

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 Director Corporate
 Governance Headquarters
 Tel: 03-3291-3954

Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares

We hereby give notice that at a Board of Directors meeting held today, the Board of Directors passed a resolution to state an opinion in favor of a tender offer (“Tender Offer”) for the outstanding common shares (“Shares”) and Stock Acquisition Rights (as defined in “2. Purchase etc. Price” below) of the Company by K.K. BCJ-44 (“Tender Offeror”) to be carried out as follows as part of a management buyout (MBO) (note 1), and to recommend that Company shareholders and stock acquisition right holders (“Stock Acquisition Right Holders”) tender their Shares and Stock Acquisition Rights in the Tender Offer.

The resolution by the Board of Directors was made on the condition that the Tender Offeror plans to make the Company a wholly-owned subsidiary through the Tender Offer and the subsequent series of procedures and that it is planned for the Shares to be delisted.

(Note 1) A “Management Buyout” (MBO) refers to a transaction where the Tender Offeror will carry out the Tender Offer on the basis of an agreement with the Company’s officers and the interests of the Tender Offeror and the Company’s officers will be aligned.

1 . Overview of the Tender Offeror

(1) Name	K.K. BCJ-44
(2) Address	1-1-1 Marunouchi, Chiyoda-ku, Tokyo
(3) Title and name of representative	Yuji Sugimoto, Representative Director
(4) Nature of business	Acquisition and ownership of the Company’s shares, etc., and control and management of the Company’s business activities
(5) Capital	JPY25,000
(6) Date of establishment	April 23, 2020
(7) Large shareholders and their ownership percentages	K.K. BCJ-43, 100.00% (hereinafter, “BCJ-43”)
(8) Relationships between the Company and the Tender Offeror	
Capital relationships	N/A
Personal relationships	Company outside director Mr. Yuji Sugimoto (“Mr. Sugimoto”) concurrently serves as Representative Director of the Tender Offeror.
Transactional relationships	N/A

Status as related person	N/A
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2. Purchase etc. Price

(1) JPY1,500 per common share (“Tender Offer Price”)

(2) Stock acquisition rights

- (i) JPY392 per unit of the share options (ordinary type) issued based on a resolution adopted at the meeting of the Board of Directors of the Company held on June 30, 2015 (“Series 1 Stock Acquisition Rights”) (exercise period from July 25, 2015 to July 24, 2045);
- (ii) JPY1,499 per unit of the share options (stock compensation type) issued based on a resolution adopted at the meeting of the Board of Directors of the Company held on June 30, 2015 (“Series 2 Stock Acquisition Rights”) (exercise period from July 25, 2015 to July 24, 2045);
- (iii) JPY1,499 per unit of the share options (stock compensation type) issued based on a resolution adopted at the meeting of the Board of Directors of the Company held on June 28, 2016 (“Series 3 Stock Acquisition Rights”) (exercise period from July 26, 2016 to July 25, 2046);
- (iv) JPY1,499 per unit of the share options (stock compensation type) issued based on a resolution adopted at the meeting of the Board of Directors of the Company held on June 27, 2017 (“Series 4 Stock Acquisition Rights”) (exercise period from July 25, 2017 to July 24, 2047);
- (v) JPY1,499 per unit of the share options (stock compensation type) issued based on a resolution adopted at the meeting of the Board of Directors of the Company held on June 26, 2018 (“Series 5 Stock Acquisition Rights”) (exercise period from July 24, 2018 to July 23, 2048); and
- (vi) JPY1,499 per unit of the share options (stock compensation type) issued based on a resolution adopted at the meeting of the Board of Directors of the Company held on June 25, 2019 (“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. Substance of and Grounds and Reasons for Opinion Relating to Tender Offer

(1) Substance of Opinion

At the Board of Directors meeting held today, on the basis of the grounds and reasons set forth in “(2) Grounds and Reasons for Opinion” below, the Company passed a resolution to state an opinion in favor of the Tender Offer and to recommend that the Company’s shareholders and Stock Acquisition Right Holders tender their Shares and Stock Acquisition Rights in the Tender Offer.

The resolution by the Board of Directors was passed using the method set forth in “(iv) Approval of All Company Directors Not Having a Conflict of Interest; Opinion of No Objection from All Company Auditors” in “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer” below.

(2) Grounds and Reasons for Opinion

The statements here in “(2) Grounds and Reasons for Opinion” that relate to the Tender Offeror are based on explanations received from the Tender Offeror.

(i) Overview of the Tender Offer

The Tender Offeror is a corporation (*kabushiki kaisha*) established on April 23, 2020 for the primary purpose of holding all of the Shares to control and manage the Company's business activities. The Tender Offeror is a wholly-owned subsidiary of BCJ-43 whose outstanding shares are all indirectly owned by an investment fund to which Bain Capital Private Equity, LP and its group (collectively, "Bain Capital") provides investment advice. As of the current date, Bain Capital, BCJ-43, and the Tender Offeror do not own any 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.

At this time, the Tender Offeror will conduct the Tender Offer as a part of a series of transactions (the "Transaction") intended to effect a management buyout (MBO) for the purpose of acquiring and holding all of the Shares (including Shares delivered as a result of the exercise of Stock Acquisition Rights but excluding treasury shares held by the Company and the Shares held by Meiwa Co., Ltd. ("Meiwa") discussed below) and Stock Acquisition Rights, which are listed on the First Section of Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange").

Mr. Nobusuke Mori, the Company representative director and president ("Mr. Mori"), is expected to remain involved in Company management following establishment of the Tender Offer, and in order to share the common objective for enhancing the corporate value, he is considering investing directly or indirectly in the Tender Offeror. (Though the specific amount and timing are undetermined at this time, Mr. Mori, Mr. Daisuke Terada, and Mr. Tsuyoshi Terada, all of who are expected to reinvest in the Tender Offeror, are considering investing a portion of and within the scope of the amount of consideration acquired by tendering their respective Shares in the Tender Offer. The preceding sentence shall apply hereinafter to the descriptions about the respective reinvestments by Mr. Mori, Mr. Daisuke Terada, and Mr. Tsuyoshi Terada.) In addition, the Company vice president and representative director and vice president Mr. Daisuke Terada (note 2), decided to externally make clear his intention to continue supporting the Company as a relative of Company founder and former representative director and chairman Akihiko Terada ("Former Chairman Terada"), and is considering investing directly or indirectly in the Tender Offeror. Moreover, the Company managing director Mr. Tsuyoshi Terada decided to externally make clear his intention to remain involved in the Company management and to continue supporting the Company as a relative of Former Chairman Terada with the common objective for enhancing the corporate value, and is considering investing directly or indirectly in the Tender Offeror. Also, Mr. Keisuke Terada decided to externally make clear his intention to continue supporting the Company as a relative of Former Chairman Terada and is considering investing directly or indirectly in the Tender Offeror.

(Note 2) As publicly announced today in "Notice regarding Appointment of Directors, Change of

Representative Director, Structure Change and Personnel Reshuffle,” Mr. Daisuke Terada is expected to retire from the offices of Representative Director and Director effective of June 24, 2020.

(Note 3) As publicly announced today in “Notice regarding Appointment of Directors, Change of Representative Director, Structure Change and Personnel Reshuffle,” Mr. Tsuyoshi Terada is expected to assume the offices of Representative Director effective of June 24, 2020.

Additionally, when conducting the Tender Offer, the Tender Offeror entered into Tender Offer Acceptance Agreements (“Tender Agreements”) on May 8, 2020 with Mr. Mori, the Company representative director and president (number of shares held: (note 4) 55,508 shares; number of Stock Acquisition Rights held: 67,500 units (number of subject shares: 67,500 shares); ownership ratio (note 5): 0.19%), the relatives of Former Chairman Terada: the Company vice president and representative director Mr. Daisuke Terada (number of shares held: 4,699,124 shares; number of Stock Acquisition Rights held: 105,900 units (number of subject shares: 105,900 shares); ownership ratio: 7.30%); the Company managing director Mr. Tsuyoshi Terada (number of shares held: 3,581,724 shares; number of Stock Acquisition Rights held: 38,600 units (number of subject shares: 38,600 shares); ownership ratio: 5.50%); Ms. Kuniko Terada (number of shares held: 5,074 shares; ownership ratio: 0.01%); Mr. Keisuke Terada (number of shares held: 2,737,174 shares; ownership ratio: 4.16%); Ms. Ayako Terada (number of shares held: 688,100 shares; ownership ratio: 1.05%); and Ms. Akemi Takato (number of shares held: 698,249 shares; ownership ratio: 1.06%), as well as Yugen .Kaisha. Meiko (“Meiko”; number of shares held: 82,800 shares; ownership ratio: 0.13%), an asset management company, all of the outstanding shares of which are owned by Mr. Keisuke Terada and Ms. Ayako Terada (collectively referred to as “Shareholders Agreeing to Tender”). The Shareholders Agreeing to Tender have agreed to tender all of the Shares and Stock Acquisition Rights that they each hold (excluding 39,650 shares of transfer-restricted stock held by Mr. Mori, 19,975 shares of transfer-restricted stock held by Mr. Daisuke Terada and 9,625 shares of transfer-restricted stock held by Mr. Tsuyoshi Terada allotted to them as officers of the Company in the form of transfer-restricted stock compensation) (number of shares held: 12,478,503 shares; number of Stock Acquisition Rights: 212,000 units (number of subject shares: 212,000 shares); ownership ratio: 19.28%; referred to as the “Tender-Agreed Shares etc.”) in the Tender Offer. For details concerning the Tender Agreements, see “(1) Tender Agreements” under “4. Matters Relating to Material Agreements Concerning Tendering of Shares in Tender Offer between the Tender Offeror and Company Shareholders, Directors, and Others” below. Also, as a part of the Transaction, the Tender Offeror reached agreement on May 8, 2020 with Ms. Kuniko Terada (“Meiwa Shareholder”), who is the sole shareholder of Meiwa, regarding Meiwa, an asset management company, all of the outstanding shares of which are owned by Ms. Kuniko Terada, and which holds 16,303,849 Shares, making it a major shareholder and the largest shareholder of the Company (ownership ratio: 24.76%; referred to as the “Meiwa-Owned Company Shares”), to transfer all outstanding shares of Meiwa (the “Meiwa Shares”) to the Tender Offeror on the day of commencement of settlement relating to the Tender Offer (the “Meiwa Share Transfer Date”). Rather than acquiring the Meiwa-Owned Company Shares through the Tender Offer, in early February 2020 Meiwa Shareholder requested that the Tender Offeror acquire all Meiwa Shares as a part of the Transaction, and considering that the purpose of the Transaction can also be attained by acquiring the Meiwa Shares and Meiwa is an asset management company that currently has no assets other than Shares, cash and deposits, and tax assets, the Tender Offeror engaged in repeated discussions with Meiwa Shareholder concerning the acquisition price, method and so on for the Meiwa Shares and determined that paying the agreed transfer price for the Meiwa Shares (the “Meiwa

Share Transfer Amount”) to Meiwa Shareholder as discussed below will provide economic value equivalent to the value that would be received by Meiwa Shareholder in exchange of tendering its Shares in the Tender Offer in the case where the Meiwa Share Transfer Amount is set at (i) the amount (JPY 24,455,773,500) equal to the Meiwa-Owned Company Shares (16,303,849 shares) *times* the Tender Offer Price (JPY 1,500 per Share) *minus* (ii) loans from Meiwa Shareholder and any other liabilities owed by Meiwa on the Meiwa Share Transfer Date *plus* (iii) the amount of Meiwa’s cash and deposits and tax assets on the Meiwa Share Transfer Date; and that such payment would not be contrary to the uniformity of the tender offer price specified in Article 27-2, Paragraph 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) or Article 8, Paragraph 3 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended). Accordingly, the Tender Offeror and Meiwa Shareholder executed a share transfer agreement regarding transfer of the Meiwa Shares (the “Share Transfer Agreement”) dated May 8, 2020. In addition, the Tender Offeror agreed in the Share Transfer Agreement that Meiwa Shareholder will not cause Meiwa to tender any of Meiwa-Owned Company Shares in the Tender Offer, conditioned on establishment of the Tender Offer and other conditions, on the Meiwa Share Transfer Date, Meiwa Shareholder shall transfer all of the Meiwa Shares held by Meiwa Shareholder to the Tender Offeror and Tender Offeror shall acquire those shares, and the method to calculate the Meiwa Share Transfer Amount as described above. Thus, the Meiwa Share Transfer Amount is set at a value substantively no different from the value in the case where Meiwa tendered its Shares in the Tender Offer. For details concerning the Share Transfer Agreement, see “(2) Share Transfer Agreement” under “4. Matters Relating to Material Agreements Concerning Tendering of Shares in Tender Offer between the Tender Offeror and Company Shareholders, Directors, and Others” below.

(Note 4) Here and hereafter, the “number of shares held” does not include shares indirectly held by Mr. Mori, Mr. Daisuke Mori and Mr. Tsuyoshi Mori through the cumulative stock investment program of the Company.

