the above borrowing from Shinsei Bank, Limited stating that

it is ready to make a loan up to 49,400,000 thousand yen. The terms and conditions set out in the loan certificate attached hereto are planned to be set as the conditions precedent for implementing the loan. The above amount includes the funds necessary to implement the Transactions, funds for the repayment of outstanding debts, and funds to cover incidental costs and expenses with respect thereto.

(b) Others

Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
-	-	-	-
-	-	-	-
Total (c)			-

(D) Other methods of financing

Contents	Amount (thousand yen)
Contribution by Integral Corporation (Note 1)	420,000
Contribution by Integral 4 Limited Partnership (Note 2)	7,470,000
Contribution by Innovation Alpha IV L.P. (Note 3)	2,852,000
Contribution by Initiative Delta IV L.P. (Note 4)	3,258,000
Total (d)	14,000,000

(Note 1): As evidence of the above contribution, on August 9, 2022, the Tender Offeror obtained a certificate of financing from Integral stating that it is ready to make a contribution up to 420,000 thousand yen. There are no conditions precedent for the contribution. The Tender Offeror obtained a copy of Integral's bank book and confirmed that Integral has cash deposits of more than the amount set out in the certificate of financing.

(Note 2): As evidence of the above contribution, on August 9, 2022, the Tender Offeror obtained a certificate of financing from Integral 4 Limited

Partnership stating that it is ready to make a contribution up to 7,470,000 thousand yen. There are no conditions precedent for the contribution. Integral 4 Limited Partnership is an investment limited partnership established under the Limited Partnership Act for Investment (Act No. 90 of 1998, as amended). Integral 4 Limited Partnership consists of Integral 4 GP Limited Partnership as a general partner and institutional investors such as banks, securities companies, credit associations, life insurance companies, pension funds, and fund of funds and business companies in Japan as limited partners. Each limited partner of Integral 4 Limited Partnership has agreed to make a specified capital contribution by cash to Integral 4 Limited Partnership, up to a certain cap amount (“Commitment Amount”). Once a capital call has been received from the general partner of Integral 4 Limited Partnership, at least seven business days prior to the date designated by the general partner, each of the limited partners is obligated to contribute the necessary amount of cash in proportion to its relative Commitment Amount, by no later than the date designated by the general partner, up to the Commitment Amount remaining after deduction of the amount which such limited partner has already contributed to Integral 4 Limited Partnership. In addition, the failure of a limited partner of Integral 4 Limited Partnership to fulfill its funding obligations does not excuse any other limited partner of Integral 4 Limited Partnership from funding its obligation, and the general partner of Integral 4 Limited Partnership may satisfy any shortfall due to such a failure by obligating remaining limited partners to make additional cash contributions proportionate to their respective Commitment Amount to Integral 4 Limited Partnership up to a certain extent, so that Integral 4 Limited Partnership will have the ability to fund this capital contribution.

(Note 3): As evidence of the above contribution, on August 9, 2022, the Tender Offeror obtained a certificate of financing from Innovation Alpha IV L.P. stating that it is ready to make a contribution up to 2,852,000 thousand yen. There are no conditions precedent for the contribution. Innovation Alpha IV L.P. is an exempted limited partnership established under the laws of the Cayman Islands and is operated and managed by Innovation Partners Alpha IV Ltd. as a general partner, which Integral provides investment advice to. Innovation Alpha IV L.P. consists of, Innovation Partners Alpha IV Ltd. as a general partner and foreign insurance companies, university endowment, sovereign wealth fund, fund of funds, and asset management companies, as limited partners. Each limited partner of Innovation Alpha IV L.P. has agreed to make a specified capital contribution by cash to Innovation Alpha IV L.P., up to a certain cap amount. Once a capital call notice has been received from the general partner of Innovation Alpha IV L.P., each of the limited partners is obligated to contribute the necessary amount of cash in proportion to its relative cap amount, by no later than the date designated by the general partner, up to the cap amount remaining after deduction of the amount which such limited partner has already

contributed to Innovation Alpha IV L.P. In addition, Innovation Alpha IV L.P. confirmed the general partner and limited partners of Innovation Alpha IV L.P.'s funding ability through financial investigation or the like, and as a result thereof, Innovation Alpha IV L.P. believes that it is certain that Innovation Alpha IV L.P. can get funding from the general partner and limited partners. In addition, the failure of a limited partner of Innovation Alpha IV L.P. to fulfill its funding obligations does not excuse any other limited partner of Innovation Alpha IV L.P. from funding its obligation, and the general partner of Innovation Alpha IV L.P. may satisfy any shortfall due to such a failure by obligating remaining limited partners to make additional cash contributions proportionate to their respective cap amounts to Innovation Alpha IV L.P. up to the cap amount remaining after deduction of the amount which such limited partner has already contributed, so that Innovation Alpha IV L.P. will have the ability to fund capital to provide to the Tender Offerors.

