



May 8, 2020

For Immediate Release

Company Name: NICHIIGAKKAN CO., LTD.  
Representative: Nobusuke Mori, Representative  
Director and President  
(Securities Code: 9792, First  
Section of the Tokyo Stock  
Exchange)  
Inquiries: Mitsuo Kaise, Executive Division  
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Company Name: K.K. BCJ-44  
Representative: Yuji Sugimoto, Representative  
Director

**Notice Regarding Commencement of a Tender Offer by K.K. BCJ-44 for Shares, etc. of  
NICHIIGAKKAN CO., LTD. (Securities Code: 9792)**

We hereby announce that K.K. BCJ-44 has decided today to acquire common shares and stock acquisition rights of NICHIIGAKKAN CO., LTD. through a tender offer as set forth in the attachment.

End

This Notice is a public announcement made pursuant to Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act pursuant to a request from K.K. BCJ-44 (the tender offeror) to NICHIIGAKKAN CO., LTD. (the target of the tender offer).

(Attached materials)

Notice Regarding Commencement of a Tender Offer of Shares, Etc. of NICHIIGAKKAN CO., LTD. (Securities Code: 9792) dated May 8, 2020

May 8, 2020

To whom it may concern

Company      K.K. BCJ-44  
Representative Yuji Sugimoto, Representative Director

**Notice Regarding Commencement of a Tender Offer of Shares, Etc. of**

**Nichiigakkan Co., Ltd. (Securities Code: 9792)**

The Company hereby announces as follows that K.K. BCJ-44 (the “**Offeror**”) decided on May 8, 2020 to acquire through a tender offer (the “**Tender Offer**”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as revised, the “**Act**”) common shares (the “**Target Shares**”) and stock acquisition rights (the “**Stock Acquisition Rights**,” and the name of each of the stock acquisition rights is defined in “(2) Class of Share Certificates, Etc. to be Purchased” in “1. Details of the Tender Offer” below) of Nichiigakkan Co., Ltd. (the “**Target**”), which is listed on the First Section of the Tokyo Stock Exchange Inc. (the “**Tokyo Stock Exchange**”).

1. Details of the Tender Offer

(1) Name of the Target

Nichiigakkan Co., Ltd.

(2) Class of Share Certificates, Etc. to be Purchased

(a) Common shares

(b) Share options

- (i) Share options (ordinary type) issued based on a resolution adopted at the meeting of the board of directors of the Target held on June 30, 2015 (the “**Series 1 Stock Acquisition Rights**”) (exercise period from July 25, 2015 to July 24, 2045)
- (ii) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Target held on June 30, 2015 (the “**Series 2 Stock Acquisition Rights**”) (exercise period from July 25, 2015 to July 24, 2045)
- (iii) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Target held on June 28, 2016 (the “**Series 3 Stock Acquisition Rights**”) (exercise period from July 26, 2016 to July 25, 2046)
- (iv) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Target held on June 27, 2017 (the “**Series 4 Stock Acquisition Rights**”) (exercise period from July 25, 2017 to July 24, 2047)
- (v) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Target held on June 26, 2018 (the “**Series 5 Stock Acquisition Rights**”) (exercise period from July 24, 2018 to July 23, 2048)

(vi) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Target held on June 25, 2019 (the “**Series 6 Stock Acquisition Rights**,” and the Series 1 Stock Acquisition Rights, the Series 2 Stock Acquisition Rights, the Series 3 Stock Acquisition Rights, the Series 4 Stock Acquisition Rights, the Series 5 Stock Acquisition Rights, and the Series 6 Stock Acquisition Rights, collectively, the “**Stock Acquisition Rights**”) (exercise period from July 23, 2019 to July 22, 2049)

(3) Purchase Period

From May 11, 2020 (Monday) to June 22, 2020 (Monday) (31 business days)

(4) Purchase Price

Common shares	1,500 yen per share
Series 1 Stock Acquisition Rights	392 yen per stock acquisition right
Series 2 Stock Acquisition Rights	1,499 yen per stock acquisition right
Series 3 Stock Acquisition Rights	1,499 yen per stock acquisition right
Series 4 Stock Acquisition Rights	1,499 yen per stock acquisition right
Series 5 Stock Acquisition Rights	1,499 yen per stock acquisition right
Series 6 Stock Acquisition Rights	1,499 yen per stock acquisition right