(Note 5) Here and hereafter, the “ownership ratio” is the ratio (rounded to the second digit after the decimal) to (i) the number of outstanding Shares (73,017,952 shares) as of March 31, 2020 stated in the preliminary financial statements for March 2020 term (Japanese standards) (consolidated) announced by the Company on May 8, 2020 (the “Preliminary Financial Statements”) *plus* (ii) the number of shares (498,900 shares) subject to Stock Acquisition Rights (498,900 units) as of May 7, 2020 equal to the total number of Stock Acquisition Rights as of March 31, 2019 stated in the securities report for the 47th fiscal term submitted by the Company on June 26, 2019 (1,460,300 units (number of subject shares: 1,460,300 shares) minus Stock Acquisition Rights that were exercised or extinguished from April 1, 2019 to May 7, 2020 (980,400 units (Series 1 Stock Acquisition Rights: 923,400 units (number of subject shares: 923,400 shares), Series 2 Stock Acquisition Rights: 10,800 units (number of subject shares: 10,800 shares), Series 3 Stock Acquisition Rights: 13,700 units (number of subject shares: 13,700 shares), Series 4 Stock Acquisition Rights: 15,300 units (number of subject shares: 15,300 shares), and Series 5 Stock Acquisition Rights: 17,200 units (number of subject shares: 17,200 shares))) (equal to 479,900 units (Series 1 Stock Acquisition Rights: 370,200 units (number of subject shares: 370,200 shares), Series 2 Stock Acquisition Rights: 27,700 units (number of subject shares: 27,700 shares), Series 3 Stock Acquisition Rights: 28,200 units (number of subject shares: 28,200 shares), Series 4 Stock Acquisition Rights: 28,400 units (number of subject shares: 28,400 shares), and Series 5 Stock Acquisition Rights: 25,400 units (number of subject shares: 25,400 shares))) plus

the number of Series 6 Stock Acquisition Rights equal to all Series 6 Stock Acquisition Rights as of July 22, 2019 stated in the securities report for the second quarter of the 48th fiscal term submitted by the Company on November 13, 2019 (32,800 units (number of subject shares: 32,800 shares)) minus Series 6 Stock Acquisition Rights that were exercised or extinguished from July 23, 2019 to May 7, 2020 (13,800 units (number of subject shares: 13,800 shares)) (equal to 19,000 units (number of subject shares: 19,000 shares)) (equal to 73,516,852 shares) *minus* (iii) the number of treasury shares (7,682,005 shares) that the Company holds as of March 31, 2020 stated in the Preliminary Financial Statements (equal to 65,834,847 shares) (the “Company’s Total Number of Shares After Accounting for Potential Shares”)

In the Tender Offer, Tender Offeror has set 27,586,100 shares (ownership ratio: 41.90%) as the lower limit of the number of shares planned to be purchased, and in the case where the total number of share certificates, etc. tendered in the Tender Offer (the “Tendered Share Certificates etc.”) is less than the lower limit, purchase etc. of all Tendered Share Certificates etc. shall not be performed. As indicated above, however, the Tender Offeror intends to acquire all Shares (including Shares delivered as a result of the exercise of Stock Acquisition Rights but excluding treasury shares held by the Company and Meiwa-Owned Company Shares) and Stock Acquisition Rights in the Tender Offer, and therefore, the Tender Offeror has not set an upper limit of the number of shares planned to be purchased, and if shares tendered are equal to or greater than the number of shares planned to be purchased, the Tender Offeror shall purchase all Tendered Share Certificates etc. The Tender Offeror set the lower limit of the number of shares planned to be purchased in the Tender Offer (27,586,100 shares) as the number equals to the number of voting rights (658,348 units) relating to Company’s Total Number of Shares After Accounting for Potential Shares (65,834,847 shares) *times* two-thirds (438,899 units, rounded down to the nearest whole number), *minus* the number of voting rights relating to Meiwa-Owned Company Shares (163,038 units) (equal to 275,861 units), and *times* 100 shares.

If the Tender Offer is completed, the Tender Offeror plans to secure JPY27,000,000,000 in financing from BJC-43 and obtain loans up to a maximum of JPY98,600,000,000 (the “Acquisition Loans”) from MUFG Bank, Ltd. (“MUFG Bank”), Mizuho Bank, Ltd. (“Mizuho Bank”), Sumitomo Mitsui Banking Corporation (“Sumitomo Mitsui Bank”), and Nomura Capital Investment Co., Ltd. (“Nomura Capital Investment”). The Tender Offeror intends to apply those funds to settlement of the Tender Offer and so on. The particulars of the financing conditions relating to the Acquisition Loans will be specified in financing agreements relating to the Acquisition Loans following separate discussions with the MUFG Bank, Mizuho Bank, Sumitomo Mitsui Bank, and Nomura Capital Investment, but it is planned that in the financing agreements relating to the Acquisition Loans, the Tender Offeror shares held by BCJ-43, the Meiwa-Owned Company Shares, and the Shares etc. that the Tender Offeror acquires through the Tender Offer will be provided as security.

If the Tender Offeror is unable to acquire all Shares (including Shares delivered as a result of the exercise of Stock Acquisition Rights but excluding treasury shares held by the Company and Meiwa-Owned Company Shares) and Stock Acquisition Rights through the Tender Offer, as indicated in “(5) Post-Tender Offer Reorganization and Other Policies (Matters Relating to So Called Two-Step Acquisition)” below, following establishment of the Tender Offer, the Tender Offeror plans to request that the Company implements procedures (the “Squeeze-Out Procedures”) in order to acquire all Shares (including Shares delivered as a result of the exercise of Stock Acquisition Rights but excluding treasury shares held by the Company and Meiwa-Owned Company Shares) and Stock

Acquisition Rights and make the Company into a private company.

(ii) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy

(a) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer

The Company group, which as of March 31, 2020 consists of the Company, 37 subsidiaries, and two affiliates (collectively, the "Company Group"), primarily engages in seven fields of business (namely, the medical-related division, the nursing division, the daycare division, the education division, the healthcare division, the therapy division, and the global division). The Company was founded by Former Chairman Terada in December 1968 with the commencement of the medical administrative services business. Subsequently, the former incarnation of the Company, Kabushiki Kaisha Hoiku Sogo Gakuin was founded in August 1973 (trade name later changed to Nichiigakkan Co., Ltd. in August 1975), and thereafter was listed on the Second Section of the Tokyo Stock Exchange in March 1999 and received designation for the First Section of the Tokyo Stock Exchange in September 2002.

Since its founding, guided by the management philosophy of "Contributing to the enhancement of human life through the development of our business", with the missions of "supporting rich continued growth of individuals through education", "supporting stable management of medical institutions through medical-related business", and "creating environments for seniors to live without worry through nursing", and based on the three business pillars of "human resources development" (note 6), "medical-related business", and "nursing", the Company has focused on social changes and needs and worked to create groundbreaking new value and services. Further, in recent years, in conjunction with the advance of childrearing support and globalization, the Company has made efforts to enrich people's lives, expanding its business into "daycare", and "foreign language education", among other fields. and carrying out multifaceted businesses as an integrated living support company.

(Note 6) In the Company, "human resources development" means the development of personnel involved with medical-related and nursing services – more specifically, staff development through coursework including the medical administration course for the medical-related businesses and the introductory nursing care staff training for the nursing businesses. This is a business model unique to the Company, in which people are assembled and trained through Company courses, and formally hired to provide services.

In April 2016, the Company Group formulated the "Nichii Vision" based on its management philosophy to clearly explain to stakeholders the "future form" envisioned for the Company Group, and in May 2018, published "VISION 2025" (for the period from the March 2019 term to the March 2025 term), a medium-term management plan serving as a roadmap for the "Nichii Vision". The plan aims to promote the formation of a strategic triangle for mutual coordination among the core businesses (medical-related business, nursing, daycare, human resources development), BS (Balance Supply) businesses (education (note 7), healthcare, therapy), and global business (business in China, Australia, Canada, and the Philippines), while leveraging the characteristics of each business, in order to sustainably improve corporate value through solutions to social issues.

(Note 7) Though BS (Balance Supply) Business of the Company Group consists of "language education," "healthcare," and "therapy," in this section, these three businesses are referred to as "education," "healthcare," and "therapy," respectively, according to the segmentation of the Company Group business activities. The Company Group education

business provides language lessons mainly through one-on-one English conversation at Gaba.

In light of the changes in the environment facing the main “medical-related” business and “nursing” business, and loss of new businesses, since January 2019, the Company has striven to correct the trajectory of the medium- to long-term strategy due to failure in the structural reorganization of the education business and global business and enhance growth potential and profitability on the basis of a strategy of “returning to the roots” focusing on the core businesses.

As discussed above, under the leadership of Former Chairman Terada, the Company Group entered the nursing business and medical-related business at an early stage and established a position as an industry-leading company based on the three business pillars of “human resource development”, “medical-related business”, and “nursing”. In light of the market environment in Japan, the Company Group expects further increases in demand in the nursing business and medical-related business markets as the birthrate declines and the population ages.

On the other hand, Mr. Mori and Mr. Tsuyoshi Terada anticipate a more challenging business environment from a macro perspective. In order to secure profits in the nursing business, it will be necessary to increase efficiency and expand market share by becoming area dominant (note 8) by splitting nursing service hubs, opening new locations, and taking other measures, but an increase in cost burdens through upfront investment is expected from the implementation of these measures. With respect to the large-scale repairs in conjunction with the aging of nursing facilities implemented under the five-year plan that started in the 2018 fiscal year, approximately JPY3.0 billion in repairs remain outstanding, and it is understood that these expenditures will continue for some time. Furthermore, in the downward trend in the number of customer hospitals in the medical-related business, and against a backdrop of labor shortages, it will be necessary to raise employee wage levels in order to recruit human resources, provide stable services, and introduce high added-value services, and consequently, the burden of personnel expenses is expected to increase. In the daycare business, although a certain level of growth is expected over the medium term as sites are actively developed, demand is expected to fall over the long-term in conjunction with the declining population and falling birthrate in Japan. In terms of supply, the human resource foundation is the source of business growth in the nursing, medical-related, and daycare businesses, and consequently, as the working population undergoes a full-scale decline, it will be central to build human resource supply structures that can respond to expanding markets and needs. It is further understood that under this environment, there is a need to implement business structure reforms that can minimize the impact of labor shortages and adapt to rapid market changes.

(Note 8) “Area dominant” means that business sites are intensively established in a specific area to achieve personnel flexibility among sites and to reduce management costs and have the effect of increasing trust and recognition in the region.

Furthermore, the initially-anticipated business growth resulting from the diversification of business in the education, healthcare, therapy, and global businesses that the Company Group is currently undertaking has not been achieved. In the education business, the Company has already withdrawn from the COCO school business and closed unprofitable schools and has implemented business structure reforms including liquidating a joint venture company that conducted business in China as a part of the Company’s global business. In light of the demanding business environments of the three core businesses, Mr. Mori and Mr. Tsuyoshi

Terada are aware that it is necessary to continue to identify the causes of unprofitable businesses and implement dramatic reforms to achieve profitability.

Under these circumstances, Mr. Mori and Mr. Tsuyoshi Terada have determined that for the Company Group to achieve further growth and increase corporate value over the medium to long term, in addition to increasing the profitability of existing business, it will be necessary to invest management resources in areas where future growth can be expected. In order to simultaneously and promptly carry out this series of measures, it will be necessary to leverage internal management resources as well as outside human resources and management know-how and to build structures that can steadily implement measures in the short term.

However, Mr. Mori and Mr. Tsuyoshi Terada believe that even if these efforts regarding business structural reforms present opportunities for substantial growth over the medium to long term, these measures are unlikely to contribute to the Company Group's profits over the short term, and in addition to uncertain business execution risks that business will not develop as planned, there are concerns that profitability will deteriorate over the short term. If these measures are implemented while maintaining the Company's listing, there is an undeniable possibility that the Company shareholders will suffer detrimental effects in the form of a drop in the Share market price over the short term, which could make it difficult to implement these measures while maintaining the Company's listing. Consequently, in late December 2019, fearing a deterioration of the Company Group's profit levels and profitability over the short term and believing that curtailing or postponing business structural reforms could lead to a weakening of the Company's competitiveness and earnings capacity over the medium to long term, Mr. Mori and Mr. Tsuyoshi Terada came to the conclusion that making the Tender Offeror the Company's sole shareholders, creating new and stable management structures that enable agile and flexible decision-making, and implementing the Company's business structure reforms and actively undertaking business through the concerted efforts of all Company employees would be the best means for the Company to swiftly address management issues and continuously raise corporate value from a long-term perspective without being affected by short-term fluctuations in its business performance. Moreover, as it is known that Former Chairman Terada had played a core role, such as determining the general direction of the management policy in the past, the Company Group's business management had been implemented under his strong leadership. However, Former Chairman Terada passed away in September 2019, and there has been a push to shift from the former top-down management structure to a group management structure involving all directors, and Mr. Mori and Mr. Tsuyoshi Terada are aware that it is necessary to establish a group management structure that can serve as a powerful driving force of the Company's business operations.

As a result of investigations of various measures including the Transaction conducted since December 2019, Mr. Mori and Mr. Tsuyoshi Terada reached the following conclusion: Under this business and management environment, in order to steadily carry out business structure reforms accompanied by the risk described above, it would be extremely beneficial that Mr. Mori and Mr. Tsuyoshi Terada, both of who thoroughly understand the Company Group businesses activities, seamlessly continue the business structural reforms and the correction of the trajectory of the medium- to long-term strategy which they have pushed forward with Former Chairman Terada so far, and strive to realize the enhancement of the corporate value by incorporating know-how from outside, for improving operations in the Company's existing business, appropriately assessing the risks incidental to business structure reforms and management processes, and conducting speedy decision-making and so on.

In addition, Mr. Mori and Mr. Tsuyoshi Terada believe that implementing prompt reforms within the Company is an urgent requirements to respond to the rapid changes in the Company's

business environment as well as the rapid changes in the Company's management circumstances precipitated by the passing of Former Chairman Terada and that there is little time to select a sponsor through an auction process, deepen the understanding of that sponsor concerning the Company's complex and varied business, and build a relationship of trust with the Company, and therefore, the selection of a sponsor through an auction process would not be suitable for the Company.

Consequently, in early January 2020, Mr. Mori and Mr. Tsuyoshi Terada, through Mr. Sugimoto, who has been involved in increasing the Company's corporate value and its business strategies as an outside director of the Company since June 2015 and who serves as Japan representative of Bain Capital, focused on various characteristics of Bain Capital and concluded that Bain Capital would be ideal as the Company's sponsor. Specifically, Bain Capital has an extensive track record and experience, investing in more than 450 companies around the world, and unlike other investment companies, it has a definite advantage that since it retains a lot of professionals who have experience in management consulting work or business operation companies, it is able to utilize their background and, if needed, dispatch some of the competent and capable professionals with extensive experience to each site to develop business strategies and support improving the business of investment targets. Also, Mr. Sugimoto has experience in involving in setting the Company business strategies and other business decisions as an outside director for nearly five (5) years since June 2015. In addition, Bain Capital already has a deep understanding of the Company's diverse and complex business details and future strategies, and a solid trusting relationship developed with the Company, as well as other elements that are essential for the timely and steady implementation of management reforms by the Company. Following the above determination, Mr. Mori and Mr. Tsuyoshi Terada commenced discussions with Bain Capital in early January 2020 regarding the approach to the purchase etc. price and other conditions of the Tender Offer in relation to implementation of the Tender Offer as a part of the Transaction and engaged in repeated discussions regarding Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital's joint management structure for the Company, the Company's optimal management and basic policies after implementation of the Transaction, and other topics. As a result, in mid-January 2020, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital reached the conclusion that for the Company Group to achieve further growth and increases in corporate value over the medium to long-term and achieve management targets, in addition to reinforcing the earnings capacity of existing business, it will be necessary to invest management resources in areas where growth can be expected in the future, and in order to simultaneously and promptly carry out this series of measures, it will be necessary to leverage not only internal management resources, but also outside human resources and management know-how and to build structures that can steadily implement measures in the short term.