(Note 4): As evidence of the above contribution, on August 9, 2022, the Tender Offeror obtained a certificate of financing from Initiative Delta IV L.P. stating that it is ready to make a contribution up to 3,258,000 thousand yen. There are no conditions precedent for the contribution. Initiative Delta IV L.P. is an exempted limited partnership established under the laws of the Cayman Islands and is operated and managed by Initiative Partners Delta IV Ltd. as a general partner, which Integral provides investment advice to. Initiative Delta IV L.P. consists of, Initiative Partners Delta IV Ltd. as a general partner and foreign pension funds, foundations, insurance companies, university endowment, and asset management companies, as limited partners. Each limited partner of Initiative Delta IV L.P. has agreed to make a specified capital contribution by cash to Initiative Delta IV L.P., up to a certain cap amount. Once a capital call notice has been received from the general partner of Initiative Delta IV L.P., each of the limited partners is obligated to contribute the necessary amount of cash in proportion to its relative cap amount, by no later than the date designated by the general partner, up to the cap amount remaining after deduction of the amount which such limited partner has already contributed to Initiative Delta IV L.P. In addition, Initiative Delta IV L.P. confirmed the general partner and limited partners of Initiative Delta IV L.P.'s funding ability through financial investigation or the like, and as a result thereof, Initiative Delta IV L.P. believes that it is certain that Initiative Delta IV L.P. can get funding from the general partner and limited partners. In addition, the failure of a limited partner of Initiative Delta IV L.P. to fulfill its funding obligations does not excuse any other limited partner of Initiative Delta IV L.P. from funding its obligation, and the general partner of Initiative Delta IV L.P. may satisfy any shortfall due to such a failure by obligating remaining limited partners to make additional cash contributions proportionate to their respective cap amounts to Initiative Delta IV L.P. up to the cap amount remaining after deduction of the amount which such limited partner has already contributed, so

that Initiative Delta IV L.P. will have the ability to fund capital to provide to the Tender Offerors.

(E) Total amount of deposits or borrowings allocable for funds required for purchase
63,400,000 thousand yen ((a)+(b)+(c)+(d))

- (3) Relationship between the Tender Offeror and the issuer of securities to be used as consideration for tender offer

N/A

9. Status of the Issuer of Securities to be Used as Consideration for the Tender Offer

N/A

10. Method of Settlement

- (1) Name and address 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
SBI SECURITIES Co., Ltd.	1-6-1 Roppongi, Minato-ku, Tokyo

- (2) Commencement date of settlement
October 3, 2022 (Monday)

- (3) Method of settlement

(In case of tendering shares through SMBC Nikko Securities Inc.)

A notice regarding the purchase under the Tender Offer will be mailed to the address or location of the Tendering Shareholders, Etc. (or the Standing Proxy in the case of Non-Resident Shareholders, Etc.) without delay after the expiration of the Tender Offer Period. If Tendering Shareholders, Etc. tendered their Share Certificates, Etc. through Nikko Easy Trade, the notice will be delivered by electromagnetic means.

The purchase will be settled in cash. SMBC Nikko Securities Inc. will remit the sales proceeds of the Share Certificates, Etc. purchased to the address designated by the Tendering Shareholders, Etc. (or the Standing Proxy in the case of Non-Resident Shareholders, Etc.) in accordance with the instructions given by the Tendering

Shareholders, Etc. (or the Standing Proxy in the case of Non-Resident Shareholders, Etc.) and without delay after the commencement date of the settlement.

(In case of tendering shares through SBI SECURITIES Co., Ltd.)

A notice regarding the purchase under the Tender Offer will be mailed to the address or location of the Tendering Shareholders, Etc. (or the Standing Proxy in the case of Non-Resident Shareholders, Etc.) without delay after the expiration of the Tender Offer Period.

The purchase will be settled in cash. SBI SECURITIES Co., Ltd. will remit the sales proceeds of the Share Certificates, Etc. purchased to the address designated by the Tendering Shareholders, Etc. (or the Standing Proxy in the case of Non-Resident Shareholders, Etc.) in accordance with the instructions given by the Tendering Shareholders, Etc. (or the Standing Proxy in the case of Non-Resident Shareholders, Etc.) and without delay after the commencement date of the settlement.

(4) Method of return of Share Certificates, Etc.

(In case of tendering shares through SMBC Nikko Securities Inc.)

In the event that all of the Tendered Share Certificates, Etc. will not be purchased under the terms set forth in “(1) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” or “(2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in “11. Other Conditions and Methods of Purchase” below, SMBC Nikko Securities Inc. will revert the Share Certificates, Etc. that are required to be returned to their original condition at the time of the tender (“the original condition at the time of the tender” means the condition where the execution of the order to tender in the Tender Offer has been cancelled) on the Tendering Shareholder Accounts with SMBC Nikko Securities Inc. on the date two business days after the last day of the Tender Offer Period (or the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer).

With respect to Stock Acquisition Rights, the submitted documents for the Tender Offer set forth in (iv) in “(1) Method of tendering shares in response to the tender offer” in “7. Method of Tendering Shares in Response to the Tender Offer and Cancellation Thereof” above will be mailed or delivered to the Tendering Shareholders, Etc. (or the Standing Proxy in the case of Non-Resident Shareholders, Etc.)

(In case of tendering shares through SBI SECURITIES Co., Ltd.)