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

Number of share certificates, etc. to be purchased:	49,530,998 shares
Minimum number of share certificates, etc. to be purchased:	27,586,100 shares
Maximum number of share certificates, etc. to be purchased:	– shares

(6) Tender Offer Agent

Nomura Securities Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

(7) Commencement Date of the Settlement

June 29, 2020 (Monday)

2. Overview of the Tender Offer

The Offeror is a wholly-owned subsidiary of K.K. BCJ-43, whose issued shares of are indirectly owned solely by an investment fund that receives investment advice from Bain Capital Private Equity, LP and its group (collectively, “**Bain Capital**”), and the Offeror is a stock company that was established on April 23, 2020 and whose main purpose is owning all of the Target Shares and controlling and managing the business activities of the Target. As of today, none of Bain Capital, K.K. BCJ-43, or the Offeror owns any Target Shares.

Bain Capital is an international investment company with a total of approximately \$105 billion in working assets worldwide, and since opening its Tokyo office in 2006, approximately 30 professionals have been working to improve the corporate value of Bain Capital’s portfolio companies in Japan. Most of those professionals have experience at industrial companies and consulting companies, and in addition to capital and financial support that is provided by general investment companies, Bain Capital has also steadily executed growth strategies by supporting business operations at a field level and led numerous measures for value improvement to a success. Bain Capital has an investment track record of 17 companies in Japan including Showa Aircraft Industry Co., Ltd., Cheetah Digital Co., Ltd. (currently EmberPoint Co., Ltd.), Works Human Intelligence Co., Ltd., Toshiba Memory Corporation (currently KIOXIA Corporation), Japan Wind Development Co., Ltd., Oedo-Onsen-Monogatari Co.,

Ltd., ASATSU-DK Inc., Jupiter Shop Channel Co., Ltd., Skylark Co., Ltd., Domino's Pizza Japan, Inc., Macromill, Inc., and BELLSYSTEM24, Inc., and Bain Capital has had achieved results globally from investments in 450 companies since its establishment in 1984.

The Offeror will make this Tender Offer as part of a series of transactions (the “**Transaction**”) for a so-called management buyout (MBO) (Note 1) for the purpose of acquiring and owning all of the Target Shares listed on the First Section of the Tokyo Stock Exchange (including the Target Shares to be delivered upon exercise of the Stock Acquisition Rights, and excluding the treasury shares owned by the Target and the Target Shares owned by Meiwa Co., Ltd. (“**Meiwa**”) described below) and the Stock Acquisition Rights.

It is expected Mr. Nobusuke Mori (“**Mori**”), President and Representative Director of the Target, will continue to be a member of the management of the Target even after the completion of the Tender Offer and Mr. Mori is considering making a direct or indirect capital contribution to the Offeror so that they have a common goal of enhancing the corporate value of the Target (the specific amount and timing of that capital contribution have not yet been determined, but it is expected each of Mr. Mori, Mr. Daisuke Terada, Mr. Tsuyoshi Terada, and Mr. Keisuke Terada, who are to make reinvestments, will contribute part of the consideration they have obtained as a result of tendering the Target Shares and Stock Acquisition Rights they own in the Tender Offer, hereinafter the same with respect to each reinvestment by Mr. Mori, Mr. Daisuke Terada, Mr. Tsuyoshi Terada, and Mr. Keisuke Terada). Further, Mr. Daisuke Terada, Vice President and Representative Director of the Target (Note 2), is considering making a direct or indirect capital contribution to the Offeror to clearly show to the public that he intends to continue to support the Target as a relative of Ms. Akihiko Terada (“**Former Chairman Terada**”), who is the founder and the former Chairman and Representative Director of the Target. Mr. Tsuyoshi Terada, who is a Managing Director of the Target (Note 3), is also considering making a direct or indirect capital contribution to the Offeror to clearly show to the public that he will continue to be involved in the management of the Target, he shares a common goal of enhancing the corporate value of the Target, and he intends to continue to support the Target as a relative of Former Chairman Terada. Further, Mr. Keisuke Terada who is a relative of Former Chairman Terada is considering making a direct or indirect capital contribution to the Offeror to clearly show to the public that he intends to continue to support the Target as a relative of Former Chairman Terada.