Subsequently, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital expressed to the Company an initial intent in early February 2020 concerning taking the Shares private, the framework of the Tender Offer, and post-Transaction managerial policy, and following repeated discussions with the Company regarding the feasibility of implementation of the Transaction, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital submitted to the Company a written proposal with an official expression of intent concerning the Transaction (the "Written Proposal") on March 10, 2020.

Subsequently, in early April 2020, Bain Capital engaged in discussions with Mr. Mori and Mr. Tsuyoshi Terada based on the progress at that time of the due diligence that had been commenced in mid-February 2020 and other factors and determined that implementation of the Transaction is highly feasible and on April 23, 2020 established Tender Offeror as a special purpose acquisition company to implement the Transaction. The Company Group's main

businesses are the medical-related business, nursing business, and daycare business, and even with the spread of the novel coronavirus (COVID-19), these businesses continue to fulfill their roles as social infrastructure, and it is not believed that the novel coronavirus had an impact on the feasibility of implementing the Transaction. Based on the progress of the due diligence at that time and other factors, on April 7, 2020 Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital made an initial proposal to the Company of a Tender Offer Price of JPY1,300 per Share and purchase etc. prices per Stock Acquisition Right in the Tender Offer (the “Stock Acquisition Right Purchase Prices”) of JPY192 for the Series 1 Stock Acquisition Rights and JPY1,299 for the Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights (In this section, each Stock Acquisition Right Purchase Price is obtained by multiplying the difference between the Tender Offer Price and the exercise price per Share that is the object of the relevant Stock Acquisition Right by 1, which is the number of common shares subject to each Stock Acquisition Right, and the same shall apply hereinafter.). Furthermore, in mid-April 2020, they proposed the execution of Tender Agreements with the Shareholders Agreeing to Tender. Later, on April 8, 2020, the Company requested increases in the Tender Offer Price and Stock Acquisition Right Purchase Prices, and in response, on April 14, 2020, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital resubmitted the proposal with a Tender Offer Price of JPY1,400 per Share and Stock Acquisition Right Purchase Prices of JPY292 for the Series 1 Stock Acquisition Rights and JPY1,399 for the Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights. Subsequently, on April 17, 2020, the Company again requested increases in the Tender Offer Price and Stock Acquisition Right Purchase Prices, and on April 21, 2020, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital proposed a Tender Offer Price of JPY1,450 per Share and Stock Acquisition Right Purchase Prices of JPY342 for the Series 1 Stock Acquisition Rights and JPY1,449 for the Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights. Following repeated discussions and negotiations with the Company regarding the conditions of the Transaction, which includes the Tender Offer, and the Company’s post-Transaction managerial policy, a decision was made on May 8, 2020 to commence the Tender Offer via the Tender Offeror as a part of the Transaction with a Tender Offer Price of JPY1,500 per Share and Stock Acquisition Right Purchase Prices of JPY392 for the Series 1 Stock Acquisition Rights and JPY1,499 for the Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights.

(b) Post-Tender Offer Managerial Policy

The Tender Offeror’s thoughts on the Company’s managerial policy following consummation of the Transaction are as set forth below.

The Tender Offeror believes that it is important to focus on the Company’s portfolio of multiple businesses including medical-related, nursing, daycare, education, healthcare, and therapy businesses and continuously reinforce investment geared towards growth in businesses that have the potential for growth over the medium to long term in order to establish a stable revenue base.

Specifically, in the nursing, medical-related, and daycare businesses, which are expected to face demanding business environments from a macro perspective due to the background and so on discussed in “(a) Background, Objectives, and Decision-Making Process behind the Tender Offeror’s Decision to Implement the Tender Offer” above, for the Company to compete successfully, it will be necessary to establish industry-leading services in each business and enhance the Company’s presence as a leader in the formation of alliances in the expected reorganization of the industry going forward. To this end, the Tender Offeror believes that

expanding market share by gaining dominance in each area, improving profits and raising service levels by reinforcing operations further, promptly and efficiently increasing the number of hubs by the proactive utilization of M&A, and implementing other measures will be effective. In regards to other business segments, the Tender Offeror expects to promote the business structure reforms currently underway, optimally allocate management resources, and maximize the Company's growth.

Nursing Business

Amidst a tight labor market and rapidly rising wage levels in the nursing business, the Tender Offeror believes that the government's basic policy of revision of nursing fees is to respond to the shortage of human resources in the nursing field as well as future demand for nursing services while maintaining a balance between benefits and burdens, and that development of structures for the provision of highly sustainable nursing services will be promoted. Specifically, the Tender Offeror anticipates that utilization of robots and ICT solutions (note 9) and other on-site innovations, encouraging participation and use of diverse human resources, development of environments that facilitate work, enhancement of the appeals of nursing occupations, increase in the scale of service providers, promotion of the formation of social agreement on standard nursing service levels through the development of scientific evidence, and creative innovation and investment by nursing business providers through reviews of nursing fees and personnel criteria based thereon will be derived to create effective, efficient, healthy, and highly sustainable structures for the provision of nursing services. The expected result will be industry reorganization led by players that provide services with high levels of customer loyalty and an intensification of competition among players that have strengths such as collaboration with medical care and area dominance. Therefore, splitting key nursing service hubs and opening new locations in important areas while proactively expanding management foundations through M&A and establishing an unrivaled status in the nursing business industry through further expansion of market share are believed to be essential for further growth by the Company over the medium to long term. The Tender Offeror also believes that it can contribute to the growth of the nursing business by proposing dominance strategies based on data analysis and supporting the provisions of M&A know-how among other things.

(Note 9) "ICT solutions" refers to the use of communications technology via the Internet to share information and knowledge between people and objects and among people in order to solve company issues. ICT is an abbreviation for Information and Communications Technology and is also used in this sense.

Medical-Related Business

In the medical-related business too, in addition to increasing personnel expense burdens due to rising labor wage levels, reorganization and integration of hospitals is expected as government expenditures for medical expenses including medical service fees decrease against a backdrop of rising social security expenses in conjunction with the future aging of the population. Therefore, the Tender Offeror believes that it is likely that the number of hospitals, which are the main source for hospital administrative service outsourcing, will decrease. This means that in order to make substantial advances over the medium to long term, development of ICT solutions for increasing operational efficiency that surpass competitors and while the number of hospitals decreases, growth through increasing the added value of services including provision of solutions to improve and increase the efficiency of hospital and clinic management will be essential. The Tender Offeror also believes that it can contribute to the growth of the medical-related business through support such as promoting higher efficiency through the

introduction of ICT know-how.

Daycare Business

The Tender Offeror anticipates that in the daycare business, demand will increase in the short term due to the increase in households where both parents work, but over the long term, demand will shift and decline as a result of the falling number of children. In conjunction with the current rapid market growth, it is expected that active opening of new locations and new entry into the business will occur in the future. In order to take advantage of this market growth opportunity, accelerating the opening of new locations to increase the number of hubs, minimizing variations in the performance of each hub including sales and profits by ensuring operational quality that is superior to that of competitors, and reinforcing cross selling (note 10) through collaboration among businesses, among other things, are considered to be essential to made substantial advances over the medium to long term. The Tender Offeror also believes it can contribute to the growth of the daycare business by supporting enhancement of service quality based on operational know-how and providing other forms of support.

(Note 10) “Cross selling” as used by the Company refers to providing combinations of the Company’s services, such as daycare and housekeeping agency services, according to customer needs.

After taking the Shares private through the Tender Offer, the Tender Offeror plans to provide to the Company the extensive investment target value enhancement know-how that Bain Capital has accumulated, provide the various forms of support described above including M&A, and implement measures to maximize the potential value of the Company’s business.

The Transaction corresponds to a so called management buyout (MBO), and Mr. Mori intends to remain involved in the Company management even after establishment of the Tender Offer and he is considering investing directly or indirectly in the Tender Offeror to share the common objective for enhancing the corporate value. In addition, Mr. Daisuke Terada, the Company vice president and representative director decided to externally make clear his intention to continue supporting the Company as a relative of Former Chairman Terada, and is considering investing directly or indirectly in the Tender Offeror. Moreover, the Company managing director Mr. Tsuyoshi Terada decided to externally make clear his intention to remain involved in the Company management and, with the common objective for enhancing the corporate value, to continue supporting the Company as a relative of Former Chairman Terada, and is considering investing directly or indirectly in the Tender Offeror, although the specific amount and timing are undetermined at this time. The Tender Offeror is considering appointing Company directors nominated by Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital such that the number of directors nominated by Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital account for a majority of the Company directors. With the exception of Mr. Mori and Mr. Tsuyoshi Terada, the Tender Offeror has not reach agreement concerning post-Tender Offer appointment with any of the Company’s directors or corporate auditors. The Tender Offeror plans to determine the particulars of the post-Tender Offer management structure including the composition of Company officers through discussions with the Company after establishment of the Tender Offer. Bain Capital is expected to execute an agreement for entrustment of the management of the Company with Mr. Mori and Mr. Tsuyoshi Terada; however, the details are undetermined at this time.

With regard to the post-Tender Offer employment of Company Group employees, at this time, the Tender Offeror plans to maintain current employment conditions. The Tender Offeror wishes to examine the adoption of stock options and performance-linked compensation and

introduction of other personnel measures by which an increase in corporate value will lead to better treatment of officers and employees.

(iii) Decision-Making Process behind the Company's Decision to Support the Tender Offer, and the Reasons Therefor

As set forth in "(a) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer" in "(ii) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy" above, in early February 2020, the Company received an initial declaration of intent from Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital in regards to making the Shares privately held, with an overview of the Tender Offer and post-Transaction managerial policies, and in considering the particulars of these intentions, as set forth in "(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer" below, in early February 2020, in order to ensure the fairness of the Tender Offer Price and Stock Acquisition Right Purchase Prices and the fairness of other conditions of the Transaction including the Tender Offer, the Company appointed Kitahama Partners ("Kitahama Partners") as legal advisor, and Deloitte Tohmatsu Financial Advisory Godo Kaisha ("Deloitte Tohmatsu Financial Advisory") as financial advisor and third-party valuation agency. The fees of Kitahama Partners are calculated by multiplying hourly unit prices by working hours regardless of whether the Transaction is consummated, and do not include any contingency fees contingent upon consummation of the Transaction. Further, the fees of Deloitte Tohmatsu Financial Advisory include a fixed fee paid regardless of whether the Transaction is consummated as well as a contingency fee contingent upon the consummation of the Transaction, but upon reviewing common practice in similar transactions, among other things, the Company appointed Deloitte Tohmatsu Financial Advisory as its financial advisor and third-party valuation agency in accordance with the above fee structure.

Afterwards, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital engaged in discussions on several occasions regarding the feasibility of the Transaction, and on March 10, 2020 the Company received the Written Proposal from Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital. In light of the Written Proposal, on March 10, 2020 the Company established a special committee to review the proposal for the Transaction set forth therein (with respect to the member composition and specific activities of the special committee, see "(iii) Establishment of a Special Committee at the Company; Procuring a Written Report" in "(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer" below; the "Special Committee").

The Company, while receiving advice from Kitahama Partners and Deloitte Tohmatsu Financial Advisory in light of the purpose of the Transaction and other aspects of the overview of the Tender Offer set forth in the Written Proposal, the impact of the Transaction on the Company, the post-Transaction managerial policies and recent share price trends, and on the basis of negotiation policies and opinions, instructions, and requests etc. regarding material aspects of the negotiations confirmed in advance by the Special Committee, engaged in consultations with the Tender Offeror on multiple occasions, before conducting a review of the appropriateness of the Transaction.

With respect to the Tender Offer Price, after receiving on April 7, 2020 a proposal from the Tender Offeror with a Tender Offer Price of JPY1,300 per Share and Stock Acquisition Right Purchase Prices of JPY192 for Series 1 Stock Acquisition Rights and JPY1,299 for Series 2 through Series 6 Stock Acquisition Rights, the Company, while receiving the advice of Deloitte Tohmatsu Financial Advisory, in view of the share value calculation results report for the Shares received from Deloitte Tohmatsu Financial Advisory and the opinion of the Special Committee, on April 8, 2020 made a request to the Tender Offeror to reconsider the Tender Offer Price and engaged in consultations and negotiations with the Tender Offeror

on several occasions regarding the conditions of the Transaction, and on April 14, 2020 received a proposal with a Tender Offer Price of JPY1,400 per Share and Stock Acquisition Right Purchase Prices of JPY292 for Series 1 Stock Acquisition Rights and JPY1,399 for Series 2 through Series 6 Stock Acquisition Rights. After this as well, the Company continued to engage in consultations and negotiations with the Tender Offeror; as a result, on April 21, 2020 the Company received from the Tender Offeror a proposal with a Tender Offer Price of JPY1,450 per Share and Stock Acquisition Right Purchase Prices of JPY342 for Series 1 Stock Acquisition Rights and JPY1,449 for Series 2 through Series 6 Stock Acquisition Rights, and on April 30, 2020 the Company received from the Tender Offeror a proposal with a Tender Offer Price of JPY 1,500 per Share and Stock Acquisition Right Purchase Prices of JPY392 for Series 1 Stock Acquisition Rights and JPY1,499 for Series 2 through Series 6 Stock Acquisition Rights. The Company confirmed the appropriateness of such proposal with the Special Committee, heard the opinion etc. of Deloitte Tohmatsu Financial Advisory, and conducted a careful review, while also considering the content of the share valuation report (“Share Valuation Report”) obtained from Deloitte Tohmatsu Financial Advisory on May 7, 2020, and as a result, determined that such price was appropriate because it included a substantial premium over the market price and was reasonable in that it was within and the price near to the mid-value of the range of the calculation results discussed below by Deloitte Tohmatsu Financial Advisory using the discounted cash flow analysis (“DCF Analysis”), among other things. In this manner, the Company has continued to negotiate with the Tender Offeror regarding the Tender Offer Price.

While receiving necessary legal advice from Kitahama Partners regarding the method and process of decision-making by the Board of Directors including the procedures relating to the Transaction and other matters to note, the Company received a written report dated May 7, 2020 from the Special Committee (the “Written Report”) (for an overview of the Written Report and the specific activities of the Special Committee, see “(iii) Establishment of a Special Committee at the Company; Procuring a Written Report” in “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer” below). Then, in consideration of the legal advice received from Kitahama Partners, as well as the content of the Share Valuation Report obtained from Deloitte Tohmatsu Financial Advisory, and giving as much weight as possible to the Written Report submitted by the Special Committee, the Company conducted careful consultations from the standpoint of whether the Transaction could ensure further improvement in the Company’s corporate value and the benefits that minority shareholders would enjoy through the implementation of the Transaction through fair procedures.

