

Cover Sheet

Submitted Document	Tender Offer Registration Statement
Government Agent to Receive Filing	Director of the Kanto Finance Bureau
Submission Date	May 11, 2020
Name of Submitting Party	K.K. BCJ-44
Address or Location of Submitting Party	Palace Building 5F, 1-1-1, Marunouchi, Chiyoda-ku, Tokyo
Nearest Point of Contact	Palace Building 5F, 1-1-1, Marunouchi, Chiyoda-ku, Tokyo
Phone Number	+81-3-6212-7070
Name of Administrative Contact	Yuji Sugimoto, Representative Director
Name of agent	Not applicable.
Address or Address of Agent	Not applicable.
Nearest Point of Contact	Not applicable.
Phone Number	Not applicable.
Name of Administrative Contact	Not applicable.
Place for public inspection	K.K. BCJ-44 (Palace Building 5F, 1-1-1, Marunouchi, Chiyoda-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

(Note 1) In this Statement, the “Offeror” means K.K. BCJ-44.

(Note 2) In this Statement, the “Target” means Nichiigakkan Co., Ltd.

(Note 3) Where figures in this Statement have been rounded or truncated, the amount indicated as the total might not always coincide with the sum of the relevant figures.

(Note 4) In this Statement, the “Act” means the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

(Note 5) In this Statement, “Order” means the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended).

(Note 6) In this Statement, the “Cabinet Office Ordinance” means the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other Than Issuers (Ordinance of the Ministry of Finance No. 38 of 1990, as amended).

(Note 7) In this Statement, “Share Certificates, Etc.” means rights pertaining to shares etc.

(Note 8) In this Statement, “Business Day” means any day other than a day set out in any item of Article 1, paragraph (1) of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended).

(Note 9) Unless otherwise provided, any reference in this Statement to a number of days or a date and time means the number of days or the date and time in Japan.

- (Note 10) The tender offer for which this Statement is being submitted (the “Tender Offer”) will be conducted in compliance with the procedures and information disclosure standards set out in the Act, but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, the Tender Offer is not subject to Section 13(e) or Section 14(d) of the United States Securities Exchange Act of 1934 (as amended, the “United States Securities Exchange Act of 1934”) or the rules set out thereunder, and the Tender Offer will not be conducted in line with those procedures or standards. All of the financial data included in this Statement is in accordance with the accounting standards of Japan and not those of the United States, and not necessarily equivalent to the financial information of a company in the United States. The Offeror is a corporation that has been established outside of the United States and the directors of the Offeror reside outside of the United States, so it may be difficult to exercise any rights or make any demands under the federal securities laws of the United States. It also may be impossible to commence legal proceedings against a corporation that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. Additionally, the jurisdiction of a United States court over a corporation that is based outside of the United States, or subsidiaries of such a corporation may not be recognized.
- (Note 11) Unless otherwise provided, all of the procedures concerning the Tender Offer will be conducted in the Japanese language. All or some of the documents related to the Tender Offer are prepared in the English language, and if there is a discrepancy between that English language document and the corresponding Japanese language document, the Japanese language document will prevail.
- (Note 12) Statements that constitute “forward-looking statements” as defined in Section 27A of the Securities Act of 1933 of the United States (as amended) and Section 21E of the United States Securities Exchange Act of 1934 are included in statements in this Statement. There may be a significant difference between actual results and the express or implied predictions, etc. made as “forward-looking statements” due to known or unknown risks, uncertainties, and other factors. None of the Offeror and its affiliates guarantee that any express or implied prediction, etc. made as a “forward-looking statements” will ultimately be correct. The “forward-looking statements” in this Statement have been prepared based on information that is available to the Offeror as of the submission date of this Statement, and unless required by applicable laws and regulations or rules of securities exchanges, none of the Offeror and any of its affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.
- (Note 13) The Offeror, financial advisors of the Offeror and the Target, and the tender offer agent (including Affiliates thereof) might, before the commencement of the Tender Offer or during the purchase period of the Tender Offer (the “Tender Offer Period”), purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of shares of the Target on its own account or the account of its client to the extent permitted by Japanese laws related to financial instruments transactions and other applicable laws and regulations in the scope of its ordinary business and in accordance with the requirements of Rule 14e-5(b) of the United States Securities Exchange Act of 1934. If information regarding such a purchase is disclosed in Japan, that information will also be disclosed in the English language on a website of the person that conducted that purchase (or by another disclosure method).

I. Terms of the Tender Offer

1. Name of the Target

Nichiigakkan Co., Ltd.

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

(1) Common shares

(2) Stock acquisition right

- (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)
- (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 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. Purpose of the Purchase

(1) Overview of the Tender Offer

The Offeror, a wholly-owned subsidiary of K.K. BCJ-43, whose issued shares are indirectly held solely by an investment fund that receives investment advice from Bain Capital Private Equity, LP and its group (collectively, “**Bain Capital**”), is a joint-stock corporation incorporated on April 23, 2020 for the main purpose of acquiring and holding all of the common shares of the Target (the “**Target Shares**”) and controlling and managing the business activities of the Target. As of the Submission Date, none of Bain Capital, K.K. BCJ-43, or the Offeror holds any Target Shares.

Bain Capital is an international investment company with global assets under management of approximately 105 billion U.S. dollars and has been making efforts to add value to the businesses it has invested in through its team of approximately 30 professionals in Japan since establishing its Tokyo base office in 2006. Bain Capital is structured around its professionals with experience primarily in industry or consulting, and through its provision of on-the-ground support to management and steady implementation of growth strategies, in addition to the capital and financial support provided by all investment companies, and it has achieved numerous successes in value creation. Bain Capital performed investments in seventeen 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. in Japan and in more than 450 companies worldwide 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 Inc. (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 Nobusuke Mori (“**Mr. 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 the Stock Acquisition Rights they own in the Tender Offer, hereinafter the same with respect to each reinvestment by Mr. Mori, 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 Mr. 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 (the “**Tender 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 (“**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 Mr. 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 “**Shares Etc. Agreed to be Tendered**”). For more information on the Tender Agreements, please refer to “(i) Tender Agreements” in “(3) Material Agreements Concerning the Tender Offer” below.