Further, in making the Tender Offer, the Offeror executed tender offer agreements dated May 8, 2020 with each of Mr. Mori, President and Representative Director of the Target, (number of shares owned (Note 4): 55,508 shares, number of Stock Acquisition Rights owned: 67,500 stock acquisition rights (number of underlying shares: 67,500 shares), ownership ratio (Note 5): 0.19%), Mr. Daisuke Terada, who is a relative of Former Chairman Terada and Vice President and Representative Director of the Target, (number of shares owned: 4,699,124 shares, number of Stock Acquisition Rights owned: 105,900 stock acquisition rights (number of underlying shares: 105,900 shares), ownership ratio: 7.30%), Mr. Tsuyoshi Terada, who is a relative of Former Chairman Terada and a Managing Director of the Target, (number of shares owned: 3,581,724 shares, number of Stock Acquisition Rights owned: 38,600 stock acquisition rights (number of underlying shares: 38,600 shares), ownership ratio: 5.50%), Ms. Kuniko Terada, who is a relative of Former Chairman Terada, (number of shares owned: 5,074 shares, ownership ratio: 0.01%), Mr. Keisuke Terada, who is a relative of Former Chairman Terada, (number of shares owned: 2,737,174 shares, ownership ratio: 4.16%), Ms. Ayako Terada, who is a relative of Former Chairman Terada, (number of shares owned: 688,100 shares, ownership ratio: 1.05%), Ms. Akemi Takato, who is a relative of Former Chairman Terada, (number of shares owned: 698,249 shares, ownership ratio: 1.06%), and Yugen Kaisha Meiko, which is an asset management company all of whose issued shares are owned by Mr. Keisuke Terada and Ms. Ayako Terada, (number of shares owned: 82,800 shares, ownership ratio: 0.13%) (collectively, the “**Tendering Shareholders**”), and the Tendering Shareholders agreed to tender in the Tender Offer all of the Target Shares and the Stock Acquisition Rights they own (excluding 39,650 shares with restrictions on transfer owned by Mr. Mori, 19,975 shares with restrictions on transfer owned by Daisuke Terada and 9,625 shares with restrictions on transfer owned by Tsuyoshi Terada, which constitute stock compensation with restrictions on transfer that have been allocated to Mr. Daisuke

Terada and Mr. Tsuyoshi Terada as directors of the Target) (Target Shares: 12,478,503 shares, number of Stock Acquisition Rights: 212,000 stock acquisition rights (number of underlying shares: 212,000 shares), ownership ratio: 19.28%).

The Offeror also agreed with Kuniko Terada, who is the sole shareholder of Meiwa, (the “**Meiwa Shareholder**”) on May 8, 2020 to acquire as part of the Transaction all of the issued shares of Meiwa (the “**Meiwa Shares**”) from the Meiwa Shareholder on the commencement date of the settlement pertaining to the Tender Offer (the “**Meiwa Share Transfer Date**”) with respect to Meiwa, which is an asset management company whose issued shares are solely owned by Kuniko Terada and which is the largest shareholder which is a major shareholder of the Target and which owns 16,303,849 shares of the Target Shares (shareholding ratio: 24.76%, the “**Meiwa Owned Target Shares**”). The Meiwa Shareholder made a request to the Offeror in early February 2020 as part of the Transaction for the Offeror to acquire the Meiwa Shares instead of the Offeror acquiring the Meiwa Owned Target Shares through the Tender Offer, and the Offeror executed a share transfer agreement with the Meiwa Shareholder regarding the transfer of the Meiwa Shares dated May 8, 2020 (the “**Share Transfer Agreement**”), determining that if the transfer value of the Meiwa Shares to be paid by the Offeror to the Meiwa Shareholder as agreed below (the “**Meiwa Share Transfer Value**”) will be set as an amount calculated by deducting (i) all of the debts owed by Meiwa on the Meiwa Share Transfer Date from (ii) the amount obtained by multiplying the price for purchase, etc. of the Target Shares in the Tender Offer (the “**Tender Offer Price**”) by the Meiwa Owned Target Shares (16,303,849 shares) (JPY1,500 per share) (JPY 24,455,773,500), and then adding (iii) the amount of the cash and cash equivalents and the tax assets of Meiwa on the Meiwa Share Transfer Date, the same economic value as the value that would be received by the Meiwa Shareholder if Meiwa tendered the Target Shares in the Tender Offer and that is not inconsistent with the “equal price doctrine” under Article 27-2, paragraph (3) of the Act and Article 8, paragraph (3) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as revised) after repeated discussions with the Meiwa Shareholder on matters such as the acquisition value and the acquisition procedure of the Meiwa Shares in light of the fact that the Offeror believes that the purpose of the Transaction can be achieved by acquisition of the Meiwa Shares, and that as of today Meiwa is an asset holding company that does not own any assets other than the Meiwa Shares, cash and cash equivalents, and tax assets. The Offeror agrees in the Share Transfer Agreement, as well as the calculation method of the Meiwa Share Transfer Value above, that the Meiwa Shareholder will cause Meiwa not to tender all of the Meiwa Owned Target Shares (number of shares owned: 16,303,849 shares, ownership ratio: 24.76%) in the Tender Offer, and that the Meiwa Shares owned by the Meiwa Shareholder will be transferred to the Offeror and the Offeror will acquire those shares on the Meiwa Share Transfer Date on the condition of completion of the Tender Offer and satisfaction of the other agreed items.