While the Company has continued to expand in the nursing and medical-related industries to which the Company Group belongs, riding the tailwinds of an aging population, the Company is aware of risks stemming from such factors as the rapid decrease in the number of workers in the nursing industry, the rise in personnel costs, actions necessitated by revision of nursing fees, the tendency in the medical industry towards transformation through information and communications technology (ICT), and reduction in the number of potential hospitals. For this reason, for the growth of three pillars of business supporting the Company, namely “human resource development”, “medical-related business”, and “nursing”, the Company believes that securing superior human resources, providing high added-value services, and pursuing business efficiencies through business structure reorganization are necessary and essential. In the past, as it is known that Former Chairman Terada had played a core role, such as determining the general direction of the management policy, the Company management had been implemented under his strong leadership. However, the Company recognizes that, in place of the past management style, it is essential for every member of the Company’s management to share the same future vision for business and to build collective management frameworks capable of promptly addressing issues that the Company faces in order to further advance the above-mentioned business structure reorganization. The Tender Offeror indicated

in the course of the above consultations and negotiations that, as discussed in “(b) Post-Tender Offer Managerial Policy” in “(ii) Background, Objectives, and Decision-Making Process behind the Tender Offeror’s Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy” above, its policy was that after the Shares are taken private, a stable revenue base would be established by continuing to enhance growth investment in businesses thought to have medium- to long-term growth potential going forward by leveraging the management know-how, wealth of experience in enhancing the value of investment targets, M&A know-how, and management resources centered on human resources and financing that Bain Capital has cultivated heretofore. To this end, the Tender Offeror believes that establishing industry-leading services and enhancing the Company’s presence as a leader in the formation of alliances in the expected reorganization of the industry going forward, establishing dominance in each area, further enhancing operations, and implementing policies such as the proactive utilization of M&A will form an effective policy. Specifically, the Tender Offeror has conveyed to the Company that it envisions taking measures including (i) splitting major nursing service hubs and opening new locations in the nursing business and proactively expanding the management foundation through M&A, (ii) developing ICT solutions surpassing competitors and introducing high added-value services in the medical-related business, (iii) accelerating the opening of new locations, minimizing performance variation among hubs by securing operational quality in the daycare business, and strengthening cross sales through coordination with the Company’s other businesses, such as housekeeping agency services, and the Company determined that these kinds of policies and measures considered by Bain Capital are closely aligned with the aims of the Company, and by leveraging the advanced management knowhow that Bain Capital possesses, in particular its management resources for human resources and financing and coordination, will contribute to improvement in the medium- to long-term corporate value of the Company.

Further, the Company thinks that, given that the realization of the policies set forth in (i) through (iii) above would require proactive M&A and alliances, coordination that exceeds existing frameworks, and upfront investment in systems etc., and these initiatives would entail uncertainty in terms of future revenue, in the short term they pose the risk of giving rise to a deterioration in financial condition from diminished profit levels, deteriorating cash flows, and increases in interest-bearing liabilities, among other things, and as a result, it cannot be denied that the Company’s share price could fall and the Company’s shareholders would be adversely impacted in the short term.

For this reason, the Company determined that the best option for achieving improved corporate value of the Company is to provide all shareholders with an opportunity to sell their shares without suffering adverse effects in the short term, taking the Shares private to avoid suffering from the short-term assessments of the stock market, build a management system capable of agile decision-making, improve management flexibility, and utilize the management support of Bain Capital to the maximum extent. In addition, taking into consideration that Mr. Mori and Mr. Tsuyoshi Terada, both of who thoroughly understand the Company Group businesses activities, are expected to seamlessly continue the business structural reforms and the correction of the trajectory of the medium- to long-term strategy which they have pushed forward with Former Chairman Terada, and strive to realize the enhancement of the corporate value by employing the measures and policies suggested by Bain Capital, the Company determined that it is entirely reasonable to keep Mr. Mori and Mr. Tsuyoshi Terada in their position as the top management of the Company, specifically to have them undertake both ownership and management of the Company.

Further, while the Japanese stock market overall has been in a declining trend since around February 2020 following the requests from the national and local governments to refrain from events and from going outside etc. in order to prevent the spread of the novel coronavirus, the nursing business and medical-related business operated by the Company appear to be bolstered by relatively stable demand even amid such circumstances, and the Company believes that the impact of the current situation will not be so major as to severely damage the Company’s enterprise value; however, effects caused by the closure of some medical institutions or other similar factors and their impact on the Company are conceivable, depending

on the spread of the novel coronavirus or prolongation of the coronavirus situation, and the outlook therefore remains uncertain. Additionally, with increasing human resources costs in the nursing business and medical-related business, and the burden of upfront costs for division and establishment of nursing service hubs and major repair costs for aging nursing facilities, it is expected that ensuring profit will become more difficult going forward, and therefore the Company believes that promptly implementing business structure reorganization is necessary, even amid the impact of the novel coronavirus.

If the Shares are made non-public, it will cease to be possible to obtain financing through equity finance in capital markets, and the ability to secure superior human resources and expand business partners, etc. stemming from the greater social trust and name recognition that the Company has enjoyed as a public company could be impacted.

However, in light of the Company Group's current financial condition and the low interest rate environment for indirect financing recently, it is not expected that large-scale financing through equity finance will be necessary in the next few years. Additionally, the Company Group's ability to secure superior human resources and expand business partners stemming from greater social trust and name recognition is partially obtained through business activities, and, by taking the Company private, there may be an impact on new hiring for management trainee positions (*sogo-shoku*); however, in consideration of the brand strength and name recognition the Company has cultivated heretofore, the impact of taking the Company private on securing human resources will presumably not be large, and therefore the disadvantages of taking the Company private are thought to be limited.

Accordingly, in light of the current circumstances, the Board of Directors determined that the advantages of making the shares non-public were greater than the disadvantages. In view of the foregoing, the Board of Directors determined that taking the Shares private through the Transaction, which includes the Tender Offer, will contribute to increasing the corporate value of the Company Group in order to utilize, to the maximum extent, the management support from Bain Capital represented by Mr. Sugimoto, who has built up a solid trusting relationship with the Company as an outside director, and to construct the group management structure at an early point, in place of the past one under the strong leadership of Former Chairman Terada as it is known that he had played a core role in the Company, such as determining the general direction of the management policy, and push forward the business structural reforms.

Further, in light of factors including that the Tender Offer Price (JPY1,500) (i) in relation to the calculation results for the Share value by Deloitte Tohmatsu Financial Advisory set forth in "(3) Matters Relating to Calculation" below, is greater than the maximum amount of the range of the calculation results based on the market price analysis and the comparable company analysis and is within and the price near to the mid-value of the range of the calculation results using the DCF Analysis; (ii) represents a premium of 37.11% (rounded to the second decimal place; hereinafter, the same applies to premium values (expressed as a percentage) on the share price) on JPY1,094, which is the closing price of the Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020, the business day immediately preceding the date of the announcement of the Tender Offer, a premium of 38.89% on JPY1,080 (rounded to the nearest whole yen; hereinafter, the same applies to simple averages of closing prices), which is the simple average closing price for the one-month period up to May 7, 2020, a premium of 33.57% on JPY1,123, which is the simple average closing price for three-month period up to such date, and a premium of 8.93% on JPY1,377, which is the simple average closing price for the six-month period up to such date, and it can be concluded that a premium is being added that is not inferior to the premiums in other recent MBO cases (the premium on the simple average closing price for the six-month period is a relatively low standard, but this appears to be due to a decline in the market price of the Shares since the Company released its "Preliminary Financial Statements for March 2020 Term Third Quarter Term [Japanese Standards] (Consolidated)" ("Third Quarter Preliminary Financial Statements") on February 7, 2020; with regard to the reasons for this decline in the Share market price, lagging user acquisition etc. for the nursing

division and health care division and the emergence of upfront costs in connection with the new construction and renovation of nursing service hubs have been given as primary reasons for the downward adjustment of the consolidated earnings projection and individual earnings projection in the “Notice Concerning Adjustment of Earnings Projections” released by the Company on November 12, 2019 (“Company Earnings Projection Adjustment”), and thus, one factor driving the decline in market price appears to be that the release of the Third Quarter Preliminary Financial Statements confirmed that the effects of establishing the nursing service hubs have been limited and the lag in user acquisition etc. is ongoing; in consideration of the foregoing, the market price of the Shares following the release of the Third Quarter Preliminary Financial Statements is believed to reflect the Company’s current circumstances, and in the examination of the premiums on the Share market price, was deemed to be reasonable by virtue of amply securing premiums over the closing price for the business day immediately preceding the date of announcement of the Tender Offer, the simple average closing price for the immediately preceding one-month period, and the simple average closing price for the immediately preceding three-month period); (iii) is found to pay consideration to the interests of minority shareholders in that, among other things, the measures set forth in “(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer” have been taken to eliminate any conflicts of interest; (iv) was decided after the above measures to eliminate conflicts of interest were taken and the Company and the Tender Offeror engaged in discussions and negotiations on several occasions, namely, after the Company and the Tender Offeror sincerely and continuously engaged in discussions and negotiations while referring to the calculation results for the share value of the Shares by Deloitte Tohmatsu Financial Advisory, discussions with the Special Committee, and legal advice received from Kitahama Partners, etc.; and (v) realizes a significant increase in the price proposal for the Tender Offer at the request of the Special committee, and also that the Stock Acquisition Right Purchase Prices were set at the amounts obtained by multiplying the difference between Tender Offer Price of JPY1,500 and the exercise price per Share that is the object of the relevant Stock Acquisition Rights by 1, which is the number of common shares subject to each Stock Acquisition Right (specifically, JPY392 for the Series 1 Stock Acquisition Rights, which is the amount obtained by multiplying JPY392, the difference relative to the exercise price per Share of JPY1,108, by 1, and JPY1,499 for the Series 2 Stock Acquisition Rights through the Series 6 Stock Acquisition Rights, which is the amount obtained by multiplying JPY1,499, the difference relative to the exercise price per Share of JPY1, by 1), and were calculated on the basis of the Tender Offer Price, the Board of Directors determined regarding the Transaction that the Transaction including the Tender Offer can be expected to improve the Company’s corporate value, that the Tender Offer Price and the Stock Acquisition Right Purchase Prices, as well as the other conditions for the Tender Offer are appropriate with respect to the Company’s shareholders and Stock Acquisition Right Holders, and that the Tender Offer provides the Company’s shareholders and Stock Acquisition Right Holders with a reasonable opportunity to sell their Shares and Stock Acquisition Rights.

In light of the foregoing, at the meeting of the Board of Directors held today, the directors participating in deliberations and voting (six directors, excluding Mr. Mori, Mr. Daisuke Terada, Mr. Tsuyoshi Terada, and Mr. Sugimoto) unanimously passed a resolution to state an opinion in favor of the Tender Offer and to recommend that the Company’s shareholders and Stock Acquisition Right Holders tender their shares etc. in the Tender Offer. Three statutory auditors of the Company attended the meeting of the Board of Directors, and each of the statutory auditors in attendance stated that he or she had no objection to the resolution.

However, it should be noted that Mr. Mori is expected to remain engaged in the management of the Company after the establishment of the Tender Offer, and he is considering investing directly or indirectly in the Tender Offeror to share the common objective for enhancing the corporate value; Company vice president and representative director Mr. Daisuke Terada decided to externally make clear that he intends

to continue supporting the Company as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Tender Offeror; the Company managing director Mr. Tsuyoshi Terada decided to externally make clear that he will remain involved in Company management and, with the common object for enhancing the corporate value, intends to continue supporting the Company as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Tender Offeror; and Company outside director Mr. Sugimoto is concurrently serving as Japan representative of Bain Capital, which provides investment advice to an investment fund that indirectly owns all outstanding shares of BCJ-43, which in turn owns all outstanding shares of the Tender Offeror. These four directors therefore have conflicts of interest with the Company in relation to the Transaction, and thus, as specially-interested directors, they did not in any way participate in the deliberations or voting in the above meeting of the Board of Directors, nor did they have any role in the consultations and negotiations with the Tender Offeror from the Company's position.

(3) Matters Relating to Calculation

(i) Name of Valuation Agency, Relationship of Said Agency to Company and the Tender Offeror

For the formal manifestation of its opinion in regard to the Tender Offer, the Company asked Deloitte Tohmatsu Financial Advisory to conduct a share valuation for Shares as a third-party valuation agency independent of the Company, the Tender Offeror, Meiwa and Shareholders Agreeing to Tender (collectively, "Tender Offeror-Related Persons"), and obtained the Share Valuation Report from said company on May 7, 2020. Deloitte Tohmatsu Financial Advisory does not fall under a related person of any Tender Offeror-Related Person and does not have any material interests in regard to the Tender Offer.

(ii) Overview of Calculations

Deloitte Tohmatsu Financial Advisory considered multiple potential share valuation methods to be adopted for the valuation of Shares, and then, on the assumption that the Company is a going concern and that a multifaceted evaluation of the Share value would be appropriate, calculated said value per Share using: market price analysis, because Shares are listed on the First Section of the Tokyo Stock Exchange and thus have a market price; comparable company analysis, because there are multiple listed companies engaged in business relatively comparable to that of the Company and analogical estimation of the share value is possible through such an approach; and DCF analysis, to ensure that the circumstances of the Company's future business activities would be reflected in the calculation. It should be noted that the Company has not obtained an opinion concerning the fairness of the Tender Offer Price (fairness opinion) from Deloitte Tohmatsu Financial Advisory.

The ranges obtained for the Share value using the above-described valuation methods are as follows.

Market Price Analysis:	JPY 1,080 to 1,377
Comparable Company Analysis:	JPY 894 to 1,255
DCF Analysis:	JPY 1,316 to 1,779

In the market price analysis, May 7, 2020 was used as a calculation reference date, and the calculations were performed on the basis of the closing price of JPY1,094 on said reference date, the simple average closing price of JPY1,080 for the immediately preceding one-month period, the simple average closing price of JPY1,123 for the immediately preceding three-month period, and the simple average closing price of JPY1,377 for the immediately preceding six-month period, of the Shares (all such prices as listed on the First Section of the Tokyo Stock Exchange). These calculations showed the value per Share to be in the range of JPY 1,080 to 1,377.

In the comparable company analysis, listed companies determined to be comparable to the Company were selected, and calculations to obtain the Share value were performed using EV/EBITDA multiples.