The Offeror also agreed with Ms. 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 Ms. 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 all of 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 Price**”) will be set as an amount calculated by deducting (i) loans from Meiwa Shareholder and any other 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 the purpose of the Transaction can be achieved by acquisition of the Meiwa Shares, and that as of the Submission Date 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 Price above, that the Meiwa Shareholder will cause Meiwa not to tender all of the Meiwa Owned Target Shares it owns (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. For more information on the Share Transfer Agreement, please refer to "(ii) the Share Transfer Agreement " in "(3) Material Agreements Concerning the Tender Offer" below.

- (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 “Notice regarding Appointment of Directors, Change of Representative Director, Structure Change and Personnel Reshuffle” 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 “Notice regarding Appointment of Directors, Change of Representative Director, Structure Change and Personnel Reshuffle” 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 down to the nearest whole number), by 100 shares.

As described in “(2) Deposits or Borrowings, etc., that may be Appropriated to Funds Required for the Tender Offer” in “8. Funds Required for the Tender Offer” below, if the Tender Offer is completed, the Offeror expects to receive a capital contribution of JPY27,000,000,000 from K.K. BCJ-43 and loans totaling up to JPY98,600,000,000 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 “(5) 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 (the “**Squeeze-Out Procedures**”).

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 and in “(iv) Approval of All Target Directors Not

Having a Conflict of Interest; Opinion of No Objection from All Target Corporate Auditors” in “(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 “(2) Purchase Price” in “4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased” below.

(2) Background, Objectives, and Decision-Making Process behind the Implementation of the Tender Offer; Post-Tender Offer Managerial Policy

The background, objectives, and decision-making process behind the implementation of The Tender Offer by Offeror and the post-Tender Offer managerial policy are as follows. The descriptions with regard to the Target in the followings are based on the explanations received from the Target and the information publicly announced by the Target.

(i) Background, etc. of the Tender Offer

The Target group, which as of March 31, 2020 consists of the Target, 37 subsidiaries, and two affiliates (collectively, the “**Target 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 Target was founded by Former Chairman Terada in December 1968 with the commencement of the medical administrative services business. Subsequently, the former incarnation of the Target, 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 Target 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 Target 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 Target, “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 Target, in which people are assembled and trained through Target’s courses, and formally hired to provide services.

In April 2016, the Target Group formulated the “Nichii Vision” based on its management philosophy to clearly explain to stakeholders the “future form” envisioned for the Target 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 Target 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 Target Group business activities. The Target 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 Target 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 Target 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 Target 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 Target Group is currently undertaking has not been achieved. In the education business, the Target 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 Target’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 Target 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 Target 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 Target’s listing, there is an

undeniable possibility that the Target 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 Target's listing. Consequently, in late December 2019, fearing a deterioration of the Target 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 Target's competitiveness and earnings capacity over the medium to long term, Mr. Mori and Mr. Tsuyoshi Terada came to the conclusion that making the Offeror the Target's sole shareholders, creating new and stable management structures that enable agile and flexible decision-making, and implementing the Target's business structure reforms and actively undertaking business through the concerted efforts of all Target employees would be the best means for the Target 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 Target 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 Target'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 type of 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 Target 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 Target'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 Target is an urgent requirements to respond to the rapid changes in the Target's business environment as well as the rapid changes in the Target'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 Target's complex and varied business, and build a relationship of trust with the Target, and therefore, the selection of a sponsor through an auction process would not be suitable for the Target.

Consequently, in early January 2020, Mr. Mori and Mr. Tsuyoshi Terada, through Mr. Sugimoto, who has been involved in increasing the Target's corporate value and its business strategies as an outside director of the Target 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 Targets' 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 Target 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 Target's diverse and complex business details and future strategies, and a solid trusting relationship developed with the Target, as well as other elements that are essential for the timely and steady implementation of management reforms by the Target. 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 Target, the Target'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 Target 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 Target an initial intent in early February 2020 concerning taking the Target Shares private, the framework of the Tender Offer, and post-Transaction managerial policy, and following repeated discussions with the Target regarding the feasibility of implementation of the Transaction, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital submitted to the Target 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 Offeror as a special purpose acquisition company to implement the Transaction. The Target 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 Target 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 Tendering Shareholders. Later, on April 8, 2020, the Target 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 Target 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 Target regarding the conditions of the Transaction, which includes the Tender Offer, and the Target’s post-Transaction managerial policy, a decision was made on May 8, 2020 to commence the Tender Offer via the 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.

(ii) Decision-Making Process behind the Target’s Decision to Support the Tender Offer, and the Reasons Therefor

As set forth in “(i) Background, etc. of the Tender Offer” above, in early February 2020, the Target received an initial declaration of intent from Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital in regards to making the Target 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 “(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 “(2) Purchase Price” in “4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased” 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 Target 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 Target 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 Target received the Written Proposal from Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital. In light of the Written Proposal, on March 10, 2020 the Target 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 Target and Procuring a Written Report by the Target” in “(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 “(2) Purchase Price” in “4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased” below; the “**Special Committee**”).

The Target, 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 Target, 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 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 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 Target, while receiving the advice of Deloitte Tohmatsu Financial Advisory, in view of the share value calculation results report for the Target Shares received from Deloitte Tohmatsu Financial Advisory and the opinion of the Special Committee, on April 8, 2020 made a request to the Offeror to reconsider the Tender Offer Price and engaged in consultations and negotiations with the 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 Target continued to engage in consultations and negotiations with the Offeror; as a result, on April 21, 2020 the Target received from the 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 Target received from the 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 Target 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 (the “**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 Target has continued to negotiate with the 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 Target 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 Target and Procuring a Written Report by the Target” in “(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 “(2) Purchase Price” in “4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased” 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 Target conducted careful consultations from the standpoint of whether the Transaction could ensure further improvement in the

Target's corporate value and the benefits that minority shareholders would enjoy through the implementation of the Transaction through fair procedures.

While the Target has continued to expand in the nursing and medical-related industries to which the Target Group belongs, riding the tailwinds of an aging population, the Target 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 Target, namely "human resource development," "medical-related business," and "nursing," the Target 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 Target management had been implemented under his strong leadership. However, the Target recognizes that, in place of the past management style, it is essential for every member of the Target's management to share the same future vision for business and to build collective management frameworks capable of promptly addressing issues that the Target faces in order to further advance the above-mentioned business structure reorganization. The Offeror indicated in the course of the above consultations and negotiations that, as discussed in "(iii) Post-Tender Offer Managerial Policy" below, its policy was that after the Target 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 Offeror believes that establishing industry-leading services and enhancing the Target'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 Offeror has conveyed to the Target 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 (Note 9) 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 (Note 10) through coordination with the Target's other businesses, such as housekeeping agency services, and the Target determined that these kinds of policies and measures considered by Bain Capital are closely aligned with the aims of the Target, 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 Target.