(Note 1) “Management buyout (MBO)” is a transaction where the Offeror is a person that conducts a tender offer based on an agreement with certain officers of the Target and that has a common interest with such officers of the Target.

(Note 2) According to the “Announcement of Appointment of Directors, Change of Representative Director, Organization Changes and Personnel Changes” published by the Target on May 8, 2020, Mr. Daisuke Terada plans to retire the representative director and director of the Target as of June 24, 2020.

(Note 3) According to the “Announcement of Appointment of Directors, Change of Representative Director, Organization Changes and Personnel Changes” published by the Target on May 8, 2020, Mr. Tsuyoshi Terada plans to be appointed as the representative director of the Target as of June 24, 2020.

(Note 4) “Number of shares owned” does not include shares indirectly owned by Mr. Mori, Mr. Daisuke Terada, and Mr. Tsuyoshi Terada through a cumulative stock investment in the Target.

(Note 5) “Ownership ratio” means the ratio (rounded to two decimal places) of shareholding to the number of

shares (65,834,847 shares) (“**Total Number of Shares After Taking Potential Shares of the Target Into Consideration**”) obtained by deducting (i) the number of treasury shares owned by the Target as of March 31, 2020 set out in the “Summary of Consolidated Financial Statements for the business year ended March 31, 2020 [Japanese GAAP]” published by the Target on May 8, 2020 (the “**Target Summary of Financial Statements**”) (7,682,005 shares) from (ii) the number of shares 73,516,852 shares) that is equal to the sum of (a) the number of shares (498,900 shares) underlying the Stock Acquisition Rights as of May 7, 2020 (498,900 stock acquisition rights) that is equal in number to the sum of the number of Series 6 Stock Acquisition Rights (according to the Target, 19,000 stock acquisition rights (number of underlying shares: 19,000 shares)) obtained by deducting the Series 6 Stock Acquisition Rights that have been exercised or have expired during the period from July 23, 2019 until May 7, 2020 (according to the Target, 13,800 stock acquisition rights (number of underlying shares: 13,800 shares)) from all of the Series 6 Stock Acquisition Rights as of July 22, 2019 set out in the Second Quarterly Report for the 48th Business Year submitted by the Target on November 13, 2019 (32,800 stock acquisition rights, number of underlying shares: 32,800) and (b) the number of the Stock Acquisition Rights (479,900 stock acquisition rights (according to the Target, 370,200 Series 1 Stock Acquisition Rights (number of underlying shares: 370,200 shares), 27,700 Series 2 Stock Acquisition Rights (number of underlying shares: 27,700 shares), 28,200 Series 3 Stock Acquisition Rights (number of underlying shares: 28,200 shares), 28,400 Series 4 Stock Acquisition Rights (number of underlying shares: 28,400 shares), 25,400 Series 5 Stock Acquisition Rights (number of underlying shares: 25,400 shares))) obtained by deducting the Stock Acquisition Rights that have been exercised or have expired during the period from April 1, 2019 until May 7, 2020 (980,400 stock acquisition rights (according to the Target, 923,400 Series 1 Stock Acquisition Rights (number of underlying shares: 923,400 shares), 10,800 Series 2 Stock Acquisition Rights (number of underlying shares: 10,800 shares), 13,700 Series 3 Stock Acquisition Rights (number of underlying shares: 13,700 shares), 15,300 Series 4 Stock Acquisition Rights (number of underlying shares: 15,300 shares), 17,200 Series 5 Stock Acquisition Rights (number of underlying shares: 17,200 shares))) from all of the Stock Acquisition Rights as of March 31, 2019 set out in the Annual Securities Report for the 47th business year submitted by the Target on June 26, 2019 (1,460,300 stock acquisition rights (number of underlying shares: 1,460,300 shares) and (iii) the number of issued shares of the Target as of March 31, 2020 set out in the Target Summary of Financial Statements (73,017,952 shares), hereinafter the same.