For such calculations, SAINT-CARE HOLDING CORPORATION, TSUKUI CORPORATION, LONGLIFE Holding Co., Ltd., solasto corporation, GAKKEN HOLDINGS CO., LTD., and UNIMAT RETIREMENT COMMUNITY Co., Ltd were selected as comparable listed companies. The results of the calculations showed the value per Share to be in the range of JPY 894 to 1,255.

In the DCF analysis, the corporate value and share value of the Company were calculated by estimating the free cash flow that the Company can be expected to generate in and after the March 2021 term, on the basis of various factors including publicly available information and earnings projections and investment plans in the business plans prepared by the Company for the period from the March 2021 term to the March 2023 term, and then deriving the present value of that cash flow using a given discount rate. For such calculations, discount rates of between 6.35% and 6.85% were adopted. In addition, the going-concern value was calculated by employing the perpetual growth method and applying a perpetual growth rate of between 0.25% and 0.75%. The results of the calculations showed the share value per Share to be in the range of JPY 1,316 to 1,779.

The specific values in the Company financial projections that Deloitte Tohmatsu Financial Advisory used as a basis for the DCF method calculations were as indicated below. These financial projections do not include any business year in which a large increase or decrease in earnings relative to the previous year is anticipated. Further, these financial projections do not account for the synergistic effects that will be achievable by carrying out the Transaction, because it is difficult to make a detailed estimate of those effects at the present time. Moreover, Deloitte Tohmatsu Financial Advisory conducted its analysis and examination of the content of these financial projections by holding multiple Q&A sessions with the Company, among other activities.

(Unit: million JPY)

	FY Ending March 2021	FY Ending March 2022	FY Ending March 2023
Net Sales	304,891	310,899	317,128
Operating Profit	10,640	13,373	15,000
EBITDA	17,953	20,834	22,080
Free Cash Flow	6,432	10,123	12,075

It should be noted that the assumptions underlying these financial projections are at variance with the performance targets for the March 2025 term (consolidated net sales of JPY500 billion, consolidated operating profit margin of at least 10%) indicated in the “VISION2025” medium-term management plan announced by the Company on May 11, 2018. Because of the fearsome commercial environment in which the Company currently finds itself, performance for medical-related businesses, nursing businesses and new businesses has showed less growth than anticipated, leading to a material divergence between the medium-term management plan and the Company’s immediate performance and projections. It was thus determined that it would be more appropriate to calculate the objective and reasonable corporate value of the Company and assess the suitability of the Tender Offer Price on the basis of projections more in line with the current realities, with greater consideration for such factors as the immediate earnings environment and Company performance indicators etc. than for the medium-term management plan that had been the initial target.

When calculating the Share value, Deloitte Tohmatsu Financial Advisory, as a rule, utilized the information provided by the Company, publicly-available information, and other such information as-is, assuming that these materials, information, etc. were accurate and complete in all respects, and that there were no facts undisclosed to Deloitte Tohmatsu Financial Advisory that could have a material impact on the calculation of the Share value; thus, Deloitte Tohmatsu Financial Advisory did not independently

evaluate the accuracy or completeness of these materials. Further, it was assumed that all information related to Company financial projections had been reasonably prepared on the basis of the best predictions and judgments currently available to Company top management. Moreover, no independent evaluations or assessments were made, and no expert opinions or assessments from third-party organizations were sought, in regard to the assets and liabilities of the Company and its affiliates (including financial derivatives, unlisted assets and liabilities, and other contingent liabilities). Deloitte Tohmatsu Financial Advisory's calculation reflects the abovementioned information covering the period up to May 7, 2020.

The Tender Offer also covers Stock Acquisition Rights, and the Stock Acquisition Right Purchase Prices have been set to the amounts obtained by multiplying the difference between the JPY1,500 Tender Offer Price and the exercise price per Share for the relevant Stock Acquisition Rights by 1, which is the number of common shares subject to each such Stock Acquisition Right. More specifically, the Tender Offeror has determined, for the Series 1 Stock Acquisition Rights, a price of JPY392 (*i.e.*, the JPY392 difference from the JPY1,108 exercise price per common Share for such Stock Acquisition Rights, *times* 1), and for the Series 2 through Series 6 Stock Acquisition Rights, a price of JPY 1,499 (*i.e.*, the JPY1,499 difference from the JPY1 exercise price per common Share for such Stock Acquisition Rights, *times* 1); because these prices were calculated on the basis of the Tender Offer Price, the Company did not obtain a formal calculation or a fairness opinion from any third-party valuation agency in regard to the Stock Acquisition Right Purchase Prices.

In addition, all of the Stock Acquisition Rights were issued to officers and employees etc. of the Company and officers of Company subsidiaries in the form of stock options; the Stock Acquisition Right Issuance Guidelines require approval by the Board of Directors for any acquisition through assignment of Stock Acquisition Rights, and the Stock Acquisition Right Allotment Agreements prohibit assignment. To ensure that the Stock Acquisition Rights can be assigned, the Company has resolved, in the Board of Directors meeting held today, that subject to the establishment of the Tender Offer, blanket approval will be given for all Stock Acquisition Right Holders to assign their Stock Acquisition Rights to the Tender Offeror by tendering their rights in the Tender Offer, and the particulars of Share Acquisition Right Allotment Agreements with Stock Acquisition Right Holders wishing to assign such rights will be amended to allow for such assignment.

(4) Prospects for Delisting and Reasons Therefor

The Shares are currently listed on the First Section of the Tokyo Stock Exchange, but the Tender Offeror has not set an upper limit of the number of shares planned to be purchased in the Tender Offer, and therefore, depending on the results of the Tender Offer, the Shares may be subject to delisting after performing the prescribed procedures in accordance with the Tokyo Stock Exchanges' delisting criteria. Even in the case where those criteria are not met at the time of establishment of the Tender Offer, following establishment of the Tender Offer, the Tender Offeror plans to perform the Squeeze-Out Procedures as described in "(5) Post-Tender Offer Reorganization and Other Policies (Matters Relating to So Called Two-Step Acquisition)" below. In that case the Shares will be delisted after performing the prescribed procedures in accordance with the Tokyo Stock Exchanges' delisting criteria. Following delisting, the Shares will no longer be traded on the Tokyo Stock Exchange.

(5) Post-Tender Offer Reorganization and Other Policies (Matters Relating to So Called Two-Step Acquisition)

As described in "(i) Overview of the Tender Offer" under (2) Grounds and Reasons for Opinion above, in the case where the Tender Offeror is unable to acquire all Shares (including Shares delivered as a result of the exercise of Stock Acquisition Rights but excluding treasury shares held by the Company and Meiwa-Owned Company Shares) and Stock Acquisition Rights through the Tender Offer,

after establishment of the Tender Offer, the Tender Offeror plans to implement the series of procedures set forth below in order to acquire all Shares (including Shares delivered as a result of the exercise of Stock Acquisition Rights but excluding treasury shares held by the Company and Meiwa-Owned Company Shares) and Stock Acquisition Rights.

(i) Demand for Share etc. Cash-Out

After establishment of the Tender Offer, in the case where the aggregate voting rights held by the Tender Offeror and Meiwa (special controlling shareholder wholly-owned subsidiary) is at least 90% of the voting rights of all shareholders of the Company and the Tender Offeror becomes a special controlling shareholder specified in Article 179, Paragraph 1 of the Companies Act (here and hereafter, Act No. 86 of 2005, as amended), promptly after completion of settlement of the Tender Offer, pursuant to the stipulations of 2-2-4(2) of the Companies Act, the Tender Offeror plans to make a demand to all Company shareholders (with the exception of the Tender Offeror, the Company, and Meiwa) (referred to as “Selling Shareholders”) to sell all the Shares that they hold (the “Demand for Share Cash-Out”) and in conjunction with such demand, to make a demand that all Stock Acquisition Right Holders (with the exception of the Tender Offeror) (referred to as “Selling Stock Acquisition Right Holders”) sell all the Stock Acquisition Rights that they hold (“Demand for Stock Acquisition Right Cash-Out”; the Demand for Share Cash-Out and Demand for Stock Acquisition Right Cash-Out are collectively referred to as the “Demand for Share etc. Cash-Out”). With respect to the Demand for Share Cash-Out, the Tender Offeror plans to pay to Selling Shareholders an amount of money equivalent to the Tender Offer Price as consideration for each Share, and with respect to the Demand for Stock Acquisition Right Cash-Out, the Tender Offeror plans to pay to Selling Stock Acquisition Right Holders amounts of money equivalent to the Stock Acquisition Right Purchase Prices as consideration for each Stock Acquisition Right. In this case, the Tender Offeror will notify the Company to that effect and request the Company’s approval for the Demand for Share etc. Cash-Out. If the Company approves the Demand for Share etc. Cash-Out by a resolution of the Board of Directors, the Tender Offeror shall, in accordance with the procedures specified in relevant laws and regulations, acquire all Shares held by Selling Shareholders and all Stock Acquisition Rights held by Selling Stock Acquisition Right Holders on the acquisition date prescribed in the Demand for Share etc. Cash-Out without the need to acquire individual approval from Selling Shareholders and Selling Stock Acquisition Right Holders. In the case where the Tender Offeror makes a Demand for Share etc. Cash-Out, the Company plans for the Board of Directors to approve the Demand for Share etc. Cash-Out.

Article 179-8 of the Companies Act and other relevant laws and regulations intended to protect the interests of minority shareholders in relation to demands for share cash-out provide that Company shareholders may petition a court to make a determination of the sale price of the Shares that they hold. If such a petition were filed, a court would make the final determination on the sale price.

(ii) Consolidation of Shares

If after establishment of the Tender Offer, the aggregate voting rights held by the Tender Offeror and Meiwa (special controlling shareholder wholly-owned subsidiary) is not at least 90% of the voting rights of all Company shareholders, promptly after completion of settlement of the Tender Offer, the Tender Offeror plans to request that the Company convene an extraordinary general shareholders meeting that includes on the agenda proposals to implement consolidation of the Shares (the “Share Consolidation”) pursuant to Article 180 of the Companies Act and partial amendment of the Articles of Incorporation to eliminate provisions concerning the number of shares constituting one unit, conditioned on the Share Consolidation coming into effect (the “Extraordinary General

Shareholders Meeting”). The Tender Offeror believes that convening the Extraordinary General Shareholders Meeting at the earliest possible time would be desirable from the perspective of enhancing the Company’s corporate value and plans to make a request to announce designation of the record date such that a day (currently scheduled for mid-July, 2020) shortly after the day of commencement of settlement of the Tender Offer is the record date for the Extraordinary General Shareholders Meeting. In the case where the Company receives such a request from the Tender Offeror, the Company plans to comply with that request. The Tender Offeror and Meiwa plan to vote for the proposals described above at the Extraordinary General Shareholders Meeting.

In the case where the Extraordinary General Shareholders Meeting approves the Share Consolidation proposal, on the day that the Share Consolidation takes effect, Company shareholders will hold a number of Shares according to the Share Consolidation ratio approved at the Extraordinary General Shareholders Meeting. If fractional amounts of less than one share occur as a result of the Share Consolidation, monies received from the sale of Shares equivalent to the total number of such fractional shares (in cases where the total number is a fraction less than one share, such fraction shall be discarded) to the Company or the Tender Offeror shall be paid to Company shareholders in accordance with the procedure specified in Article 235 of the Companies Act and other relevant laws and regulations. The sale price of the Shares equivalent to the total number of fractional shares will be calculated such that the amount of money paid as a result of such sale to Company shareholders (excluding the Company and Meiwa) that did not tender their Shares in the Tender Offer is equal to the Tender Offer Price *times* the number of Shares held by the relevant Company shareholders and a petition for approval of the sale will be filed with a court. Furthermore, the ratio of the Share Consolidation is undetermined at this time, but is planned to be set such that Company shareholders (excluding the Company and Meiwa) that did not tender their Shares in the Tender Offer hold less than one Share so that the Tender Offeror can hold all the Shares (excluding treasury shares held by the Company and Meiwa-Owned Company Shares). In this case, the Company will publicly announce the specific procedures promptly after they are determined.

With regard to provisions of the Companies Act intended to protect the interests of minority shareholders in relation to share consolidation, the Companies Act provides to the effect that when fractional amounts of less than one share occur as a result of share consolidation, Company shareholders (excluding the Tender Offeror, the Company and Meiwa) can demand that the Company purchase all fractional shares of less than one share that they hold at a fair price and that they can petition a court to determine the price of the Shares in accordance with Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations. As discussed above, the Share Consolidation will be implemented such that Company shareholders (excluding the Company and Meiwa) that did not tender their Shares in the Tender Offer hold fractional Shares of less than one share, and therefore, it will be possible for Company shareholders who oppose the Share Consolidation to file such a petition. If such a petition were filed, a court would make the final determination.

It is possible with respect to the procedures described in (i) and (ii) above that time will be required for implementation or changes to the method of implementation will occur as a result of the revision or enactment of applicable laws and regulations or depending on the status of their interpretation by the authorities, etc. Even in this case, however, the Tender Offeror plans to adopt a method ultimately to pay monies to those Company shareholders (excluding the Company and Meiwa) that did not tender their Shares in the Tender Offer. In this case, the amount of money to be paid to those shareholders will be calculated such that it is equal to the Tender Offer Price *times* the number of Shares held by the relevant shareholders. Further, in the case where monies are paid to Company Stock Acquisition Right Holders who did not tender their rights in the Tender Offer, the amount of money to be paid to those rights holders will be calculated such that it is equal to the Stock

Acquisition Right Purchase Prices in the Tender Offer *times* the number of Company Stock Acquisition Rights held by those Stock Acquisition Right Holders. The Company will publicly announce the specific procedures in the above cases and the timing of implementation and so on promptly after they are determined through discussions with the Tender Offeror.

The Tender Offer is not intended to be an inducement for Company shareholders to consent at the Extraordinary General Shareholders Meeting. Furthermore, the Company shareholders and Stock Acquisition Right Holders are requested to consult under their own responsibility with a tax accountant or other professional concerning the tax handling of tendering their Shares or Stock Acquisition Rights in the Tender Offer and the procedures described above.

(6) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflicts of Interest, and Other Measures for Ensuring the Fairness of the Tender Offer

In light of factors such as the Tender Offer being carried out as part of a so called management buyout (MBO), where there may be an inherent conflict of interest, and from the perspective of ensuring the fairness of the Tender Offer Price and Stock Acquisition Right Purchase Prices, eliminating arbitrariness in the decision-making process behind the decision to implement the Tender Offer, and avoiding conflicts of interest, the Tender Offeror and the Company have carried out the following measures to ensure the fairness of the Transaction including the Tender Offer.