(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.

(Note 10) "Cross selling" as used by the Target refers to providing combinations of the Target's services, such as daycare and housekeeping agency services, according to customer needs.

Further, the Target 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 Target's share price could fall and the Target's shareholders would be adversely impacted in the short term.

For this reason, the Target determined that the best option for achieving improved corporate value of the Target is to provide all shareholders with an opportunity to sell their shares without suffering adverse effects in the short term, taking the Target 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 Target 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 Target determined that it is entirely reasonable to keep Mr. Mori and Mr. Tsuyoshi Terada in their position as the top management of the Target, specifically to have them undertake both ownership and management of the Target.

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 Target appear to be bolstered by relatively stable demand even amid such circumstances, and the Target believes that the impact of the current situation will not be so major as to severely damage the Target's enterprise value; however, effects caused by the closure of some medical institutions or other similar factors and their impact on the Target 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 Target believes that promptly implementing business structure reorganization is necessary, even amid the impact of the novel coronavirus.

If the Target 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 Target has enjoyed as a public company could be impacted.

However, in light of the Target 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 Target 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 Target 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 Target has cultivated heretofore, the impact of taking the Target private on securing human resources will presumably not be large, and therefore the disadvantages of taking the Target 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 Target Shares private through the Transaction, which includes the Tender Offer, will contribute to increasing the corporate value of the Target 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 Target 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 Target, 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 "(i) Procuring a Share Valuation Report from an Independent Third-Party Valuation Agency by the Target" in "(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 "(2) Purchase Price" in "4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased" 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 Target 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 Target Shares since the Target released its “Preliminary Financial Statements for March 2020 Term Third Quarter Term [Japanese Standards] (Consolidated)” (the “**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 Target on November 12, 2019 (the “**Target 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 Target Shares following the release of the Third Quarter Preliminary Financial Statements is believed to reflect the Target’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 “(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 “(2) Purchase Price” in “4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased” below 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 Target and the Offeror engaged in discussions and negotiations on several occasions, namely, after the Target and the Offeror sincerely and continuously engaged in discussions and negotiations while referring to the calculation results for the share value of the Target 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 Target’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 Target’s shareholders and Stock Acquisition Right Holders, and that the Tender Offer provides the Target’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 on May 8, 2020, 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 Target’s shareholders and Stock Acquisition Right Holders tender their shares etc. in the Tender Offer. Three corporate auditors of the Target attended the meeting of the Board of Directors, and each of the corporate auditors in attendance stated that he or she had no objection to the resolution.

(iii) **Post-Tender Offer Managerial Policy**

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

The Offeror believes that it is important to focus on the Target’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 “(i) Background, etc. of the Tender Offer” above, for the Target to compete successfully, it will be necessary to establish industry-leading services in each business and enhance the Target’s presence as a leader in the formation of alliances in the expected reorganization of the industry going forward. To this end, the 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 Offeror expects to promote the business structure reforms currently underway, optimally allocate management resources, and maximize the Target’s growth.

a. Nursing Business

Amidst a tight labor market and rapidly rising wage levels in the nursing business, the 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 Offeror anticipates that utilization of robots and ICT solutions 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 Target over the medium to long term. The 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.

b. 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 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 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.

c. Daycare Business

The 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 through collaboration among businesses, among other things, are considered to be essential to

made substantial advances over the medium to long term. The 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.

After taking the Target Shares private through the Tender Offer, the Offeror plans to provide to the Target 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 Target's business.

The Transaction corresponds to a so called management buyout (MBO), and Mr. Mori intends to remain involved in the Target management even after establishment of the Tender Offer and he is considering investing directly or indirectly in the Offeror to share the common objective for enhancing the corporate value. In addition, Mr. Daisuke Terada, the Target vice president and representative director decided to externally make clear his intention to continue supporting the Target as a relative of Former Chairman Terada, and is considering investing directly or indirectly in the Offeror. Moreover, the Target managing director Mr. Tsuyoshi Terada decided to externally make clear his intention to remain involved in the Target management and, with the common objective for enhancing the corporate value, to continue supporting the Target as a relative of Former Chairman Terada, and is considering investing directly or indirectly in the Offeror, although the specific amount and timing are undetermined at this time. The Offeror is considering appointing Target 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 Target directors. With the exception of Mr. Mori and Mr. Tsuyoshi Terada, the Offeror has not reach agreement concerning post-Tender Offer appointment with any of the Target's directors or corporate auditors. The Offeror plans to determine the particulars of the post-Tender Offer management structure including the composition of Target officers through discussions with the Target 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 Target Group employees, at this time, the Offeror plans to maintain current employment conditions. The 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.

(3) Material Agreements Concerning the Tender Offer

(i) Tender Agreements

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

Each Tendering Shareholder covenants in the Tender Agreement with the Offeror that in the case where, after the day of commencement of the Tender Offer, a general shareholders meeting of the Target (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 Target Shares that they hold at such general shareholders meeting (i) all in accordance with the 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 Offeror or the person designated by the Offeror and will not rescind such granting of the proxy rights, at the Offeror's option. The Tender Agreements with each Tendering Shareholder do not contain any conditions precedent to tender by the Tendering Shareholder.

(ii) Share Transfer Agreement

a. Overview of the Share Transfer Agreement

The Offeror and the Meiwa Shareholder executed the Share Transfer Agreement on May 8, 2020 whereby they agree that the Meiwa Shareholder will transfer the Meiwa Shares to the 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 “(c) Conditions Precedent to Transfer of the Meiwa Shares” below.

b. Agreements not to Tender Target Shares in the Tender Offer

The 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 Target Shares that Meiwa owns, or subject the same to security interests or the like, including causing Meiwa to tender its Target 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 the Meiwa Shareholder breaches the Meiwa Shareholder’s representations and warranties or duties under the Share Transfer Agreement described below in material respects, the Offeror has the right to demand that in place of transferring the Meiwa Shares, the Meiwa Shareholder cause Meiwa to tender all its Target Shares in the Tender Offer or, during the period from after establishment of the Tender Offer to the Target goes private (including the situation where, as a result of share consolidation, the only Target shareholder is the Offeror or the Offeror and Meiwa), to maintain duties relating to Meiwa’s operations and so on and perform duties equivalent to these duties set forth in (e) below at all Target general shareholders meetings held during that period.