The Offeror has set the minimum number of shares to be purchased in the Tender Offer at 27,586,100 shares (shareholding ratio of 41.90%), 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, the Offeror will not purchase any of the Tendered Share Certificates, Etc. At the same time, as described above, the Offeror intends to purchase all of the Target Shares (including the Target Shares to be delivered upon exercise of the Stock Acquisition Rights, and excluding the treasury shares owned by the Target and the Meiwa Owned Target Shares) and the Stock Acquisition Rights, so a maximum number of shares to be purchased has not been set, and if the number of shares tendered is equal to or more than the minimum number of shares to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc. Further, the minimum number of shares to be purchased (27,586,100 shares) is calculated by multiplying the number of voting rights (275,861 voting rights) obtained by deducting the number of voting rights pertaining to the Meiwa Owned Target Shares (163,038 voting rights) from the number obtained by multiplying the number of voting rights (658,348 voting rights) pertaining to the Total Number of Shares After Taking Potential Shares of the Target Into Consideration (65,834,847 shares) by 2/3 (438,899 voting rights, rounded up to the nearest whole number), by 100 shares.

If the Tender Offer is completed, the Offeror expects to receive a capital contribution of JPY 27,000,000,000 from

K.K. BCJ-43 and loans totaling up to JPY 98,600,000,000 from MUFG Bank, Ltd. (“**MUFG Bank**”), Mizuho Bank, Ltd. (“**Mizuho Bank**”), Sumitomo Mitsui Banking Corporation (“**SMBC**”), and Nomura Capital Investment Co., Ltd. (“**Nomura Capital Investment**”) (the “**Acquisition Loan**”), and the Offeror plans on allocating that money to the settlement funds, etc. of the Tender Offer. The details of the loan terms pertaining to the Acquisition Loan are to be set out in the loan agreement pertaining to the Acquisition Loan upon separate consultation with MUFG Bank, Mizuho Bank, SMBC, and Nomura Capital Investment, but it is expected the loan agreement pertaining to the Acquisition Loan will provide that the shares of the Offeror and the Meiwa Owned Target Shares owned by K.K. BCJ-43 and the Target Shares, etc. to be acquired by the Offeror in the Tender Offer are to be provided as security.

If the Offeror is unable to acquire all of the Target Shares (including the Target Shares to be delivered upon exercise of the Stock Acquisition Rights, and excluding the treasury shares owned by the Target and the Meiwa Owned Target Shares) and the Stock Acquisition Rights in the Tender Offer, as described below in Section 4 (Policy of Reorganization After the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)), the Offeror will request the Target to carry out procedures after the completion of the Tender Offer for the Offeror to acquire all of the Target Shares (including the Target Shares to be delivered upon exercise of the Stock Acquisition Rights, and excluding the treasury shares owned by the Target and the Meiwa Owned Target Shares) and the Stock Acquisition Rights and to make the Target go private.

Further, according to the “Notice Regarding Implementation of the MBO and Recommendation of the Tender Offer” announced by the Target on May 8, 2020 (the “**Target Press Release**”), the Target expressed an opinion approving the Offeror and passed a resolution recommending all of the shareholders of the Target and all of the owners of the Stock Acquisition Rights (the “**Stock Acquisition Right Holders**”) to tender their shares and stock acquisition rights in the Tender Offer at the meeting of its board of directors held on May 8, 2020. For details, see the Target Press Release.

### 3. Basis of the Calculation

#### (1) Common Shares

When determining the Tender Offer Price, the Offeror conducted a multifaceted and comprehensive analysis of the business status and financial condition of the Target based on materials such as financial information disclosed by the Target and the results of due diligence of the Target conducted from the middle of February until late April 2020. Further, in light of the fact that the Target Shares are traded on a financial instruments exchange, the Offeror referred to the closing price of the Target Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020, which is the business day immediately preceding the day on which the Offeror decided to commence the Tender Offer (JPY1,094) and changes in the simple average closing prices of the Target Shares (JPY1,080, JPY1,123, and JPY1,377) (rounded to the nearest whole number; the same applies to the calculation of simple average closing prices below) for the most recent month (April 8, 2020 to May 7, 2020), the most recent three months (February 10, 2020 to May 7, 2020), and the most recent six months (November 8, 2019 to May 7, 2020). The Offeror also analyzed the share value of the Target by comparing financial indices such as the market prices and profitability of listed companies that are comparable to the Target in terms of business details and size and earnings status.