In the event that all of the Tendered Share Certificates, Etc. will not be purchased under the terms set forth in “(1) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” or “(2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in “11. Other Conditions and Methods of Purchase” below, SBI SECURITIES Co., Ltd. will return the Share Certificates, Etc. that are required to be returned promptly after the date two business days after the last day of the Tender Offer Period (or the day of withdrawal, etc. if the Tender Offeror withdraws the Tender Offer). SBI SECURITIES Co., Ltd. will

return shares on the Tendering Shareholder Accounts with SBI SECURITIES Co., Ltd. by restoring the record to the status immediately preceding the tendering of those shares to be returned. (If the Tendering Shareholders, Etc. wish their shares to be transferred to their account opened with other financial instruments firms, please instruct SBI SECURITIES Co., Ltd. accordingly.)

11. Other Conditions and Methods of Purchase

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

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (21,509,600 shares), the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased (21,509,600 shares), the Tender Offeror will purchase all of the Tendered Share Certificates, Etc.

- (2) 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 Items (1)13 through (1)19, and 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 Offeror may withdraw the Tender Offer. The “events which are equivalent to those listed in Items (3)1 through (3)9” set out in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order refers to (i) the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated but the Tender Offeror was not aware of the existence of such false statement, etc. nor could the Tender Offeror have been aware of such false statement, etc. even with reasonable care and (ii) the case where any of the events listed in Article 14, Paragraph 1, Items (3)1 through (3)7 occurs to a principal subsidiary of the Target Company.

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror 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 Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

- (3) 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 Offeror may reduce the purchase price in accordance with the standards set out in the provision of Article 19, Paragraph 1 of the Cabinet Ordinance.

If the Tender Offeror intends to reduce the purchase price, the Tender Offeror 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 Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement.

If the purchase price is reduced, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice at the reduced purchase price.

(4) Matters concerning right of Tendering Shareholders, Etc. to cancel the agreement

The Tendering Shareholders, Etc. may, at any time during the Tender Offer Period, cancel their agreements for the Tender Offer in accordance with the method set out in “(2) Method of cancellation of the agreement” of “7. Method of Tendering Shares in Response to the Tender Offer and Cancellation Thereof” above.

The Tender Offeror will not make any claim for damages or a penalty payment due to the Tendering Shareholders, Etc.’s cancellation of their agreements. Further, the cost of returning Tendered Share Certificates, Etc. to the Tendering Shareholders, Etc. will be borne by the Tender Offeror. If cancellation is proposed, the Tendered Share Certificates, Etc. will be returned promptly after the procedures for that cancellation proposal are consummated in the manner set out in “(4) Method of return of Share Certificates, Etc.” in “10. Method of Settlement” above.

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

The Tender Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13 of the Enforcement Order.

If the Tender Offeror intends to change any conditions, etc. of the Tender Offer, the Tender Offeror 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 notice by the last day of the Tender Offer Period, the Tender Offeror 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 Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(6) Method of disclosure if amendment statement is filed

If an amendment statement is submitted to the Director-General of the Kanto Local Finance Bureau (unless otherwise provided for in the proviso in Article 27-8, Paragraph

11 of the Act), the Tender Offeror will immediately make a public announcement of the content of that 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 Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the Tendering Shareholders, Etc. who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to Tendering Shareholders, Etc. a document stating the reason for the amendments, the matters amended, and the details thereof.

(7) Method of disclosure of results of the Tender Offer

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.

II. Status of the Tender Offeror

1. In the case of a Corporation

(1) Outline of the Tender Offeror

(A) History of the Tender Offeror

Month, Year	Outline
July 2022	Incorporated as a joint stock corporation (<i>kabushiki kaisha</i>) whose trade name is SK Life Support Co., Ltd., whose head office is at 1-9-2, Marunouchi, Chiyoda-ku, Tokyo, and whose stated capital is 500,000 yen.

(B) Business purpose of the Tender Offeror and the details of its business

(Business purpose of the Tender Offeror)

The purpose of the Tender Offeror is to engage in the following businesses:

- (1) sale and purchase, brokerage, consulting, and appraisal of real estate;
- (2) possession, leasing, and management of real estate;
- (3) contracting, design, and supervision of construction works, civil works, landscaping and gardening, and interior finish works;
- (4) investment advisory business and businesses of discretionary investment agreements relating to real estate, etc.;
- (5) investment corporation asset management business and business of investment trust management under the Act on Investment Trusts and Investment Corporations;
- (6) management and operation business related to apartment housing and buildings, etc., including cleaning, maintenance, and security;
- (7) non-life insurance agency business and services regarding solicitation of life insurance;
- (8) ownership, leasing, and operation of retail facilities such as hotels, restaurants, and sport facilities;
- (9) financial services such as lending of money, guaranteeing of debts, and sale and purchase of all types of receivables;
- (10) possession, sale and purchase, brokerage, and management of securities, etc.;
- (11) business related to sale and supply of gas, manufacturing and sale of equipment related thereto, and supply of water;
- (12) power generation business and electric services;

- (13) business related to ownership, leasing, and operation of facilities for the elderly and nursing care;
- (14) data processing and data provision services;
- (15) planning, development, construction, sale, operation, and maintenance and management of apps for smart devices and proptech, which is formed by combining property and technology;
- (16) corporate planning, general affairs, human resources, and financial services and other services deemed necessary for the Group companies or affiliates;
- (17) management, guidance, assistance, and control of business activities of companies (including foreign companies) and partnerships (including foreign entities equivalent to partnerships) that are engaged in the businesses in the items above and other business entities equivalent thereto through the holding of shares or equity of such companies, partnerships, and entities; and
- (18) any and all services incidental or related to the items above.