(c) Conditions Precedent to Transfer of the Meiwa Shares

Under the Share Transfer Agreement, performance of the duty to transfer the Meiwa Shares to the Offeror by the Meiwa Shareholder is conditioned on (i) that the Tender Offer was established, (ii) that the Offeror’s representations and warranties (note 1) in the Share Transfer Agreement are true and accurate in all material respects, and (iii) that the Offeror performed its duties (note 2) under the Share Transfer agreement in all material respects.

(Note 1) In the Share Transfer Agreement, the 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 Offeror, (ii) the 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 Offeror, (iv) non-violation of laws and regulations and non-breach of agreements and the like to which the Offeror is a party as a result of execution or performance of the Share Transfer Agreement by the Offeror, (v) that the Offeror is not an anti-social force, and (vi) non-existence of grounds for legal insolvency relating to the Offeror.

(Note 2) Under the Share Transfer Agreement, the Offeror bears (i) a duty to acquire the Meiwa Shares, (ii) a duty to pay compensation for damage and the like incurred by the Meiwa Shareholder as a result of or in relation to breach of the Offeror’s duties under the Share Transfer Agreement or the Offeror’s representations and warranties set forth above (note 1), and (iii) a duty of confidentiality and other duties pursuant to the general provisions of the Share Transfer Agreement.

Further, the Offeror’s performance of the duty to acquire the Meiwa Shares from the Meiwa Shareholder pursuant to the Share Transfer Agreement is conditioned on (i) that the Tender Offer was established, (ii) that the Meiwa Shareholder’s representations and warranties (note 3) in the Share Transfer Agreement are true and accurate in all material respects, (iii) that the Meiwa Shareholder performed her duties (note 4) 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 the Meiwa Shareholder and the Offeror was executed, (vii) that the 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 3) In the Share Transfer Agreement, the Meiwa Shareholder represents and warrants on the day of execution of the Share Transfer Agreement and the Meiwa Share Transfer Date (i) capacity of the 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 the Meiwa Shareholder, (iv) non-violation of laws and regulations and non-breach of agreements and the like to which the Meiwa Shareholder or the Target is a party as a result of execution or performance of the Share Transfer Agreement by the Meiwa Shareholder, (v) non-petition for the commencement of insolvency proceedings against the Meiwa Shareholder, (vi) that the 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 the Meiwa Shareholder were performed, (x) that Meiwa permits and approvals necessary for execution and performance of the Share Transfer Agreement by the Meiwa Shareholder were acquired, (xi) that execution and performance of the Share Transfer Agreement by the 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 Target 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 Target Shares, (xvii) that Meiwa does not owe any liabilities other than loan obligations owed to the 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 Target 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 4) Under the Share Transfer Agreement, the Meiwa Shareholder bears (i) a duty to transfer the Meiwa Shares to the Offeror, (ii) a duty to cause Meiwa not to engage in any business other than holding the Meiwa Owned Target 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 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 Target Shares as set forth in section (e) below, (v) a duty to pay compensation for damage and the like incurred by the Offeror and its related persons as a result of or in relation to breach of the Meiwa Shareholder's duties under the Share Transfer Agreement or the 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.

d. Transfer Price etc. for the Meiwa Shares Pursuant to the Share Transfer Agreement

The Meiwa Share Transfer Price to be paid to the 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 Target Shares (16,303,849 shares times the Tender Offer Price (JPY1,500 per Share) (equal to JPY24,455,773,500) minus (ii) loans from Meiwa Shareholder and any other debts 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 Target Shares that it owns in the Tender Offer.

e. Agreement concerning Exercise of Voting Rights Relating to Target Shares

The Meiwa Shareholder has agreed that in the case where, after the day of commencement of the Tender Offer, a general shareholders meeting of the Target (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, the Meiwa Shareholder would cause Meiwa to exercise its voting rights and all other rights relating to the Meiwa Owned Target Shares at such general shareholders meeting (i) all in accordance with the 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 Offeror or the person designated by the Offeror and not to rescind such granting of the proxy rights, at the Offeror's option.

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

(4) 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 Offeror and the Target have carried out the following measures to ensure the fairness of the Transaction including the Tender Offer.

- a. Procuring a Share Valuation Report from an Independent Third-Party Valuation Agency by the Target
- b. Seeking advice from an Independent Law Office by the Target
- c. Establishment of a Special Committee at the Target and Procuring a Written Report by the Target
- d. Approval of All Target Directors Not Having a Conflict of Interest; Opinion of No Objection from All Target Corporate Auditors
- e. Securing Objective Conditions for Ensuring the Fairness of the Tender Offer by the Target

For more information, please refer to “(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 “(2) Purchase Price” in “4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased” below.

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

As described in “(1) 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 the Submission Date, 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 Offeror, 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 the Submission Date, 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.

(6) Prospects for Delisting and Reasons Therefor

The Target Shares are currently listed on the First Section of the Tokyo Stock Exchange, but the 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 Target 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 Offeror plans to perform the Squeeze-Out Procedures as described in “(5) Policy of Reorganization After the Tender Offer (Matters Concerning So-Called Two-Step Acquisition)” below. In that case the Target Shares will be delisted after performing the prescribed procedures in accordance with the Tokyo Stock Exchanges' delisting criteria. Following delisting, the Target Shares will no longer be traded on the Tokyo Stock Exchange.

4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased

(1) Purchase Period

(i) Initial Tender Offer Period as of the date of this Statement

Period of Purchase, etc.	From Monday, May 11, 2020 to Monday, June 22, 2020 (31 Business day)
Date of public notice	Monday, May 11, 2020
Newspaper for Public Notice	Electronic public notices will be given, and that fact will be published in the Nihon Keizai Shimbun. Electronic notice address (https://disclosure.edinet-fsa.go.jp/)

(ii) Possibility of Extending the Above Period upon Request of the Target

Not applicable.

(iii) Contact for the Extension of the Tender Offer Period

Not applicable.

(2) Purchase Price

Share Certificates	JPY1,500 per share
Certificates of Stock Acquisition Rights	JPY392 per the Series 1 Stock Acquisition Right JPY1,499 per the Series 2 Stock Acquisition Right JPY1,499 per the Series 3 Stock Acquisition Right JPY1,499 per the Series 4 Stock Acquisition Right JPY1,499 per the Series 5 Stock Acquisition Right JPY1,499 per the Series 6 Stock Acquisition Right
Certificates of Bonds with Share Option	—
Share Certificates, etc. Trust Beneficiary Certificates ()	—
Share Certificates, etc. Depository Receipt ()	—
Basis of 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 (JPY 1,094) and changes in the simple average closing prices of the Target Shares (JPY 1,080, JPY 1,123 and JPY 1,377) 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.