Matters set forth below that concern measures carried out by the Tender Offeror are based on explanations given by the Tender Offeror.

(i) Procuring a Share Valuation Report from an Independent Third-Party Valuation Agency

To ensure the fairness of the decision-making process regarding the Tender Offer Price presented by the Tender Offeror, the Company requested Deloitte Tohmatsu Financial Advisory, as a third-party valuation agency that is independent from the Tender Offeror-Related Persons, to calculate the share value of the Company Shares, and procured the Share Valuation Report on May 7, 2020.

Deloitte Tohmatsu Financial Advisory does not fall under a related person of any of the Tender Offeror-Related Persons, and does not have any material interests in regard to the Transaction including the Tender Offer. Further, at the first meeting of the Special Committee, the Special Committee confirmed that there are no issues with respect to the independence of Deloitte Tohmatsu Financial Advisory, and approved Deloitte Tohmatsu Financial Advisory as a third-party valuation agency for the Company.

For an overview of the Share Valuation Report, refer to “(ii) Overview of Calculations” under “(3) Matters Relating to Calculation” above.

(ii) Advice from an Independent Law Office

To ensure the fairness and appropriateness of the Board of Directors’ decision-making process regarding the Transaction, the Company appointed Kitahama Partners as a legal advisor that is independent from the Tender Offeror-Related Persons, and received from said law office necessary legal advice regarding the method and process of decision-making for the Board of Directors including procedures relating to the Transaction, and other matters for consideration.

Kitahama Partners does not fall under a related person of any of the Tender Offeror-Related Persons, and does not have any material interests in regard to the Transaction, which the Tender Offer. Further, at the first meeting of the Special Committee, the Special Committee confirmed that there are no issues with the respect to the independence of Kitahama Partners, and approved Kitahama Partners as a legal advisor for the Company.

(iii) Establishment of a Special Committee at the Company; Procuring a Written Report

In light of factors such as the Transaction being carried out as part of a so called management buyout (MBO) where there may be an inherent conflict of interest in the consideration of the Transaction by the Company, for the purposes of ensuring that the Company is careful in its decision-making regarding the Transaction, eliminating arbitrariness and the possibility of any conflict of interest in the Board of Directors' decision-making process, and ensuring fairness of the same, at the Board of Directors meeting held on March 10, 2020, a resolution was passed to establish the Special Committee composed of three persons who do not have any interests in any Tender Offeror-Related Persons, namely Mr. Keita Moriwaki (attorney with Oh-ebashi LPC & Partners) and Mr. Hakuo Yanagisawa, who are outside directors and independent officers of the Company, and Mr. Shinsuke Hasegawa (certified public accountant and tax attorney; representative of Hasegawa CPA Office), who is an outside expert with abundant experience as a special committee member in the types of transactions that are similar to the Transaction, and to carry out decision-making that assigns the utmost value to reports by said committee. Since Mr. Shinsuke Hasegawa has never had any transaction with the Company and any Tender Offeror-Related Person, the Company believes that it is found to be independent from the Company and the Tender Offeror-Related Persons. The members of the Special Committee have not changed since the committee was first established. Further, Mr. Keita Moriwaki was elected by the members as the chairperson of the Special Committee. The only remuneration for the members of the Special Committee is a fixed remuneration that is paid regardless of the success or failure of the Transaction, and does not include any success fees that are contingent on public announcements or completion etc. of the Transaction.

The Company consulted with the Special Committee on (a) the reasonableness of the purposes of the Transaction (including whether the Transaction will enhance the corporate value of the Company), (b) the appropriateness of the terms of the Transaction (including the tender offer price), (c) the fairness of the negotiations process and other procedures for the Transaction, and (d) whether, in light of (a) through (c) above, the Transaction is disadvantageous to the Company's minority shareholders (collectively, "Consultation Matters"), and requested that the Special Committee submit the Written Report regarding the foregoing to the Board of Directors. Further, the Company approved at the Board of Directors meeting a resolution to grant to the Special Committee the authority to (a) receive, from officers and employees of the Company, information necessary for examination of, and determinations regarding, the Transaction, and (b) approve (including approval after the fact) outside professional advisors appointed by the Board of Directors.

The Special Committee held a total of ten (10) meetings during the period from March 10, 2020 to May 7, 2020 to discuss and examine the Consultation Matters. Specifically, at the first meeting of the Special Committee, after finding that with respect to the legal advisor, the financial advisor, and the third-party valuation agency appointed by the Company, there were no issues in relation to their independence, the Special Committee approved them as the legal advisor, the financial advisor, and the third-party valuation agency, respectively, of the Company. Further, with respect to involvement in the negotiations process with the Tender Offeror, while establishing a policy whereby Deloitte Tohmatsu Financial Advisory, the Company's financial advisor, will be the contact point for the Company in direct negotiations, the Special Committee confirmed that by receiving timely status reports from persons responsible for the negotiations, stating opinions on material matters, and giving instructions and demands, it may be substantially involved in the negotiations process concerning transaction terms. Moreover, the Special Committee received explanations from the Company and conducted questions and answers regarding the condition of the Company's businesses, business forecasts, market environment, background of the Transaction, purposes of the Transaction, specific advantages and disadvantages of the Transaction, forecasts concerning continuation of businesses not conditioned on the Transaction including the feasibility of measures in lieu of the Transaction, operational and financial conditions, and business plans etc., and with respect to negotiations with the Tender Offeror, expressed opinions and provided advice to the Company. Further, the Special Committee received from the Tender Offeror an overview of Bain Capital, explanations regarding

the purposes and reasons for the Transaction, managerial policies and investment plans going forward, matters of concern in relation to the Transaction, the specific impact and effect that are expected to result from the Transaction, specific advantages and disadvantages of the Transaction, and other matters, and conducted questions and answers. In addition, the Special Committee received explanations from Deloitte Tohmatsu Financial Advisory regarding the negotiations process relating to the terms etc. of the Transaction and calculation of the Company's share value, and explanations from Kitahama Partners regarding the particulars of measures to ensure fairness with respect to the procedures of the Transaction, the method and process of the Board of Directors' decision-making regarding the Transaction, and other measures to avoid conflict of interest, and conducted questions and answers regarding the foregoing as well.

Further, with respect to a so called proactive market check (including bidding procedures before public announcement of the Transaction) to investigate and consider whether there are any potential acquirers in the market, in light of the nature of measures that have been carried out to ensure the fairness of the Transaction that includes the Tender Offer, and other specific circumstances of the Transaction, the Special Committee determined that even if such checks are not carried out, there will be no specific hindrances to the fairness of the Transaction.

Further, since the Company's receipt of a proposal from the Tender Offeror on April 7, 2020 to the effect that the Tender Offer Price will be JPY1,300 per Share and the Stock Acquisition Right Purchase Prices will be JPY192 for Series 1 Stock Acquisition Rights and JPY1,299 for Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights, the Special Committee has received, from time to time, reports concerning the process and details etc. of consultations and negotiations between the Company and the Tender Offeror relating to the Transaction, and discussed matters such as policies for dealing with the same. Then on April 14, 2020, the Tender Offeror proposed a Tender Offer Price of JPY1,400 per Share and Stock Acquisition Right Purchase Prices of JPY292 for Series 1 Stock Acquisition Rights and JPY1,399 for Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights, and on April 21, 2020, the Tender Offeror proposed a Tender Offer Price of JPY 1,450 per Share and Stock Acquisition Right Purchase Prices of JPY342 for Series 1 Stock Acquisition Rights and JPY1,449 for Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights and after reviewing and considering such proposal in light of Deloitte Tohmatsu Financial Advisory's advice from a financial perspective that included analyses concerning premiums in recent MBO deals, the Special Committee demanded that the Tender Offeror increase the Tender Offer Price and was otherwise involved in the negotiations process with the Tender Offeror; as a result, on April 30, 2020, the Company received from the Tender Offeror a proposal for a Tender Offer Price of JPY1,500 per Share and Stock Acquisition Right Purchase Prices of JPY392 for Series 1 Stock Acquisition Rights and JPY1,499 for Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights.

Moreover, the Special Committee received explanations regarding drafts of this Press Release that the Company planned to disclose, and while receiving advice from Kitahama Partners, confirmed that it was planned that full disclosure of information concerning the Transaction will be made.

In the course of the foregoing, as a result of continued careful discussions and examinations regarding the Consultation Matters, on May 7, 2020, the Special Committee submitted to the Board of Directors the Written Report regarding the Consultation Matters with the following content.

(a) The reasonableness of the purposes of the Transaction (including whether the Transaction will enhance the corporate value of the Company).

The Special Committee asked the Company and the Tender Offeror questions with regard to the purposes of the Transaction, the specifics of the corporate value of the Company that is expected to be enhanced by the Transaction, and other matters, and received explanations set forth in "(a) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer" and "(b)

Post-Tender Offer Managerial Policy” in “(ii) Background, Objectives, and Decision-Making Process behind the Tender Offeror’s Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy” and “(iii) Decision-Making Process behind the Company’s Decision to Support the Tender Offer and the Reasons Therefor” in “(2) Grounds and Reasons for Opinion”; the specifics were confirmed and a thorough examination was carried out.

As a result of this examination, no unreasonableness was found in the explanations given by the Company and the Tender Offeror, and in light of the business environment surrounding the Company, the need to establish a group management structure at the Company by utilizing the management support of Bain Capital to the maximum extent, and the outlook of the Company’s business etc., swift and bold execution of the measures through the implementation of the Transaction can be expected to contribute to the Company’s sustainable growth and is found to enhance the corporate value of the Company in the medium to long term.

Furthermore, even though the Japanese market is currently impacted by the outbreak of the novel coronavirus, at this point the impact is not thought to be serious to the extent of significantly harming the business value of the Company, while at the same time the Company faces a dire need to execute business structure reforms, and in the current situation where the future course of the outbreak of the novel coronavirus remains unclear and the outlook of a market recovery remains uncertain, it is believed that rather than waiting for a market recovery, swiftly implementing the Transaction and promoting business structure reforms will contribute to long-term and stable business growth.

For the foregoing reasons, a determination was made that the purposes of the Transaction are reasonable.

(b) The appropriateness of the terms of the Transaction (including the tender offer price).

(i) The Share Valuation Report that the Company obtained from Deloitte Tohmatsu Financial Advisory, a third-party valuation agency independent of Tender Offeror-Related Persons, sets forth that the Share value is in the range of JPY1,080 to JPY1,377 in the market price analysis, in the range of JPY894 to JPY 1,255 in the comparable company analysis, and in the range of JPY1,316 to JPY1,779 in the DCF analysis; this means that the Tender Offer Price is greater than the maximum amounts of the ranges of the calculation results based on the market price analysis and the comparable company analysis and is within and the price near to the mid-value of the range of the calculation results using the DCF analysis; meanwhile the Special Committee received from Deloitte Tohmatsu Financial Advisory detailed explanations on the calculation methods etc. used in the share valuation, and asked Deloitte Tohmatsu Financial Advisory and the Company questions with regard to the selection of valuation methods, the selection of comparable companies and multiples used as metrics in the comparable company analysis, and matters that served as the basis for calculation in the DCF analysis (the Company’s business plans, its financial forecasts based on such business plans, the calculation methods of its going concern value, and the grounds for calculation of the discount rate etc.), and then carried out a review; as a result, no unreasonableness was found in light of general valuation practices; moreover, the Tender Offer Price represents a premium of 37.11% over the closing price (JPY1,094) of the Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020; a premium of 38.89% over the simple average closing price (JPY1,080) for the one-month period up to May 7, 2020; a premium of 33.57% over the simple average closing price (JPY1,123) for the three-month period up to such date; and a premium of 8.93% over the simple average closing price (JPY1,377) for the six-month period up to such date, and it can be concluded that a premium is being added that is not inferior to the premiums in other recent MBO cases (The premium on the simple average closing price for the last six-month period is a relatively low standard, but this appears to be due to a decline in the market price of the Shares since the announcement by the Company of the Third Quarter Preliminary Financial Statements on February 7, 2020. With regard to the reasons for this decline in the Share market price, one factor can be considered; even though lagging user acquisition etc. for the nursing division and healthcare division and the emergence of upfront costs in connection with new constructions and renovations of nursing service hubs were given as primary reasons for the Company Earnings Projection Adjustment announced by the Company on

November 12, 2019, the release of the Third Quarter Preliminary Financial Statements confirmed that the effects of establishing the nursing service hubs have been limited and the lag in user acquisition etc. is ongoing. Accordingly, the market price of the Shares following the release of the Third Quarter Preliminary Financial Statements is believed to reflect the Company's current actual circumstances. Given the foregoing, after the examination of the premiums on the Share market price, the Special Committee can determine that it is reasonable by virtue of amply securing premiums over the closing price for the business day immediately before the date of announcement of the Tender Offer, the simple average closing price for the last one-month period, and the simple average closing price for the last three-month period. In addition, the Company Earnings Projection Adjustment was announced because the results of a tally of the Company's recent earnings reached the standards for timely disclosure, and there appears to be no reason etc. for an arbitrary downward adjustment, and furthermore at the time of the announcement of the Company Earnings Projection Adjustment, no proposal or examination of the Transaction whatsoever was being carried out; therefore, there appears to be no circumstances in particular that lead one to believe that the Company improperly lowered the market share price through the Company Earnings Projection Adjustment);

(ii) as stated in "(c) The fairness of the negotiations process and other procedures for the Transaction" below, the negotiations process procedures for the Transaction, including the Tender Offer, are found to be fair, and the Tender Offer Price and the Stock Acquisition Right Purchase Prices are found to have been determined in light of the outcome of such negotiations;

(iii) the Transaction is carried out under a scheme that the Tender Offeror will indirectly acquire the Meiwa-Owned Company Shares by receiving the transfer of the Meiwa Shares from Meiwa Shareholder while implementing the Tender Offer for issued common shares and the Stock Acquisition Rights of the Company excluding the Meiwa-Owned Company Shares ("Scheme"). Given the fact that Meiwa is an asset management company that currently has no assets other than Shares, cash and deposits, and tax assets, the Meiwa Share Transfer Amount is set at the amount that provides economic value equivalent to the value that would be received by Meiwa Shareholder in exchange of tendering their Meiwa-Owned Company Shares in the Tender Offer; thus, it would not be contrary to the uniformity of the tender offer price. Therefore, it is found that the Scheme would not give Meiwa Shareholder any unfair profits, there is no irregular points in the Scheme, and it would not cause any disadvantage on minority shareholders.