(Details of its business)

The details of business of the Tender Offeror are acquisition and possession of Share Certificates, Etc. of the Target Company.

(C) Amount of capital and total number of issued shares of the Tender Offeror

(as of August 12, 2022)

Amount of capital (yen)	Total number of issued shares (shares)
500,000	10,000

(Note): As stated in “(D) Other methods of financing” in “(2) Deposits or borrowings allocable for funds required for tender offer” in “8. Funds Required for Tender Offer” in “I. Summary of the Tender Offer,” the Tender Offeror will receive a contribution up to 14,000,000 thousand yen in total, and the Tender Offeror’s stated capital and the total number of issued shares will be increased.

(D) Major shareholders

(as of August 12, 2022)

Name	Address	Number of shares held (shares)	Ratio to the total number of issued shares (excluding treasury shares) (%)

Integral Corporation	1-9-2, Marunouchi, Chiyoda-ku, Tokyo	10,000	100.00
Total	--	10,000	100.00

(E) Employment histories of and number of shares held by officers

(as of August 12, 2022)

Title held	Position	Name	Date of birth	Employment history		Number of shares held (shares)
Representative Director	-	Yoshihiro Hemmi	October 7, 1957	April 1980	Entered MITSUI & CO., LTD.	-
				May 1998	Partner of Boston Consulting Group	
				January 2001	Vice President of adidas Japan K.K.	
				June 2004	Representative Director and President of Tohato, Inc.	
				September 2007	Director & Partner of Integral Corporation (present)	
				July 2022	Representative Director of the Tender Offeror (present)	
Total						-

(2) Financial condition

The Tender Offeror is a company incorporated on July 7, 2022 and its initial fiscal year has not ended yet after the incorporation. Therefore, no financial statements of the Tender Offeror have been prepared so far.

- (3) Matters concerning the Tender Offeror which is a company subject to the continuous disclosure obligation

(A) Documents filed by the Tender Offeror

(a) Annual Securities Report and documents attached thereto

(b) Quarterly Securities Report or Semiannual Securities Report

(c) Amendment Report

(B) Place of public inspection of documents mentioned above

2. In the case of an Entity other than a Corporation

N/A

3. In the case of an Individual

N/A

III. Breakdown of Share Certificates, Etc. Held and/or Traded by the Tender Offeror and Specially Related Parties

1. Breakdown of Ownership of Share Certificates, Etc.

- (1) Total number of Share Certificates, Etc. held by the Tender Offeror and the specially related parties

(as of August 12, 2022)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	70,339 (shares)	— (shares)	— (shares)
Certificates of stock acquisition rights	6,000	—	—
Certificates of corporate bonds with stock acquisition rights	—	—	—
Beneficiary certificates of trust of Share Certificates, Etc. ()	—	—	—
Deposit receipts for Share Certificates, Etc. ()	—	—	—
Total	76,339	—	—
Total number of Share Certificates, Etc. held	76,339	—	—
(Total number of potential Share Certificates, Etc. held)	(6,000)	—	—

- (2) Share Certificates, Etc. held by the Tender Offeror

N/A

- (3) Share Certificates, Etc. held by the specially related parties (total shares held by specially related parties)

(as of August 12, 2022)

	Number of Share Certificates, Etc.	Number of Share Certificates, Etc.	Number of Share Certificates, Etc.
--	--	--	--

	held	provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	70,339 (shares)	— (shares)	— (shares)
Certificates of stock acquisition rights	6,000	—	—
Certificates of corporate bonds with stock acquisition rights	—	—	—
Beneficiary certificates of trust of Share Certificates, Etc. ()	—	—	—
Deposit receipts for Share Certificates, Etc. ()	—	—	—
Total	76,339	—	—
Total number of Share Certificates, Etc. held	76,339	—	—
(Total number of potential Share Certificates, Etc. held)	(6,000)	—	—

(Note 1): “Number of Share Certificates, Etc. held” above includes 16 voting rights pertaining to 1,657 shares of the Target Company indirectly held as equity through the management stock ownership plan of the Target Company (any fractions resulting from calculation of the number of shares as equity are rounded down to the nearest whole number).

(Note 2): “Number of Share Certificates, Etc. held” above includes 3,008 voting rights pertaining to 300,800 shares of the Target Company granted as restricted stock compensation. The restrictions have been imposed on the transfer of 111,000 shares of the Target Company Shares until May 22, 2023, 115,800 shares of the Target Company Shares until April 26, 2024, and 74,000 shares of the Target Company Shares until April 28, 2025.

- (4) Share Certificates, Etc. held by each specially related party (breakdown by each specially related party)

(A) Specially related parties

(as of August 12, 2022)

Name or corporate name	Hideaki Shinohara
Address or location	1-1-1 Tenjin, Chuo-ku, Fukuoka-shi (location of the Target Company)

Occupation or contents of business	Representative Director and President of the Target Company Director and Chairman of Shinoken Produce Co., Ltd. Director and Chairman of Shinoken Harmony Co., Ltd. Director and Chairman of SK Energy Co., Ltd.
Contact information	Contact liaison: Shinoken Group Co., Ltd. Takashi Tamaki Senior Vice President and Managing Executive Officer Address: 1-1-1 Tenjin, Chuo-ku, Fukuoka-shi Tel: 092-714-0040 (main number)
Relationship with Tender Offeror	A person who agreed to exercise the voting rights and other rights as a shareholder of the Target Company jointly with the Tender Offeror after the completion of the Tender Offer.