	<p>The Tender Offer Price of JPY 1,500 includes a premium of (i) 37.11% on JPY 1,094 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 1,377 as the simple average closing price for the most recent six months (December 9, 2019 to May 7, 2020). The Tender Offer Price of JPY 1,500 includes a premium of 29.87% on JPY1,155 as the closing price of the Target Shares on May 8, 2020, which is the business day immediately preceding the day of the Submission Date.</p> <p>(2) Stock Acquisition Rights</p> <p>With respect to the Stock Acquisition Rights, as of the Submission Date, the exercise price per share of the Target Shares (Series 1 Stock Acquisition Rights: JPY1,108, Series 2 Stock Acquisition Rights: JPY1, Series 3 Stock Acquisition Rights: JPY1, Series 4 Stock Acquisition Rights: JPY1, Series 5 Stock Acquisition Rights: JPY1, Series 6 Stock Acquisition Rights: JPY1) is less than the Tender Offer Price (JPY 1,500). Hence, the Offeror has set the Stock Acquisition Right Purchase Price at an amount obtained by multiplying the difference between JPY1,500, 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 JPY392, which is an amount obtained by multiplying JPY392, which is the difference between the Tender Offer Price and JPY1,108, 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 JPY1,499, which is an amount obtained by multiplying JPY1,499, which is the difference between the Tender Offer Price and JPY1, 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.</p> <p>In addition, all of the Stock Acquisition Rights were issued to officers and employees etc. of the Target and officers of Target subsidiaries in the form of stock options; the Terms and Conditions of the Stock Acquisition Rights 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 Target has resolved, in the Board of Directors meeting held on May 8, 2020, 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.</p> <p>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.</p>
Process of Calculation	<p>(Background to the Determination of Tender Offer Price and the Stock Acquisition Rights Purchase Prices)</p> <p>In early February 2020, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital expressed to the Target an initial intent in early February 2020 concerning taking the Target Shares private, the framework of the Tender Offer, and post-Transaction managerial policy, and repeated discussions with the Target regarding the feasibility of implementation of the Transaction. As a consequence, Mr. Mori and Mr. Tsuyoshi Terada have determined that for the Target 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</p>

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. Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital submitted to the Target the Written Proposal with an official expression of intent concerning the Transaction on March 10, 2020.

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 Target of a Tender Offer Price of JPY1,300 per Share and 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. Furthermore, in mid-April 2020, they proposed the execution of Tender Agreements with the Tendering Shareholders. Later, on April 8, 2020, the Target 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 Target 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 Target regarding the conditions of the Transaction, which includes the Tender Offer, and the Target's post-Transaction managerial policy, a decision was made on May 8, 2020 to commence the Tender Offer via the 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.

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 (JPY 1,094) and changes in the simple average closing prices of the Target Shares (JPY 1,080, JPY 1,123 and JPY 1,377) 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 (December 9, 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.

(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 Offeror and the Target 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 Target are based on explanations given by the Target.

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

According to the Target Press Release, to ensure the fairness of the decision-making process regarding the Tender Offer Price presented by the Offeror, the Target requested Deloitte Tohmatsu Financial Advisory, as a third-party valuation agency that is independent from the Offeror, Meiwa and Tendering Shareholders (collectively, “**Offeror-Related Persons**”), to calculate the share value of the Target 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 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 Target.

Deloitte Tohmatsu Financial Advisory considered multiple potential share valuation methods to be adopted for the valuation of Target Shares, and then, on the assumption that the Target 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 Target 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 Target and analogical estimation of the share value is possible through such an approach; and DCF analysis, to ensure that the circumstances of the Target’s future business activities would be reflected in the calculation. It should be noted that the Target 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:	JPY1,080 to JPY1,377
Comparable Company Analysis:	JPY894 to JPY1,255
DCF Analysis:	JPY1,316 to JPY1,779

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 Target 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 JPY1,377.

In the comparable company analysis, listed companies determined to be comparable to the Target 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 JPY894 to JPY1,255.

In the DCF analysis, the corporate value and share value of the Target were calculated by estimating the free cash flow that the Target 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 Target 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 JPY1,779.

The specific values in the Target 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 Target, 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 Target on May 11, 2018. Because of the fearsome commercial environment in which the Target 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 Target’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 Target 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 Target, 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 Target 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 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 JPY1,499 (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 Target 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.

(ii) Seeking Advice from an Independent Law Office by the Target

According to the Target Press Release, to ensure the fairness and appropriateness of the Board of Directors' decision-making process regarding the Transaction, the Target appointed Kitahama Partners as a legal advisor that is independent from the 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 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 Target.

(iii) Establishment of a Special Committee at the Target and Procuring a Written Report by the Target

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 Target, for the purposes of ensuring that the Target 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 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 Target, 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 Offeror-Related Person, the Company believes that it is found to be independent from the Company and the 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 Target), (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 Target'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 Target 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 Target, 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 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 Target, 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 Target. Further, with respect to involvement in the negotiations process with the Offeror, while establishing a policy whereby Deloitte Tohmatsu Financial Advisory, the Target's financial advisor, will be the contact point for the Target 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 Target and conducted questions and answers regarding the condition of the Target'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 Offeror, expressed opinions and provided advice to the Target. Further, the Special Committee received from the 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 Target'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 Target's receipt of a proposal from the 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 Target and the Offeror relating to the Transaction, and discussed matters such as policies for dealing with the same. Then on April 14, 2020, the 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 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 Offeror increase the Tender Offer Price and was otherwise involved in the negotiations process with the Offeror; as a result, on April 30, 2020, the Target received from the 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 the Target Press Release that the Target 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 Target).