Further, the Offeror determined the Tender Offer Price by comprehensively considering whether the Tender Offer will be approved by the Target and the prospect of the completion of the Tender Offer and through discussions and consultation with the Target, and the Offeror has not obtained a share valuation report from an independent valuation agent.

The Tender Offer Price of 1,500 yen includes a premium of (i) 37.11% (rounded to two decimal places; the same applies to the numbers of premiums on stock prices below) on JPY1,094 as the closing price of the Target

Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020, which is the business day immediately preceding the day on which the Offeror decided to commence the Tender Offer, (ii) 38.89% on JPY1,080 as the simple average closing price for the most recent month (April 8, 2020 to May 7, 2020), (iii) 33.57% on JPY1,123 as the simple average closing price for the most recent three months (February 10, 2020 to May 7, 2020), or (vi) 8.93% on JPY1,377 as the simple average closing price for the most recent six months (November 8, 2019 to May 7, 2020).

(2) Stock Acquisition Rights

With respect to the Stock Acquisition Rights, as of today, the exercise price per share of the Target Shares (Series 1 Stock Acquisition Rights: 1,108 yen, Series 2 Stock Acquisition Rights: 1 yen, Series 3 Stock Acquisition Rights: 1 yen, Series 4 Stock Acquisition Rights: 1 yen, Series 5 Stock Acquisition Rights: 1 yen, Series 6 Stock Acquisition Rights: 1 yen) is less than the Tender Offer Price (1,500 yen). Hence, the Offeror has set the purchase price per Stock Acquisition Right in the Tender Offer (the “**Stock Acquisition Right Purchase Price**”) at an amount obtained by multiplying the difference between 1,500 yen, which is the Tender Offer Price, and the exercise price per share of the Target Shares for each Stock Acquisition Right by 1, which is the number of common shares underlying each Stock Acquisition Right. Specifically, the Offeror set the purchase price for the Series 1 Stock Acquisition Rights at 392 yen, which is an amount obtained by multiplying 392 yen, which is the difference between the Tender Offer Price and 1,108 yen, which is the exercise price per share of the Target Shares with respect to the Series 1 Stock Acquisition Rights by 1, and the purchase price for the Series 2 Stock Acquisition Rights through the Series 6 Stock Acquisition Rights at 1,499 yen, which is an amount obtained by multiplying 1,499 yen, which is the difference between the Tender Offer Price and 1 yen, which is the exercise price per share of the Target Shares with respect to the Series 2 Stock Acquisition Rights through the Series 6 Stock Acquisition Rights by 1.

Further, all of the Stock Acquisition Rights were issued to officers and employees of the Target and officers of subsidiaries of the Target as stock options, and an approval of the board of directors of the Target is necessary to acquire the Stock Acquisition Rights by way of transfer under the Terms and Conditions of the Issuance of Stock Acquisition Rights, and moreover, transfers of the Stock Acquisition Rights are prohibited in a Stock Acquisition Right Allotment Agreement. In order to make it possible to transfer the Stock Acquisition Rights, the Target adopted, on the condition that the Tender Offer is complete, a resolution at the meeting of the board of directors held on May 8, 2020 to give comprehensive approval for all of the Stock Acquisition Right Holders to transfer the Stock Acquisition Rights they own to the Offeror by tendering those Stock Acquisition Rights in the Tender Offer and making it possible to amend the terms of the Stock Acquisition Right Allotment Agreements with the Stock Acquisition Right Holders that desire to transfer the Stock Acquisition Rights so that it is possible to transfer those Stock Acquisition Rights.

Further, given that when determining the Stock Acquisition Right Purchase Price, the Offeror calculated that price based on the Tender Offer Price, so the Offeror has not obtained a valuation report from an independent valuation agent.

4. Policy of Reorganization After the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)

As described in Section 2 (Overview of the Tender Offer) above, if the Offeror is unable to acquire all of the Target Shares (including the Target Shares to be delivered upon exercise of the Stock Acquisition Rights, and excluding the treasury shares owned by the Target and the Meiwa Owned Target Shares) and the Stock Acquisition Rights, the Offeror expects to acquire all of the Target Shares (including the Target Shares to be delivered upon exercise of the Stock Acquisition Rights, and excluding the treasury shares owned by the Target and the Meiwa Owned Target Shares) and the Stock Acquisition Rights through the following procedures after the completion of the Tender Offer.