(B) Number of Share Certificates, Etc. held

(as of August 12, 2022)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	70,339 (shares)	— (shares)	— (shares)
Certificates of stock acquisition rights	6,000	—	—
Certificates of corporate bonds with stock acquisition rights	—	—	—
Beneficiary certificates of trust of Share Certificates, Etc. ()	—	—	—
Deposit receipts for Share Certificates, Etc. ()	—	—	—
Total	76,339		—
Total number of Share Certificates, Etc. held	76,339	—	—
(Total number of potential Share Certificates, Etc. held)	(6,000)	—	—

(Note 1): “Number of Share Certificates, Etc. held” above includes 16 voting rights pertaining to 1,657 shares of the Target Company indirectly held as equity through the management stock ownership plan of the Target Company (any fractions resulting from calculation of the number of shares as equity are rounded down to

the nearest whole number).

(Note 2): “Number of Share Certificates, Etc. held” above includes 3,008 voting rights pertaining to 300,800 shares of the Target Company granted as restricted stock compensation. The restrictions have been imposed on the transfer of 111,000 shares of the Target Company Shares until May 22, 2023, 115,800 shares of the Target Company Shares until April 26, 2024, and 74,000 shares of the Target Company Shares until April 28, 2025.

2. Trading of Share Certificates, Etc.

- (1) Trading during the 60-day period prior to the date hereof
N/A

3. Material Agreements regarding the Share Certificates, Etc.

The Tender Offeror and Mr. Shinohara executed the Basic Agreement as of August 10, 2022, under which the Tender Offeror and Mr. Shinohara agreed to tender the Shares Agreed to Be Tendered (the number of shares held: 6,148,647 shares; and ownership ratio: 17.97%) and 3,000 rights of the Stock Acquisition Rights Agreed to Be Tendered (the number of the Target Company Shares underlying the Stock Acquisition Rights: 600,000 shares; and ownership ratio: 1.75%) out of the Shares Held by Mr. Shinohara (the number of shares held: 7,633,957 shares; and ownership ratio: 22.31%) in the Tender Offer and not to tender the Shares Agreed Not to Be Tendered (885,310 shares; and ownership ratio: 2.59%; shares relating to restricted stock compensation held by Mr. Shinohara are included in the Shares Agreed Not to Be Tendered because such shares are subject to transfer restrictions and may not to be tendered in the Tender Offer) in the Tender Offer (however, Mr. Shinohara may tender the Target Company Shares issued by exercising the Stock Acquisition Rights Agreed to Be Tendered in the Tender Offer after such exercise, in which case such Target Company Shares issued by exercising the Stock Acquisition Rights Agreed to Be Tendered will be added to the “Shares Agreed to Be Tendered” above, and Mr. Shinohara will no longer have an obligation to tender such Stock Acquisition Rights Agreed to Be Tendered in the Tender Offer.).

For the details of the Basic Agreement, please refer to “(6) Matters relating to Material Agreements regarding the Tender Offer” in “3. Purpose of the Tender Offer” in “I. Summary of the Tender Offer.”

4. Agreements of Purchase, etc. of Share Certificates, Etc. on and after the Date Hereof

N/A

IV. Transactions etc. between the Tender Offeror and the Target Company

1. Transactions between the Tender Offeror and the Target Company or its Directors or Officers, and the Contents Thereof

N/A

2. Agreements between the Tender Offeror and the Target Company or its Directors or Officers, and the Contents Thereof

(1) Agreements between the Tender Offeror and the Target Company and the contents thereof

According to the Target Company's Press Release, the Target Company resolved at its board of directors meeting held on August 10, 2022 to express its opinion in support of the Tender Offer and to recommend to the shareholders and Stock Acquisition Right Holders of the Target Company to tender shares in the Tender Offer by unanimous agreement of the directors of the Target Company who participated in the deliberation and resolution at the meeting (Mr. Junichi Tsurukawa, Mr. Yoshiaki Miura, Mr. Takashi Tamaki, Mr. Minoru Sakata, Mr. Katsuji Inoue, Mr. Yuichiro Yasuda, and Ms. Yasuko Maekawa, seven of nine persons who constitute the Board of Directors of the Target Company, excluding Mr. Shinohara and Mr. Hiroyuki Irie).

For the details of the decision-making process of the Board of Directors of the Target Company, please refer to the Target Company's Press Release and "(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" in "Background of Valuation" in "(2) Price of Tender Offer" in "4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased" under "I. Summary of the Tender Offer" above.