The Special Committee asked the Target and the Offeror questions with regard to the purposes of the Transaction, the specifics of the corporate value of the Target that is expected to be enhanced by the Transaction, and other matters, and received explanations set forth in “(i) Background, etc. of the Tender Offer,” “(ii) Decision-Making Process behind the Target’s Decision to Support the Tender Offer, and the Reasons Therefor” and “(iii) Post-Tender Offer Managerial Policy” in “(2) Background, Objectives, and Decision-Making Process behind the Implementation of the Tender Offer; Post-Tender Offer Managerial Policy” in “3. Purpose of the Purchase” above; 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 Target and the Offeror, and in light of the business environment surrounding the Target, the need to establish a group management structure at the Target by utilizing the management support of Bain Capital to the maximum extent, and the outlook of the Target’s business etc., swift and bold execution of the measures through the implementation of the Transaction can be expected to contribute to the Target’s sustainable growth and is found to enhance the corporate value of the Target 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 Target, while at the same time the Target 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 Target obtained from Deloitte Tohmatsu Financial Advisory, a third-party valuation agency independent of 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 JPY1,255 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 Target 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 Target’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 Target 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 Target 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 Target Earnings Projection Adjustment announced by the Target 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 Target'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 Target Earnings Projection Adjustment was announced because the results of a tally of the Target'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 Target Earnings Projection Adjustment, no proposal or examination of the Transaction whatsoever was being carried out; therefore, given the foregoing, there appears to be no circumstances in particular that lead one to believe that the Target improperly lowered the market share price through the Target 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 Offeror will indirectly acquire the Meiwa-Owned Target 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 Target excluding the Meiwa-Owned Target 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 Target 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 Target 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 Target 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 Target 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 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 structure of the Transaction, and the type and the amount of consideration to be paid to the Target'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 Target, 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 Offeror-Related Persons, and from the perspective of enhancing the Target'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 Target's third-party valuation agency and the legal advisor;

(II) the Target, pursuant to the negotiation policy approved by the Special Committee in advance, conducted substantial discussions and negotiations with the 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 Target 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 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 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 Target 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 Target 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 Offeror ("Counterbidders") to make counteroffers etc. are not

improperly restricted, the Offeror and the Target have not executed any agreement including a deal protection provision prohibiting contact by the Target with Counterbidders or any other agreement restricting contact by a counterbidder with the Target; 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 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 Target's corporate value and devising a business strategy as an outside director of the Target since June 2015, and thus has a strong understanding of the Target'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 Offeror has agreed with the Meiwa Shareholder that all Meiwa Shares will be transferred to the Offeror in the Tender Offer and has agreed with Tendering Shareholders that Shares Etc. Agreed to be Tendered will be tendered in the Tender Offer; that means the total of Meiwa Owned Target Shares (16,303,849 shares, ownership ratio of 24.76%) and Shares Etc. Agreed to be Tendered (Target 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 Target Shares and 212,000 Stock Acquisition Rights (number of subject shares: 212,000 shares), and the combined ownership ratio is 44.04%; accordingly, the Offeror believed that deducting these Meiwa Owned Target Shares and Shares Etc. Agreed to be Tendered 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 Target Shares therein; in view of this, the 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 Target Shares from two-thirds of the number of voting rights (658,348 units) pertaining to the Target's Total Number of Target Shares After Accounting for Potential Target 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 Target shareholders and the Stock Acquisition Right Holders (ownership ratio: 55.85%) other than Meiwa and Tendering Shareholders and the Stock Acquisition Right Holders, and it can be said that approval of a certain number of Target shareholders and the Stock Acquisition Right Holders other than Tendering Shareholders is a precondition, and further, it is believed that the interests of the Target'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 Target Shares in the Tender Offer and sell the Target 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 Target'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 Target'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 Target shareholders and Stock Acquisition Right Holders tender their Target 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 Target Directors Not Having a Conflict of Interest; Opinion of No Objection from All Target Corporate Auditors

On the basis of the Share Valuation Report obtained from Deloitte Tohmatsu Financial Advisory and legal advice obtained from Kitahama Partners, the Target 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 Target and Procuring a Written Report by the Target" above regarding the constitution of the Special Committee and its specific activities etc.).

Consequently, as explained in "(ii) Decision-Making Process behind the Target's Decision to Support the Tender Offer, and the Reasons Therefor" in in "(2) Background, Objectives, and Decision-Making Process behind the Implementation of the Tender Offer; Post-Tender Offer Managerial Policy" in "3. Purpose of the Purchase" above, the Board of Directors decided, regarding the Transaction, that the Transaction, which includes the Tender Offer, can be expected to improve the Target's corporate value and the Tender Offer Price and other conditions of the Tender Offer are appropriate from the perspective of the Target's shareholders and Stock Acquisition Right Holders, and that the Tender Offer will provide the Target'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 as of the Submission Date, the Target'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 Target's shareholders and Stock Acquisition Right Holders tender their shares etc. in the Tender Offer. Three of the Target's corporate auditors attended this Board of Directors meeting, and all of these attending corporate auditors stated their opinion of no objection to this resolution.

Note that since Mr. Mori intends to continue managing the Target after the establishment of the Tender Offer and he is considering investing directly or indirectly in the Offeror to share the common objective for enhancing the corporate value, since Mr. Daisuke Terada, who is the Target vice president and representative director, decided to make externally clear his intention to continue supporting the Target as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Offeror, since Mr. Tsuyoshi Terada, who is the Target managing director, decided to externally clear his intention to remain involved in management of the Target and with the common objective for enhancing the corporate value, to continue supporting the Target as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Offeror, and since Mr. Sugimoto, who is an outside director of the Target, 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 Offeror's outstanding shares, these individuals have a conflict of interest with the Target 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 Target's position in discussions and negotiations with the Offeror.

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

The Offeror has not executed with the Target any agreement including a deal protection provision prohibiting contact by the Target with

	<p>Counterbidders regarding the Target Shares or any other agreement restricting contact by a counterbidder with the Target. Further, the Offeror has set as the ender 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, the Offeror intends to ensure an appropriate Tender Offer Price by securing for the Target’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 Offeror to make counteroffer etc. for the Target Shares.</p> <p>Note that as explained in “(iii) Establishment of a Special Committee at the Target and Procuring a Written Report by the Target” 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.</p> <p>Note that the Offeror has agreed in the Share Transfer Agreement with the Meiwa Shareholder that all Meiwa Shares will be transferred to the Offeror and has agreed in the Tender Agreement with each Tendering Shareholder that Tender-Agreed Target Shares etc. will be tendered in the Tender Offer; the total of Meiwa Owned Target Shares (16,303,849 shares, ownership ratio of 24.76 %) and Tender-Agreed Target Shares etc. (Target 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 Target 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 Target Shares and Tender-Agreed Target 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. The 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, the 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 Target Shares from two-thirds of the number of voting rights (658,348 units) pertaining to the Target’s Total Number of Target Shares After Accounting for Potential Target 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 Target’s perspective, this lower limit requires approval on a scale corresponding to approximately 40.51% of Target shareholders and the Stock Acquisition Right Holders (ownership ratio: 55.85%) other than Tendering Shareholders, and it can be said that approval of a certain number of Target shareholders and the Stock Acquisition Right Holders other than Tendering Shareholders is a precondition. Further, Offeror believes that in the Tender Offer, the interests of the Target’s shareholders are sufficiently taken into consideration through the measures set forth in (i) to (v) above serving to ensure the fairness thereof.</p>
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(3) Number of Share Certificates, Etc. to Be Purchased

Number of Share Certificates, Etc. to be purchased	Minimum number of Share Certificates, Etc. to be purchased	Maximum number of Share Certificates, Etc. to be purchased
49,530,998 Shares	27,586,100 Shares	-

(Note 1) If the total number of the Tendered Share Certificates, Etc. is less than the minimum number of Share Certificates, Etc.

to be purchased (27,586,100 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, Etc.