(iv) as the minority shareholders who did not tender their Shares in the Tender Offer will eventually be paid monies in the Squeeze-Out Procedures to be performed following the Tender Offer, computation will be made so that the amount of money to be paid in such procedures will be equal to the price obtained by multiplying the Tender Offer Price by the number of Shares held by those shareholders, the Demand for Share Cash-Out or Share Consolidation planned in the Squeeze-Out Procedures is a general method used in cases comparable to the Transaction, and in either method an opportunity for minority shareholders to state any objection to the consideration is provided, and due to the foregoing and other reasons, the procedures are found to be reasonable;

(v) the Stock Acquisition Right Purchase Prices are set as the amounts obtained by multiplying the difference between the Tender Offer Price (JPY1,500) and the exercise price per Share for the Stock Acquisition Rights (JPY392 for the Series 1 Stock Acquisition Rights and JPY1,499 for the Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights) by 1, which is the number of Shares subject to each Stock Acquisition Right, thus are calculated on the basis of the Tender Offer Price; and

(vi) consideration for the Transaction will be money, and in light of the Tender Offeror being an unlisted company, the type of consideration is considered to be appropriate;

in light of the foregoing and as a result of careful discussions and reviews, the Special Committee has determined that the implementation method and the scheme of the Transaction, and the type and the amount of consideration to be paid to the Company's minority shareholders in the Transaction and other terms of the Transaction are appropriate.

(c) The fairness of the negotiations process and other procedures for the Transaction.

(i) In light of factors such as the Transaction being carried out as part of a so-called management buyout (MBO), where there may be an inherent conflict of interest, and from the perspective of ensuring the fairness of the Tender Offer Price and the Stock Acquisition Right Purchase Prices, eliminating arbitrariness in the decision-making process behind the decision to implement the Tender Offer, and avoiding conflicts of interest, the Company, in examining the Transaction, obtained advice and opinions etc. from third-party valuation agency and financial advisor Deloitte Tohmatsu Financial Advisory and legal advisor Kitahama Partners, both of which are independent from the Tender Offeror-Related Persons, and from the perspective of enhancing the Company's corporate value and of the shared interests of shareholders, carefully examined and discussed the appropriateness of the Tender Offer Price and other purchase conditions of the Tender Offer, the fairness of the series of procedures for the Transaction and other points, and the Special Committee has confirmed that there was no problem with the independence and the expertise of Deloitte Tohmatsu Financial Advisory and Kitahama Partners and approved them as the Company's third-party valuation agency and the legal advisor;

(ii) the Company, pursuant to the negotiation policy approved by the Special Committee in advance, conducted substantial discussions and negotiations with the Tender Offeror to ensure the fairness of the Tender Offer Price and the Stock Acquisition Right Purchase Prices from the perspective of protecting the interests of minority shareholders, and specifically, the Company through Deloitte Tohmatsu Financial Advisory conducted price negotiations, including presenting a counter proposal price approved by the Special Committee, via Nomura Securities Co., Ltd., the financial advisor for the Tender Offeror, and as a result of such negotiations, before reaching the decision to set the Tender Offer Price at JPY1,500 per Share, elicited a price increase of JPY200 in total of three (3) times from the Tender Offeror's initial proposal of JPY1,300 per Share, and in connection with this elicited a price increase of JPY200 in a total for the Stock Acquisition Right Purchase Prices as well;

(iii) the directors who examined and negotiated the Transaction as the representatives of the Company did not include any director who had special interests in the Transaction, or otherwise no fact was found that suggests that the Tender Offer-Related Persons or any other person with special interests in the Transaction had an improper impact on the Company during the process of the discussions, examinations and negotiations relating to the Transaction;

(iv) with respect to the Tender Offer, the Tender Offer Period will be set as a period of 31 business days, which is longer than the statutory minimum of 20 business days; seeking to ensure that opportunities for persons other than the Tender Offeror ("Counterbidders") to make counteroffers etc. are not improperly restricted, the Tender Offeror and the Company have not executed any agreement including a deal protection provision prohibiting contact by the Company with Counterbidders or any other agreement restricting contact by a Counterbidder with the Company; together with the setting of the Tender Offer Period, by securing an opportunity for counterbidding, consideration is paid to ensure the fairness of the Tender Offer, and moreover, even though a proactive market check has not been conducted for the Transaction, in addition to the perspective of information management, Bain Capital, which owns and operates the Tender Offeror, is a global fund known for its expertise in the healthcare field, and Mr. Sugimoto, the Japan representative of Bain Capital, has a track record of contributing to enhancement of the Company's corporate value and devising a business strategy as an outside director of the Company since June 2015, and thus has a strong understanding of the Company's management situation and has already built a relationship of trust; in light of these factors, even if a proactive market check were carried out, it would be hardly effective, and thus it is thought that not carrying out such a market check will not particularly hinder the fairness of the Transaction;

(v) the Tender Offeror has agreed with Meiwa Shareholder that all Meiwa Shares will be transferred to the Tender Offeror in the Tender Offer and has agreed with Shareholders Agreeing to Tender that Tender-Agreed Shares etc. will be tendered in the Tender Offer; that means the total of Meiwa-Owned

Company Shares (16,303,849 shares, ownership ratio of 24.76%) and Tender-Agreed Shares etc. (Shares: 12,478,503 shares, Stock Acquisition Rights: 212,000 units (number of subject shares: 212,000 shares), ownership ratio of 19.28%) is 28,782,352 Shares and 212,000 Stock Acquisition Rights (number of subject shares: 212,000 shares), and the combined ownership ratio is 44.04%; accordingly, the Tender Offeror believed that deducting these Meiwa-Owned Company Shares and Tender-Agreed Shares etc. and setting a so-called “majority of minority” lower limit of the number of shares planned to be purchased in the Tender Offer may prevent stable establishment of the Tender Offer and may, rather, cause the Tender Offer not to contribute to the interests of minority shareholders wishing to tender Shares therein; in view of this, the Tender Offeror has set the lower limit of the number of shares planned to be purchased (27,586,100 shares) in the Tender Offer at 100 shares *times* the number of voting rights (275,861 units) obtained by subtracting the number of voting rights (163,038 units) pertaining to Meiwa-Owned Company Shares from two-thirds of the number of voting rights (658,348 units) pertaining to the Company’s Total Number of Shares After Accounting for Potential Shares (65,834,847 shares) (two-thirds of these voting rights equals 438,899 units; rounded up to the nearest whole number); however, given that this lower limit requires approval on a scale corresponding to approximately 40.51% of Company shareholders and the Stock Acquisition Right Holders (ownership ratio: 55.85 %) other than Meiwa and Shareholders Agreeing to Tender, and it can be said that approval of a certain number of Company shareholders and the Stock Acquisition Right Holders other than Shareholders Agreeing to Tender is a precondition, and further, it is believed that the interests of the Company’s minority shareholders are sufficiently taken into consideration through other measures serving to ensure the fairness of the Tender Offer; moreover, as the outbreak of the novel coronavirus has made the stock market unstable and it is uncertain when the outbreak will wind down, the future outlook is unclear, and it is believed that respecting the choice by minority shareholders wishing to avoid an unclear market environment going forward to tender their Shares in the Tender Offer and sell the Shares at the price with a substantial premium will also benefit minority shareholders, and therefore it is believed that not setting “majority of minority” conditions in the Tender Offer cannot be said to immediately undermine the fairness of the procedures of the Transaction; in view of the foregoing, and as a result of careful discussions and examinations, the Special Committee determined that proper measures have been taken to ensure the fairness of the Transaction and thus the negotiations process and other procedures for the Transaction are fair.

(d) Whether, in light of (a) through (c) above, the Transaction are disadvantageous to the Company’s minority shareholders.

As a result of a careful review in light of (a) through (c) above and other matters, a determination was made that the Transaction is not disadvantageous to the Company’s minority shareholders.

Note that this opinion includes the findings that the decisions by the Board of Directors (i) to state an opinion in favor of the Tender Offer and to recommend that Company shareholders and Stock Acquisition Right Holders tender their Shares and Stock Acquisition Rights in the Tender Offer and (ii) to perform, following the Tender Offer, the Squeeze-Out Procedures using the method of Demand for Share etc. Cash-Out or Share Consolidation are not disadvantageous to the minority shareholders.

(iv) Approval of All Company Directors Not Having a Conflict of Interest; Opinion of No Objection from All Company Auditors

On the basis of the Share Valuation Report obtained from Deloitte Tohmatsu Financial Advisory and legal advice obtained from Kitahama Partners, the Company carefully considered the terms of the Transaction while maximally giving weight to the content of the Written Report submitted by the Special

Committee (see “(iii) Establishment of a Special Committee at the Company; Procuring a Written Report” above regarding the constitution of the Special Committee and its specific activities etc.).

Consequently, as explained in “(iii) Decision-Making Process behind the Company’s Decision to Support the Tender Offer, and the Reasons Therefor” under “(2) Grounds and Reasons for Opinion” above, the Board of Directors decided, regarding the Transaction, that the Transaction, which includes the Tender Offer, can be expected to improve the Company’s corporate value and the Tender Offer Price and other conditions of the Tender Offer are appropriate from the perspective of the Company’s shareholders and Stock Acquisition Right Holders, and that the Tender Offer will provide the Company’s shareholders and Stock Acquisition Right Holders with a reasonable opportunity to sell their Shares and Stock Acquisition Rights. At the Board of Directors meeting held today, the Company’s directors (six directors excluding Mr. Mori, Mr. Daisuke Terada, Mr. Tsuyoshi Terada, and Mr. Sugimoto) who participated in deliberation and voting announced their unanimous agreement to the Tender Offer and made a resolution to recommend that all of the Company’s shareholders and Stock Acquisition Right Holders tender their shares etc. in the Tender Offer. Three of the Company’s auditors attended this Board of Directors meeting, and all of these attending auditors stated their opinion of no objection to this resolution.

Note that since Mr. Mori intends to continue managing the Company after the establishment of the Tender Offer and he is considering investing directly or indirectly in the Tender Offeror to share the common objective for enhancing the corporate value, since Mr. Daisuke Terada, who is the Company vice president and representative director, decided to make externally clear his intension to continue supporting the Company as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Tender Offeror, since Mr. Tsuyoshi Terada, who is the Company managing director, decided to externally clear his intention to remain involved in management of the Company, and with the common objective for enhancing the corporate value, to continue supporting the Company as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Tender Offeror, and since Mr. Sugimoto, who is an outside director of the Company, also serves as the Japan representative of Bain Capital, which provides investment advice to an investment fund that indirectly owns all outstanding shares of BCJ-43, which in turn owns all of the Tender Offeror’s outstanding shares, these individuals have a conflict of interest with the Company in regard to the Transaction, and thus being specially-interested directors, did not participate in any way in the deliberation and voting at the aforementioned Board of Directors meeting, and did not participate in any way from the Company’s position in discussions and negotiations with Tender Offeror.

(v) Securing Objective Conditions for Ensuring the Fairness of the Tender Offer

Tender Offeror has not executed with the Company any agreement including a deal protection provision prohibiting contact by the Company with any Counterbidder regarding the Company Shares or any other agreement restricting contact by a Counterbidder with the Company. Further, Tender Offeror has set as the purchase etc. period (“Tender Offer Period”) involved in the Tender Offer a period of 31 business days, which is longer than the statutory minimum of 20 business days. By setting a comparatively long period as the Tender Offer Period, Tender Offeror intends to ensure an appropriate Tender Offer Price by securing for the Company’s shareholders and the Stock Acquisition Right Holders an appropriate opportunity for decision-making regarding tendering shares in the Tender Offer and securing an opportunity for persons other than Tender Offeror to make counteroffer etc. for the Company Shares.

Note that as explained in “(iii) Establishment of a Special Committee at the Company; Procuring a Written Report” above, regarding a proactive market check to survey and investigate whether there is any other potential acquirer in the market (including any bidding procedures etc. prior to the public announcement of the Transaction), the Special Committee determined in view of the assorted measures that were carried out to ensure the fairness of the Transaction, which includes the Tender Offer, and other specific conditions of the Transaction that not carrying out such a market check will not particularly hinder

the fairness of the Transaction.

Note that Tender Offeror has agreed in the Share Transfer Agreement with Meiwa Shareholder that all Meiwa Shares will be transferred to Tender Offeror and has agreed in the Tender Agreement with each Shareholder Agreeing to Tender that Tender-Agreed Shares etc. will be tendered in the Tender Offer; the total of Meiwa-Owned Company Shares (16,303,849 shares, ownership ratio of 24.76 %) and Tender-Agreed Shares etc. (Shares: 12,478,503 shares, Stock Acquisition Rights: 212,000 units (number of subject shares: 212,000 shares), ownership ratio of 19.28%) is 28,782,352 Shares and 212,000 Stock Acquisition Rights (number of subject shares: 212,000 shares), and the combined ownership ratio is 44.04%. Accordingly, deducting these Meiwa-Owned Company Shares and Tender-Agreed Shares etc. and setting a so called “majority of minority” lower limit of the number of shares planned to be purchased in the Tender Offer may prevent stable establishment of the Tender Offer. Tender Offeror believes that the Transaction, which includes the Tender Offer, will contribute to the shared interests of all shareholders, including minority shareholders, and believes that setting a “majority of minority” may, rather, cause the Tender Offer not to contribute to the interests of minority shareholders wishing to tender shares therein. In view of this, Tender Offeror has set the lower limit of the number of shares planned to be purchased (27,586,100 shares) in the Tender Offer at 100 shares *times* the number of voting rights (275,861 units) obtained by subtracting the number of voting rights (163,038 units) pertaining to Meiwa-Owned Company Shares from two-thirds of the number of voting rights (658,348 units) pertaining to the Company’s Total Number of Shares After Accounting for Potential Shares (65,834,847 shares) (two-thirds of these voting rights equals 438,899 units; rounded up to the nearest whole number). Indeed, from the Company’s perspective, this lower limit requires approval on a scale corresponding to approximately 40.51% of Company shareholders and the Stock Acquisition Right Holders (ownership ratio: 55.85%) other than Meiwa and Shareholders Agreeing to Tender, and it can be said that approval of a certain number of Company shareholders and the Stock Acquisition Right Holders other than Shareholders Agreeing to Tender is a precondition. Further, Tender Offeror believes that in the Tender Offer, the interests of the Company’s shareholders are sufficiently taken into consideration through the measures set forth in (i) to (v) above serving to ensure the fairness thereof.