(2) Agreements between the Tender Offeror and directors or officers of the Target Company and the contents thereof

The Tender Offeror and Mr. Shinohara executed the Basic Agreement as of August 10, 2022, under which the Tender Offeror and Mr. Shinohara agreed to tender the Shares Agreed to Be Tendered (the number of shares held: 6,148,647 shares; and ownership ratio: 17.97%) and 3,000 rights of the Stock Acquisition Rights Agreed to Be Tendered (the number of the Target Company Shares underlying the Stock Acquisition Rights: 600,000 shares; and ownership ratio: 1.75%) out of the Shares Held by Mr. Shinohara (the number of shares held: 7,633,957 shares; and ownership ratio: 22.31%) in the Tender Offer and not to tender the Shares Agreed Not to Be Tendered (885,310 shares; and ownership ratio: 2.59%; shares relating to restricted stock compensation held by Mr. Shinohara are included in the Shares Agreed Not to Be Tendered because such shares are subject to transfer restrictions and may not to be tendered in the Tender Offer) in the Tender Offer (however, Mr. Shinohara may tender the Target Company Shares issued by exercising the Stock Acquisition Rights Agreed to Be Tendered in the Tender Offer after such exercise, in which case such Target Company Shares issued by exercising the Stock Acquisition Rights Agreed to Be Tendered will be added to the "Shares Agreed to Be Tendered" above, and Mr. Shinohara will no longer have an obligation to tender such

Stock Acquisition Rights Agreed to Be Tendered in the Tender Offer.).

For the details of the Basic Agreement, please refer to “(6) Matters relating to Material Agreements regarding the Tender Offer” in “3. Purpose of the Tender Offer” in “I. Summary of the Tender Offer.”

- (3) Background, purpose, and decision-making process with respect to conducting the Tender Offer, and management policy after the Tender Offer

Please refer to “(2) Background, Purpose, and Decision-Making Process with respect to Conducting the Tender Offer, and Management Policy After the Tender Offer” in “3. Purpose of the Tender Offer” under “I. Summary of the Tender Offer” above.

- (4) Measures to ensure fairness of the Tender Offer, including measures to ensure fairness of the Tender Offer Price and measures to avoid conflicts of interest

Please refer to “(Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” in “Background of Valuation” in “(2) Price of Tender Offer” in “4. Period and Price of the Tender Offer and Number of Share Certificates, Etc. to be Purchased” under “I. Summary of the Tender Offer” above.

V. Status of the Target Company

1. Profit and Losses, etc. for the Past Three Years

(1) Profits and losses

Fiscal year	-	-	-
Net sales	-	-	-
Cost of Sales	-	-	-
Selling, general and administrative expenses	-	-	-
Non-operating income	-	-	-
Non-operating expenses	-	-	-
Net income (loss)	-	-	-

(2) Profit and loss per share

Fiscal year	-	-	-
Net income or loss per share	-	-	-
Dividend per share	-	-	-
Net assets per share	-	-	-

2. Share Price Information

Names of financial instruments exchange or approved financial instruments dealers association	Standard Market of the TSE						
Month	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022
Highest share price (yen)	1,041	1,049	1,072	1,024	1,039	1,104	1,103
Lowest share price (yen)	968	924	981	968	966	962	1,088

(Note1): The share price before April 1, 2022 shows the share price in the JASDAQ market of the TSE.

(Note 2): The share price in August 2022 shows the share price before August 10, 2022.

3. Shareholder Information

(1) Breakdown by holders

as of

Description	Status of Shares (shares constituting 1 unit: shares)								Status of shares less than 1 unit (share s)
	Nationa l and local govern ments	Financi al instituti ons	Financia l instrum ents business operator s	Other entities	Foreign entities, etc.		Individ uals or others	Total	
					Other than Individ uals	Individ uals			
Number of shareholders	-	-	-	-	-	-	-	-	-
Number of shares held (units)	-	-	-	-	-	-	-	-	-
Ratio of number of shares held (%)	-	-	-	-	-	-	-	-	-

(2) Number of shares held by major shareholders, directors and officers

(A) Major shareholders

as of

Name or corporate name	Address or location	Number of shares held	Ratio of the number of shares held to the total number of issued shares (excluding treasury shares) (%)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	-	-	-

(B) Directors and officers

as of

Name	Title	Job title	Number of shares held	Ratio of the number of shares held to the total number of issued shares (excluding treasury shares) (%)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
Total	-	-	-	-

4. Matters concerning the Target Company which is a Company Subject to the Continuous Disclosure Obligation

(1) Documents filed by the Target Company

(A) Annual Securities Report and documents attached thereto

The Annual Securities Report and documents attached thereto for the 31st fiscal term (from January 1, 2020 to December 31, 2020) were filed with the Director-General of the Fukuoka Local Finance Branch Bureau on March 26, 2021.

The Annual Securities Report and documents attached thereto for the 32nd fiscal term (from January 1, 2021 to December 31, 2021) were filed with the Director-General of the Fukuoka Local Finance Branch Bureau on March 30, 2022.

(B) Quarterly Securities Report or Semiannual Securities Report

The Quarterly Securities Report for the first quarter of the 33rd fiscal term (from January 1, 2022 to March 31, 2022) was filed with the Director-General of Fukuoka Local Finance Branch Bureau on May 12, 2022.

The Quarterly Securities Report for the second quarter of the 33rd fiscal term (from April 1, 2022 to June 30, 2022) will be filed with the Director-General of Fukuoka Local Finance Branch Bureau on August 12, 2022.

(C) Extraordinary report

N/A

(D) Amendment report

N/A

- (2) Place of public inspection of documents mentioned above
Shinoken Group Co., Ltd.
(1-1-1 Tenjin, Chuo-ku, Fukuoka-shi)

Tokyo Stock Exchange, Inc.