(Note 2) Shares less than one unit are also eligible for the Tender Offer. In addition, if a shareholder exercises its right to request the purchase of shares less than one unit in accordance with the Companies Act, the Target might purchase its treasury shares during the Tender Offer Period in accordance with procedures required by laws and regulations.

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

(Note 4) As the upper limit of the number of Share Certificates, Etc. to be purchased is not set in The Tender Offer, the number of Share Certificates, Etc. to be purchased is the maximum number of Share Certificates, etc. of Target (49,530,998 shares) that the Offeror may acquire in The Tender Offer. The maximum number is the number of shares (49,530,998 shares) calculated by deducting the number of the shares of the Target owned by Meiwa (16,303,849 shares) that will not be tendered in the Tender Offer from the total number of the shares of the Target on the fully diluted basis.

(Note 5) The Stock Acquisition Rights may be exercised by the last day of the Tender Offer Period, and in that case, the Target shares issued through such exercise are also subject to the Tender Offer.

5. Ownership Ratio of Share Certificates, Etc. After the Purchase, Etc.

Category	Number of Voting Rights
Number of voting rights represented by the Share Certificates, Etc. to be purchased (units) (a)	495,309
Number of voting rights represented by potential Share Certificates, Etc. included in (a) above (units) (b)	4,989
Number of voting rights represented by beneficiary securities of Share Certificates, Etc. in trust and depository receipts for Share Certificates, Etc. which represent the rights of share certificates included in (b) above (units) (c)	—
Number of voting rights represented by Share Certificates, Etc. owned by the Offeror (as of May 11, 2020) (units) (d)	—
Number of voting rights represented by potential Share Certificates, Etc. included in (d) above (units) (e)	—
Number of voting rights represented by beneficiary securities of Share Certificates, Etc. in trust and depository receipts for Share Certificates, Etc. which represent the rights of share certificates included in (e) above (units) (f)	—
Number of voting rights represented by Share Certificates, Etc. owned by special related parties (as of May 11, 2020) (units) (g)	275,892
Number of voting rights represented by potential Share Certificates, Etc. included in (g) above (units) (h)	2,120
Number of voting rights represented by beneficiary securities of Share Certificates, Etc. in trust and depository receipts for Share Certificates, Etc. which represent the rights of share certificates included in (h) above (units) (i)	—
Number of voting rights held by all shareholders, etc. of the Target (as of September 30, 2019) (units) (j)	641,547
Percentage of the number of voting rights represented by Share Certificates, Etc. to be purchased to the total number of voting rights held by all shareholders, etc. (a/j) (%)	75.24
Ownership ratio of the Share Certificates, Etc. after the purchase, etc. $((a + d + g) / (j + (b - c) + (e - f) + (h - i)) \times 100)$ (%)	100.00

(Note 1) “Number of voting rights represented by the Share Certificates, Etc. to be purchased (units) (a)” is the number of voting rights represented by the number of Share Certificates, Etc. to be purchased (49,530,998 shares) in the Tender Offer.

(Note 2) “Number of voting rights represented by potential Share Certificates, Etc. included in (a) above (units) (b)” is the number of voting rights pertaining to the number of shares (498,900 shares) calculated in accordance with the terms and conditions of issuance of each of the Stock Acquisition Rights included in the voting rights represented by Share Certificates, Etc. to be purchased.

(Note 3) “Number of voting rights represented by Share Certificates, Etc. owned by special related parties (as of May 11, 2020) (units) (g)” is the total number of voting rights represented by Share Certificates, Etc. owned by each special related party. Since Share Certificates, Etc. owned by the special related parties (excluding Meiwa) are subject to the Tender Offer, “Number of voting rights represented by Share Certificates, Etc. owned by special related parties (as of May 11, 2020) (units) (g)” (excluding the number of voting rights (163,038) represented by the shares of the Target held by Meiwa (16,303,849 shares)) is not included in the numerator when calculating the “Ownership ratio of the Share Certificates, Etc. after the purchase, etc.”

(Note 4) “Number of voting rights held by all shareholders, etc. of the Target (as of September 30, 2019) (units) (j)” is the number of voting rights of all shareholders (described as the share unit number is 100 shares) as of September 30, 2019 as stated in the quarterly securities report for the third quarter of the 48th fiscal year filed on February 10, 2020 by the Target. However, given that shares less than one unit and shares of the Target that may be issued through exercise of the Stock Acquisition Rights are also subject to the Tender Offer, the number of voting rights (658,348) represented by the total number of the shares of the Target on the fully diluted basis (65,834,847 shares) is used as the denominator in the calculation of the “Percentage of the number of voting rights represented by Share Certificates, Etc. to be purchased to the total number of voting rights held by all shareholders, etc.” and the “ownership ratio of the Share Certificates, Etc. after the purchase, etc.”

(Note 5) The figures in the “Percentage of the number of voting rights represented by Share Certificates, Etc. to be purchased to the total number of voting rights held by all shareholders, etc.” and the “Ownership ratio of the Share Certificates, Etc. after the purchase, etc.” are rounded to two decimal places.

6. Licenses, Etc. Concerning Acquisition of Share Certificates, Etc.

(1) Class of Share Certificates, etc.

Common shares

(2) Relevant Laws and Regulations

(i) Act on Prohibition of Private Monopolization and Maintenance of Fair Trade of Japan

The Offeror is required under Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the “**Antimonopoly Act**”), to give prior notification (the “**Prior Notification**”) to the Japan Fair Trade Commission (the “**JFTC**”) regarding its plan to acquire Target Shares through the Tender Offer (the “**Share Acquisition**”) and under Article 10, Paragraph 8 of the Antimonopoly Act before the Share Acquisition, and the Offeror may not consummate the Share Acquisition until basically 30 days have passed from the date on which the Prior Notification was accepted (provided that such period may be shortened; the period during which the Share Acquisition is prohibited being hereinafter referred to as the “**Acquisition Prohibition Period**”).