(i) Demand for Share Cash-Out

After the completion of the Tender Offer, if the total number of voting rights owned by the Offeror and Meiwa (wholly-owned subsidiary corporation of a special controlling shareholder) is at least 90% of the voting rights of all of the shareholders of the Target, and if the Offeror becomes a special controlling shareholder as prescribed in Article 179, paragraph (1) of the Companies Act (Act No. 86 of 2005, as revised, hereinafter the same), the Offeror will, promptly after the completion of the settlement of the Tender Offer and under the provisions of Part II, Chapter II, Section 4-2 of the Companies Act, demand all of the shareholders of the Target (excluding the Offeror, the Target, and Meiwa) (the “**Cash-Out Shareholders**”) to sell all of the Target Shares they own (the “**Share Cash-Out Demand**”) and demand all of the Stock Acquisition Right Holders (excluding the Offeror) (the “**Cash-Out Stock Acquisition Right Holders**”) to sell all of the Stock Acquisition Rights they own (the “**Stock Acquisition Right Cash-Out Demand**,” and together with the Share Cash-Out Demand, the “**Share, Etc. Cash-Out Demand**”). Money equal to the amount of the Tender Offer Price is to be delivered to the Cash-Out Shareholders in the Share Cash-Out Demand as consideration for each share of the Target Shares, and money equal to the amount of the Stock Acquisition Right Purchase Price is to be delivered to the Cash-Out Stock Acquisition Right Holders of the Target in the Stock Acquisition Right Cash-Out Demand as consideration for each of the Stock Acquisition Rights. In that case, the Offeror will notify the Target to that effect and request approval from the Target for the Share Cash-Out Demand. If the Target approves that Share Cash-Out Demand by a resolution of a meeting of its board of directors, the Offeror will acquire from the Cash-Out Shareholders all of the Target Shares they own and all of the Stock Acquisition Rights owned by the Cash-Out Stock Acquisition Right Holders as of the acquisition date in that Share Cash-Out Demand without requiring any individual approval of a Cash-Out Shareholder or a Cash-Out Stock Acquisition Right Holder in accordance with procedures prescribed in relevant laws and regulations. According to the Target Press Release, if the Target receives such a Share Cash-Out Demand from the Offeror, it will approve that Share Cash-Out Demand at a meeting of the board of directors of the Target.

It is provided in the Companies Act as a provision under the Companies Act to protect the rights of minority shareholders in relation to the Share Cash-Out Demand that a shareholder of the Target may file a petition to the court for a determination of the purchase price of the Target Shares it owns in accordance with Article 179-8 of the Companies Act and the provisions of other relevant laws and regulations. Further, if such a petition is filed, the purchase price will be ultimately determined by the court.

(ii) Consolidation of Shares

If the total number of voting rights owned by the Offeror and Meiwa (wholly-owned subsidiary corporation of a special controlling shareholder) after the completion of the Tender Offer is less than 90% of the voting rights of all shareholders of the Target, the Offeror will, promptly after the completion of the settlement of the Tender Offer and under the provisions of Article 180 of the Companies Act, make a request to the Target to hold an extraordinary shareholders meeting (the “**Extraordinary Shareholders Meeting**”) and to propose as agenda items at the Extraordinary Shareholders Meeting a consolidation of the Target Shares (the “**Share Consolidation**”) and a partial amendment to its Articles of Incorporation to abolish the provision on share units on the condition of the Share Consolidation taking effect.

The Offeror believes it would be preferable for the Extraordinary Shareholders Meeting to be held as soon as possible from the perspective of enhancement of the corporate value of the Target, so the Offeror will make a request to the Target to make an Announcement of Establishment of a Record Date so that the date promptly following the commencement date of the settlement of the Tender Offer (as of today, mid July, 2020) will be the record date of the Extraordinary Shareholders Meeting. According to the Target Press Release, if the Target