(2-1 Nihombashi Kabutocho, Chuo-ku Tokyo)

5. Details, etc. of Facts regarding Implementation of Tender Offer that have been Notified

N/A

6. Other Matters

- (1) Release of “Consolidated Financial Results Release for the Second Quarter of the Fiscal Year Ending December 2022 (Japanese GAAP)”

The Target Company released the Target Company’s Second Quarter Financial Results Release on August 10, 2022. The outline thereof based on such release is as follows. According to the Target Company, the Release has not been audited by an audit firm for a quarterly review as provided for in Article 193, Paragraph 2, Item (1) of the Act. The outline below is an excerpt of the information disclosed by the Target Company. For details, please refer to the release concerned.

(A) Profit and loss (consolidated)

Fiscal period	Cumulative second quarter of the Y.E. December 2022
Net sales	50,810 million yen
Cost of sales	41,007 million yen
Selling, general and administrative expenses	5,231 million yen
Non-operating income	645 million yen
Non-operating expenses	376 million yen
Net income attributable to owners of the parent	3,464 million yen

(B) Profit and loss per share (consolidated)

Fiscal period	Cumulative second quarter of the Y.E. December 2022
Net income per share	103.25 yen
Dividend per share	22.00 yen

- (2) Release of “Announcement of Interim Dividend (Dividend of Surplus), Revision of End-Year Dividend Forecasts (No Dividends) for the Y.E. December 2022, and Abolishment of Shareholder Special Benefit Plan”

It has been announced that the Target Company resolved at its board of directors meeting held on August 10, 2022 to (i) pay out the dividend of surplus (interim dividend for the Y.E. December 2022) for the record date of June 30, 2022, and (ii) subject to the successful completion of the Tender Offer, (a) to revise its dividend forecast for the Y.E. December 2022 and not to declare a year-end dividend for the Y.E. December 2022 and (b) to abolish the shareholder special benefit plan for and after the shareholder benefit for the record date of December 31, 2022. For details, please refer to the release concerned.

- (3) Release of “Announcement regarding Differences between First Two-Quarter Performance Forecast and Actual Results and Revision of Full-Year Performance Forecast”

The Target Company released the “Announcement regarding Differences between First Two-Quarter Performance Forecast and Actual Results and Revision of Full-Year Performance Forecast” on August 10, 2022. The outline thereof based on such release is as follows. The outline below is an excerpt of the information disclosed by the Target Company. For details, please refer to the release concerned.

- (A) Differences from cumulative second quarter performance forecast for the fiscal year ending December 2022 (from January 1, 2022 to June 30, 2022)

(unit: million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	50,000	3,900	3,700	2,500	74.17
Actual Results (B)	50,800	4,500	4,800	3,400	101.34
Change (B - A)	800	600	1,100	900	-

Percentage change (%)	1.6	15.3	29.7	36.0	-
(Reference) Results for the second quarter of the previous year (the second quarter of the fiscal year ending December 2021)	40,102	3,504	3,320	2,153	62.33

(B) Revision of full-year performance forecast for December 2022 (from January 1, 2022 to December 31, 2022)

(unit: million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	110,000	9,800	9,500	6,300	186.98
Forecast (B)	107,700	9,000	8,700	5,900	176.18
Change (B - A)	-2,300	-800	-800	-400	-
Percentage change (%)	-2.0	-8.1	-8.4	-6.3	-
(Reference) Results for the previous fiscal year (the fiscal year ending December 2021)	96,394	8,953	8,931	6,011	174.37

Changes in Major Business Indices, Etc. of the Target Company

Changes in Major Business Indices, Etc.

(1) Consolidated Business Indices, Etc.

Fiscal year	28th	29th	30th	31st	32nd
Last month of the accounting period	December 2017	December 2018	December 2019	December 2020	December 2021
Net sales (thousand yen)	105,936,134	111,390,361	95,786,915	95,213,851	96,394,450
Ordinary income (thousand yen)	12,201,122	10,699,005	9,018,592	8,490,133	8,931,059
Net profit attributable to owners of the parent (thousand yen)	8,489,802	7,415,644	5,875,046	5,952,344	6,011,299
Comprehensive income (thousand yen)	8,523,399	7,145,174	5,902,813	5,895,076	6,029,631
Net assets (thousand yen)	26,390,044	32,582,629	37,411,469	41,566,461	45,320,087
Total assets (thousand yen)	90,972,062	101,130,935	85,957,650	88,159,820	99,010,087
Net assets per share (yen)	788.60	960.28	1,090.86	1,205.11	1,331.58
Net profit per share (yen)	254.92	220.08	172.68	175.29	174.37
Net profit per share after adjusting for potential shares (yen)	242.10	210.90	167.81	171.19	173.04
Equity ratio (%)	29.0	32.1	43.4	47.0	45.7
Return on equity (%)	37.8	25.2	16.8	15.1	13.9
Price earnings ratio (multiples)	4.9	3.1	7.5	6.3	5.3
Cash flow from operating activities (thousand yen)	2,407,405	(819,274)	28,136,591	12,106,212	6,308,604
Cash flow from investment activities (thousand yen)	(1,496,605)	(725,762)	(1,132,495)	(2,666,644)	(1,546,079)

Cash flow from financial activities	(thousand yen)	9,004,305	854,090	(20,727,466)	(3,130,367)	576,918
Year-end balance of cash and cash equivalents	(thousand yen)	23,035,265	22,372,573	28,653,452	34,931,387	40,269,655
Number of employees	(persons)	664	748	831	810	855
[Temporary employees other than the above]		[202]	[202]	[207]	[224]	[233]

Note 1: Net sales does not include consumption tax, etc.