4. Matters Relating to Material Agreements Concerning Tendering of Shares in Tender Offer between the Tender Offeror and Company Shareholders, Directors, and Others

(1) Tender Agreements

On May 8, 2020, the Tender Offeror concluded the Tender Agreements with each Shareholder Agreeing to Tender whereby they agree to tender all of the following Shares and Stock Acquisition Rights that they hold in the Tender Offer. Mr. Mori: 15,858 Shares and 67,500 Stock Acquisition Rights (number of subject shares: 67,500 shares; ownership ratio: 0.13%); Mr. Daisuke Terada: 4,679,149 Shares and 105,900 Stock Acquisition Rights (number of subject shares: 105,900 shares; ownership ratio: 7.27%); Mr. Tsuyoshi Terada: 3,572,099 Shares and 38,600 Stock Acquisition Rights (number of subject shares: 38,600 shares; ownership ratio: 5.48%); Ms. Kuniko Terada: 5,074 Shares (ownership ratio: 0.01%); Mr. Keisuke Terada: 2,737,174 Shares (ownership ratio: 4.16%); Ms. Ayako Terada: 688,100 Shares (ownership ratio: 1.05%); Ms. Akemi Takato: 698,249 Shares (ownership ratio: 1.06%); and Meiko: 82,800 Shares (ownership ratio: 0.13%). The Tender-Agreed Shares etc. comprise 12,478,503 Shares and 212,000 Stock Acquisition Rights (number of subject shares: 212,000 shares), and the total ownership ratio is 19.28%.

Each Shareholder Agreeing to Tender covenants in the Tender Agreement with the Tender Offeror that in the case where, after the day of commencement of the Tender Offer, a general shareholders meeting of the Company (including the ordinary general shareholders meeting relating to the March

2020 term) is held with a day prior to the day of commencement of settlement relating to the Tender Offer as the record date for the exercise of rights, they will exercise their voting rights and all other rights relating to the Shares that they hold at such general shareholders meeting (i) all in accordance with the Tender Offeror's instructions or (ii) deliver a proper power of attorney with the name and seal of an authorized person granting comprehensive proxy rights to the Tender Offeror or the person designated by the Tender Offeror and will not rescind such granting of the proxy rights, at the Tender Offeror's option. The Tender Agreements with each Shareholder Agreeing to Tender do not contain any conditions precedent to tender by the Shareholder Agreeing to Tender.

(2) Share Transfer Agreement

(i) Overview of the Share Transfer Agreement

The Tender Offeror and Meiwa Shareholder executed the Share Transfer Agreement on May 8, 2020 whereby they agree that Meiwa Shareholder will transfer the Meiwa Shares to the Tender Offeror on the Meiwa Share Transfer Date, conditioned on establishment of the Tender Offer and satisfaction of certain other matters. For details of those conditions, see "(iii) Conditions Precedent to Transfer of the Meiwa Shares" below.

(ii) Agreements not to Tender Shares in the Tender Offer

Meiwa Shareholder agrees in the Share Transfer Agreement that during the period from the day of execution of the Share Transfer Agreement to the Meiwa Share Transfer Date, she will not cause Meiwa to sell, transfer, or assign the Shares that Meiwa owns, or subject the same to security interests or the like, including causing Meiwa to tender its Shares on whole or in part in the Tender Offer.

Under the Share Transfer Agreement, in the case where an event that poses a possibility of an adverse impact on Meiwa's financial standing, management results, cash flow, business, assets, liabilities, future profit plans, or the projections of these items occurs or Meiwa Shareholder breaches the Meiwa Shareholder's representations and warranties or duties under the Share Transfer Agreement described below in material respects, the Tender Offeror has the right to demand that in place of transferring the Meiwa Shares, Meiwa Shareholder cause Meiwa to tender all its Shares in the Tender Offer or, during the period from after establishment of the Tender Offer to the Company goes private (including the situation where, as a result of share consolidation, the only Company shareholder is the Tender Offeror or the Tender Offeror and Meiwa), to maintain duties relating to Meiwa's operations and so on and perform duties equivalent to these duties set forth in (v) below at all Company general shareholders meetings held during that period.

(iii) Conditions Precedent to Transfer of the Meiwa Shares

Under the Share Transfer Agreement, performance of the duty to transfer the Meiwa Shares to the Tender Offeror by Meiwa Shareholder is conditioned on (i) that the Tender Offer was established, (ii) that the Tender Offeror's representations and warranties (note 11) in the Share Transfer Agreement are true and accurate in all material respects, and (iii) that the Tender Offeror performed its duties (note 12) under the Share Transfer agreement in all material respects.

(Note 11) In the Share Transfer Agreement, the Tender Offeror represents and warrants on the day of execution of the Share Transfer Agreement and the Meiwa Share Transfer Date (i) lawful establishment of the Tender Offeror, (ii) the Tender Offeror's capacity and binding legal force and enforceability of the Share Transfer Agreement, (iii) non-existence of any approvals or permits and the like necessary for execution or performance of the Share Transfer Agreement by the Tender Offeror, (iv) non-violation of laws and regulations and

non-breach of agreements and the like to which the Tender Offeror is a party as a result of execution or performance of the Share Transfer Agreement by the Tender Offeror, (v) that the Tender Offeror is not an anti-social force, and (vi) non-existence of grounds for legal insolvency relating to the Tender Offeror.

(Note 12) Under the Share Transfer Agreement, the Tender Offeror bears (i) a duty to acquire the Meiwa Shares, (ii) a duty to pay compensation for damage and the like incurred by Meiwa Shareholder as a result of or in relation to breach of the Tender Offeror's duties under the Share Transfer Agreement or the Tender Offeror's representations and warranties set forth above (note 11), and (iii) a duty of confidentiality and other duties pursuant to the general provisions of the Share Transfer Agreement.

Further, the Tender Offeror's performance of the duty to acquire the Meiwa Shares from Meiwa Shareholder pursuant to the Share Transfer Agreement is conditioned on (i) that the Tender Offer was established, (ii) that Meiwa Shareholder's representations and warranties (note 13) in the Share Transfer Agreement are true and accurate in all material respects, (iii) that Meiwa Shareholder performed her duties (note 14) under the Share Transfer Agreement in all material respects, (iv) that a resolution of Meiwa's general shareholders meeting to approve transfer of the Meiwa Shares was lawfully and validly passed, (v) that Meiwa directors submitted letters of resignation to the effect that they shall resign as of the Meiwa Share Transfer Date, (vi) that a trust agreement with content agreed upon by Meiwa Shareholder and the Tender Offeror was executed, (vii) that the Tender Offeror completed procurement of the funds necessary to pay the Meiwa Share Transfer Price, and (viii) that no events that pose a possibility of an adverse impact on Meiwa's financial standing, management results, cash flow, business, assets, liabilities, future profit plans, or the projections of these items has occurred or been discovered, and there is no likelihood of such events occurring.

(Note 13) In the Share Transfer Agreement, Meiwa Shareholder represents and warrants on the day of execution of the Share Transfer Agreement and the Meiwa Share Transfer Date (i) capacity of Meiwa Shareholder, (ii) binding legal force and enforceability of the Share Transfer Agreement, (iii) acquisition of permits and approvals necessary for execution or performance of the Share Transfer Agreement by Meiwa Shareholder, (iv) non-violation of laws and regulations and non-breach of agreements and the like to which Meiwa Shareholder or the Company is a party as a result of execution or performance of the Share Transfer Agreement by Meiwa Shareholder, (v) non-petition for the commencement of insolvency proceedings against Meiwa Shareholder, (vi) that Meiwa Shareholder is not an anti-social force, (vii) non-attribution of rights and non-existence of security interests or other encumbrances relating to the Meiwa Shares, (viii) lawful establishment and capacity of Meiwa, (ix) that Meiwa procedures necessary for execution and performance of the Share Transfer Agreement by Meiwa Shareholder were performed, (x) that Meiwa permits and approvals necessary for execution and performance of the Share Transfer Agreement by Meiwa Shareholder were acquired, (xi) that execution and performance of the Share Transfer Agreement by Meiwa Shareholder does not result in any violation of laws and regulations by Meiwa or breach of any agreement or the like to which Meiwa is a party, (xii) non-petition for the commencement of insolvency proceedings against Meiwa, (xiii) that Meiwa is not an anti-social force, (xiv) appropriateness of the content of Meiwa's financial statements, account books, and the like, (xv) lawful and valid implementation of an incorporation-type company split by Meiwa on May 1, 2020, (xvi) that Meiwa does not own any assets other than the Meiwa-

Owned Company Shares, cash and deposits, and tax assets and non-attribution of rights and non-existence of security interests or other encumbrances relating to the Meiwa-Owned Company Shares, (xvii) that Meiwa does not owe any liabilities other than loan obligations owed to Meiwa Shareholder, (xviii) that there are no agreements and the like executed by Meiwa other than delegation agreements with directors and agreements relating to holding and management of the Meiwa-Owned Company Shares, (xix) that Meiwa has not acquired any permits and approvals, (xx) that Meiwa is in compliance with laws and regulations and the decisions and the like of judicial and administrative agencies and so on, (xxi) that Meiwa has no employees, (xxii) proper filing of Meiwa's tax returns and payment of taxes, (xxiii) non-existence of any litigation, claims, or the like against Meiwa, and (xxiv) that material information has been disclosed and disclosed information is true and accurate and does not contain any inaccurate facts or facts that would cause misunderstanding.

(Note 14) Under the Share Transfer Agreement, Meiwa Shareholder bears (i) a duty to transfer the Meiwa Shares to the Tender Offeror, (ii) a duty to cause Meiwa not to engage in any business other than holding the Meiwa-Owned Company Shares and to maintain its existing assets and liabilities during the period from the day of execution of the Share Transfer Agreement to the Meiwa Share Transfer Date, (iii) a duty to allow a certain level of access to information relating to Meiwa by the Tender Offeror during the period from the day of execution of the Share Transfer Agreement to the Meiwa Share Transfer Date, (iv) a duty relating to the exercise of voting rights relating to the Meiwa-Owned Company Shares as set forth in section (v) below, (v) a duty to pay compensation for damage and the like incurred by the Tender Offeror and its related persons as a result of or in relation to breach of Meiwa Shareholder's duties under the Share Transfer Agreement or Meiwa Shareholder's representations and warranties, and (vi) a duty of confidentiality, other duties pursuant to the general provisions of the Share Transfer Agreement, and certain other duties.

(iv) Transfer Price etc. for the Meiwa Shares Pursuant to the Share Transfer Agreement

The Meiwa Share Transfer Price to be paid to each Meiwa Shareholder pursuant to the Share Transfer Agreement is calculated on the basis of the Tender Offer Price.

In other words, under the Share Transfer Agreement, the total amount of the Meiwa Share Transfer Price is agreed to be (i) the amount equal to the number of Meiwa-Owned Company Shares 16,303,849 shares *times* the Tender Offer Price (1,500 per Share) (equal to JPY24,455,773,500) *minus* (ii) loans from Meiwa Shareholder and any other liabilities owed by Meiwa on the Meiwa Share Transfer Date *plus* (iii) the amount of Meiwa's cash and deposits and tax assets on the Meiwa Share Transfer Date. Thus, the amount is set to be substantially the same as the consideration that would be paid in the case where Meiwa tendered the Shares that it owns in the Tender Offer.

(v) Agreement concerning Exercise of Voting Rights Relating to Shares

Meiwa Shareholder has agreed that in the case where, after the day of commencement of the Tender Offer, a general shareholders meeting of the Company (including the ordinary general shareholders meeting relating to the March 2020 term) is held with a day prior to the day of commencement of settlement relating to the Tender Offer as the record date for the exercise of rights, Meiwa Shareholder would cause Meiwa to exercise its voting rights and all other rights relating to the Meiwa-Owned Company Shares at such general shareholders meeting (i) all in accordance with the Tender offeror's instructions or (ii) to deliver a proper power of attorney with the name and seal of an authorized person granting comprehensive proxy rights to the Tender Offeror or the person

designated by the Tender Offeror and not to rescind such granting of the proxy rights, at the Tender Offeror's option.

Further, Mr. Mori plans to remain involved in the Company management following establishment of the Tender Offer and is considering investing directly or indirectly in the Tender Offeror to share the common objective for enhancing the corporate value. Also, the Company vice president and representative director Mr. Daisuke Terada decided to externally make clear his intention to continue supporting the Company as a relative of Former Chairman Terada and is considering investing directly or indirectly in the Tender Offeror. Moreover, the Company managing director Mr. Tsuyoshi Terada decided to make externally clear his intention to remain involved in the Company management and, with the common objective for enhancing the corporate value, to continue supporting the Company as a relative of Former Chairman Terada, and is considering investing directly or indirectly in the Tender Offeror. Mr. Keisuke Terada who is another relative of Former Chairman Terada also decided to make externally clear his intention to continue supporting the Company as a relative of Former Chairman Terada and is considering investing directly or indirectly in the Tender Offeror. Bain Capital is expected to execute an agreement for entrustment of the management of the Company with Mr. Mori and Mr. Tsuyoshi Terada; however, the details are undetermined at this time.

5. Giving of Benefits by the Tender Offeror or Other Specially Related Persons

N/A

6. Policy of Response to Basic Policy Relating to Company Control

N/A

7. Questions to the Tender Offeror

N/A

8. Request for Extension of the Tender Offer Period

N/A

9. Future Prospects

See: "(ii) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy" under "(2) Grounds and Reasons for Opinion" under "3. Substance of and Grounds and Reasons for Opinion Relating to Tender Offer"; "(4) Prospects for Delisting and Reasons Therefor"; and "(5) Post-Tender Offer Reorganization and Other Policies (Matters Relating to So Called Two-Step Acquisition)".

10. Other

As announced in the "Announcement Regarding Discontinuation of Shareholder Incentive Plan" on May 8, 2020, the Company passed at the Board of Directors meeting held today a resolution to discontinue the shareholder incentive plan from the March 2021 term subject to the establishment of the Tender Offer. For details, refer to the announcement from the Company.

Also, as announced in "Notice Regarding Appointment of Directors, Change of Representative Director, Structure Change and Personnel Reshuffle" on May 8, 2020, at the Board of Directors meeting held today, the Company accepted that Mr. Daisuke Terada would retire from the office of Representative Director on June 24, 2020, and also passed a resolution that another meeting of the Board of Directors would be held on June 24,

2020, to resolve that Mr. Tsuyoshi Terada would assume the office of Representative Director thereat. For the details, please refer to the announcement made by the Company.

End

Reference: “Notice Regarding Commencement of a Tender Offer of Shares, Etc. of NICHIGAKKAN CO., LTD. (Securities Code: 9792) dated May 8, 2020” (Attachment)

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.