receives such a request from the Offeror, it will comply with that request. It is also expected that the Offeror and Meiwa will 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, on the day on which the Share Consolidation takes effect, each shareholder of the Target will own the Target Shares in a number that corresponds to the ratio of the Share Consolidation approved at the Extraordinary Shareholders Meeting. If a fraction less than one share arises in the number of shares as a result of the Share Consolidation, the money obtained from selling to the Target or the Offeror the Target Shares in a number that is equal to the total number of that fraction (if there is a fraction less than one share in that total number, that fraction is to be rounded down) is to be delivered to the shareholders of the Target in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Target Shares equivalent to the total of those fractions, a petition will be filed to a court for permission to make a sale by private contract after calculating the amount of money to be delivered to each shareholder of the Target (excluding the Target and Meiwa) that did not tender shares in the Tender Offer as a result of that sale so that the amount of money to be delivered is the same as the price obtained by multiplying the Tender Offer Price by the number of the Target Shares owned by those shareholders of the Target. Further, although the ratio of the consolidation of the Target Shares has not been determined as of today, a decision is to be made so that the number of the Target Shares owned by the shareholders of the Target (excluding the Target and Meiwa) that did not tender shares in the Tender Offer will be a fraction less than one share so that the Offeror owns all of the Target Shares (excluding the treasury shares owned by the Target and the Meiwa Owned Target Shares). The Target will publicly announce the specific procedures in that case as soon as they have been determined.

It is provided in the Companies Act as a provision under the Companies Act to protect the rights of minority shareholders in relation to the Share Consolidation that if a fraction less than one share arises as a result of the Share Consolidation, any shareholder of the Target (excluding the Offeror, the Target, and Meiwa) may, in accordance with Article 182-4 and Article 182-5 of the Companies Act and the provisions of other relevant laws and regulations, make a demand to the Target to purchase at a fair price all of the shares owned by that shareholder that will become a fraction less than one share and file a petition to the court for a determination of the price of the Target Shares. As described above, given that it is expected the number of the Target Shares owned by the shareholders of the Target (excluding the Target and Meiwa) that did not tender shares in the Tender Offer will become a fraction less than one share in the Share Consolidation, it is expected the shareholders of the Target that oppose the Share Consolidation will be able to file the above petition. Further, if such a petition is filed, the purchase price will be ultimately determined by the court.

The procedures in (i) and (ii) above might require time to be implemented or might change to another method depending on circumstances such as any revision, enforcement, or interpretation by authorities of relevant laws and regulations. However, even in those cases, it is expected that the method of ultimately delivering money to the shareholders of the Target (excluding the Target and Meiwa) that have not tendered shares in the Tender Offer will be used, and the amount of money to be delivered to each of those shareholders in that case is to be calculated so that it is equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Shares owned by each of those shareholders. Further, if money is to be delivered to the Stock Acquisition Right Holders of the Target that did not tender Stock Acquisition Rights in the Tender Offer, the amount of money to be delivered to each of those Stock Acquisition Right Holders is to be calculated so that it is equal to the price obtained by multiplying the Stock Acquisition Right Purchase Price in the Tender Offer by the number of the Stock Acquisition Rights of the Target owned by those Stock Acquisition Right Holders. The Target will publicly announce the specific procedures and the timing in the above case as soon as they have been determined after consultation with the Target.

The Tender Offer is not intended to solicit the shareholders of the Target to approve the proposals at the Extraordinary Shareholders Meeting. Each shareholder and Stock Acquisition Right Holder should consult with a certified public tax accountant and other experts at its own responsibility on the handling of tax matters in relation to tendering shares in the Tender Offer and the above procedures.

For details of the Tender Offer, please refer to the Tender Offer Registration Statement submitted by the Offeror on May 11, 2020 in connection with the Tender Offer.

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**Restrictions on Solicitation**

This press release is intended for the announcement of the Tender Offer to the general public and is not intended to solicit sales of securities. If any shareholder desires to sell his or her securities, the shareholder should review the Tender Offer explanatory statement and accept the Tender Offer in his or her own discretion. This press release is not considered as an offer or solicitation of sales of securities or as a solicitation of a purchase offer, and does not constitute any such part. This press release (or any part thereof) or the fact of its distribution does not provide a basis of any kind of agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

**Forward Looking Statements**

This press release contains “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. Due to known or unknown risks, uncertainties, or other factors, it is possible that actual results may differ materially from the projections expressly or implicitly indicated by such “forward looking statements”. Neither the Tender Offeror nor its affiliates guarantee that the projections expressly or implicitly indicated by such “forward looking statements” will be correct. The “forward looking statements” in this press release were prepared based on information available to the Tender Offeror as of the date of this press release, and neither the Tender Offeror nor its affiliates undertake any obligation to update or modify such statements to reflect events or circumstance that may arise after this release.