Note 2: The number of temporary employees indicates the average number during the relevant period.

Note 3: The “number of common stock at the end of the fiscal year used for calculation of net assets per share” and the “average number of shares of common stock during the fiscal period used as the basis for calculation of net profit per share,” which are used as the basis for calculation of the per-share information, excludes the number of Target Company Shares held by the relevant trust as the trust assets for the board benefit trust (BBT) and the employee stock ownership plan (J-ESOP).

Note 4: Effective as of July 1, 2018, the Target Company conducted a share split at the ratio of two shares per share. “Net assets per share,” “net profit per share,” and “profit per share after adjusting for potential shares” were calculated based on the assumption that the share split was conducted at the beginning of the 28th fiscal year.

Note 5: The Target Company is subject to the Partial Amendment to the “Accounting Standards for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018), etc. from the beginning of the 30th fiscal year, and therefore its major business indices, etc. for the 29th fiscal year are stated in figures after retrospectively applying those accounting standards, etc.

Note 6: Figures in parentheses indicate negative figures.

(2) Business Indices, Etc. of the Target Company

Fiscal year	28th	29th	30th	31st	32nd
Last month of the accounting period	December 2017	December 2018	December 2019	December 2020	December 2021
Net sales (thousand yen)	2,759,405	4,846,063	4,469,057	4,445,902	4,432,794
Ordinary income (thousand yen)	1,974,661	4,066,161	3,667,335	3,692,571	3,676,530
Net profit (thousand yen)	1,981,345	4,109,083	3,605,792	3,678,003	3,672,073
Stated capital (thousand yen)	1,055,625	1,094,830	1,094,830	1,094,830	1,094,830
Total number of issued shares (shares)	18,030,600	36,380,400	36,380,400	36,380,400	36,380,400
Net assets (thousand yen)	6,123,322	9,061,734	11,571,139	13,523,388	14,942,149
Total assets (thousand yen)	11,746,367	13,169,448	13,009,035	15,808,067	17,096,150
Net assets per share (yen)	182.86	266.36	337.03	391.65	439.42
Dividends per share (yen)	55.00	45.00	38.00	41.00	41.00
Of the above, interim dividends per share (yen)	22.50	30.00	15.00	22.50	20.50
Net profit per share (yen)	59.49	121.95	105.98	108.31	106.52
Net profit per share after adjusting for potential shares (yen)	56.50	116.86	102.99	105.78	105.71
Equity ratio (%)	52.0	68.4	88.6	85.3	87.4
Return on equity (%)	36.5	54.4	35.1	29.4	25.8
Price Earnings ratio (multiples)	20.9	5.6	12.2	10.3	8.7
Dividend payout ratio (%)	46.2	24.6	35.9	37.9	38.5

Number of employees [Temporary employees (persons) other than the above]	7 [-]	10 [-]	11 [-]	11 [-]	14 [-]
Total shareholder return (%)	122.2	71.3	133.4	120.4	106.5
Comparative benchmark: TOPIX (dividends included) (%)	122.2	102.7	121.3	130.3	146.9
Highest share price (yen)	2,780	3,830 * 1,997	1,372	1,327	1,360
Lowest share price (yen)	1,872	2,371 * 630	631	656	920

Note 1: Net sales does not include consumption tax, etc.

Note 2: The number of temporary employees indicates the average number during the relevant period.

Note 3: The “number of common stock at the end of the fiscal year used for calculation of net assets per share” and the “average number of shares of common stock during the fiscal period used as the basis for calculation of net profit per share,” which are used as the basis for calculation of the per-share information, excludes the number of Target Company Shares held by the relevant trust as the trust assets for the board benefit trust (BBT) and the employee stock ownership plan (J-ESOP).

Note 4: Effective as of July 1, 2018, the Target Company conducted a share split at the ratio of two shares per share. “Net assets per share,” “net profit per share,” and “profit per share after adjusting for potential shares” were calculated based on the assumption that the share split was conducted at the beginning of the 28th fiscal year. In addition, a dividend of 45 yen per share in the 29th fiscal year is the sum of (i) an interim dividend of 30 yen per share before the share split and (ii) a year-end dividend of 15 yen per share after the share split. If these amounts of dividends are converted into the relevant amounts before the share split, the amount of the year-end dividend is 30 yen and the amount of the annual dividend is 60 yen.

Note 5: The Target Company is subject to the Partial Amendment to the “Accounting Standards for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018), etc. from the beginning of the 30th fiscal year, and therefore its major business indices, etc. for the 29th fiscal year are stated in figures after retrospectively applying those accounting standards, etc.

Note 6: The highest and lowest share prices are those quoted on the TSE JASDAQ (Standard) Market.

In addition, figures stated with an * mark indicate the highest and lowest share prices after ex-rights due to the share split (making one share to two shares) on July 1, 2018.