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

The Offeror has submitted Prior Notification to the JFTC with respect to the Share Acquisition on May 1, 2020 and it has been accepted as of that date.

Accordingly, in principle, the Cease and Desist Period in which any Prior Notice of Cease and Desist Order may be made and the Acquisition Prohibition Period will expire upon the passing May 31, 2020.

If (i) the Cease and Desist Period does not expire by the day immediately preceding the expiration date of the Tender Offer Period (including in any case where this period is extended), (ii) the Prior Notice of Cease and Desist Order is given, or (iii) the Offeror is subject to a petition for a court order for emergency suspension on suspicion of violating the provisions of Article 10, Paragraph 1 of the Antimonopoly Act, the Offeror may withdraw the Tender Offer as it will be deemed that an event set out in Article 14, Paragraph 1, Item (4) of the Enforcement Order has occurred as described in “(2) Conditions of withdrawal of the tender offer, details thereof and method of disclosure of withdrawal” of “11. Other conditions and methods of purchase” below. If the Cease and Desist Period expires without receiving the Prior Notice of Cease and Desist Order or the request for reporting under Article 10, Paragraph 9 of the Antimonopoly Act, or if the Notification of Decision Not to Issue Cease and Desist Order is received, the Offeror shall immediately submit an amendment statement hereto to the Director-General of the Kanto Local Finance Bureau in accordance with Article 27-8, Paragraph 2 of the Act.

(3) Date and Number of Approval

Not applicable.

7. Method of Tendering Shares, Etc. and Cancelling Agreements

(1) Method of Tendering Shares, Etc.

(i) Tender Offer Agent

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

(ii) Any persons who are tendering their Share Certificates, Etc. in response to an offer to purchase the Share

Certificates, Etc. pertaining to the Tender Offer (“**Tendering Shareholder, Etc.**”) are asked to state the required items in a prescribed Tender Offer Application form at the main office or any branch in Japan of the tender offer agent and submit the application no later than 15:30 on the last day of the Tender Offer Period. Any Tendering Shareholder, Etc. may be asked to affix its seal impressions, and submit its Individual Number (My Number) or corporate number, and documents, etc. for identity confirmation when tendering shares (Note 1).

The Tendering Shareholders, Etc. wishing to tender their Share Certificates, Etc. via the online service (a service available exclusively to customers who have accounts with the tender offer agent) will be required to follow the procedures on the website for the online service (<https://hometrade.nomura.co.jp/>) and submit the application by 15:30 on the last day of the Tender Offer Period. In order to submit applications via the online service, the Tendering Shareholders, Etc. will be required to first subscribe to the online service using an account in the name of the Tendering Shareholder, Etc. that was opened by the Tendering Shareholder, Etc. at the tender offer agent (the “**Tendering Shareholder, Etc. Account**”) (Note 2).

Note: Due to the measures for the prevention of the spread of new coronavirus, the services at the branches may be suspended, or other special measures may be taken during the Tender Offer Period. For details, please contact the main office or branch in Japan of the tender offer agent. Also, for details of special measures and branches subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

- (iii) When accepting a tender of shares, it is necessary for the shares to be tendered to be recorded in a Tendering Shareholder, Etc. Account. To that end, if the shares to be tendered are recorded in an account that has been opened at a financial instruments business operator, etc. other than the tender offer agent (including where those shares are recorded in a special account opened at Mitsubishi UFJ Trust and Banking Corporation, which is the special account manager of the Target), the Tendering Shareholder, Etc. will be required to complete procedures to make a transfer to the Tendering Shareholder, Etc. Account prior to the tendering thereof.
- (iv) Because the Stock Acquisition Rights are subject to the transfer restrictions, when tendering Stock Acquisition Rights in the Tender Offer, the Tendering Shareholders, Etc. will be required to submit a Notice of Approval for Transfer issued by the Target upon request from a Stock Acquisition Rights Holder together with the Tender Offer Application form. In addition, the Tendering Shareholders, Etc. will be required to submit a document stating the items described in the share acquisition right registry which is issued as a certificate for being a Stock Acquisition Rights Holder by the Target upon request from a Stock Acquisition Rights Holder, and other documents necessary to request the change of the holders’ name of the stock acquisition right in the registry subject to the completion of the Tender Offer. Tendering Stock Acquisition Rights will not be accepted through the online service.
- (v) Tendering for the Tender Offer via a financial instruments business operator, etc. other than the tender offer agent will not be accepted in the Tender Offer.
- (vi) Any shareholder, etc. residing in a country other than Japan who does not have any tradable account with the tender offer agent (including corporate shareholders, etc., “**Foreign Shareholder, Etc.**”) is to tender Share Certificates, Etc. through its standing proxy in Japan. Tenders from Foreign Shareholders, Etc. may not be accepted via the online service.
- (vii) In the case of a shareholder who is an individual residing in Japan, the difference between the sales proceeds of the Share Certificates, Etc. sold in the Tender Offer and the acquisition costs, etc. will be, in principle, subject to the application of self-assessed, separate taxation concerning any capital gain, etc. earned from the transfer of shares, etc. (Note 3)
- (viii) When all of the Tendered Share Certificates, Etc. are not purchased, the Share Certificates, Etc. that are not purchased will be returned to the Tendering Shareholders, Etc.

(Note 1) Seal, Individual Number (My Number) or corporate number, and documents, etc. for identity confirmation

Tendering Shareholders, Etc. who opens a new account with Nomura Securities Co., Ltd., which is the tender offer agent, must provide their seal as well as Individual Number (My Number) or corporate number, and the documents, etc. for identity confirmation. Even if Tendering Shareholders, Etc. already have an account, their Individual Number (My Number) or corporate number, and documents, etc. for identity confirmation may be required each time they change their address or trading office or perform tax procedures. Moreover, the documents for identity confirmation required vary depending on the type of documents to verify the Individual Number (My Number). Please contact the tender offer agent for details of documents to verify an Individual Number (My Number) or corporate number and documents for identity confirmation.

For Individuals:

Documents to be submitted along with an Individual Number (My Number)

When providing an Individual Number (My Number), both (i) the documents to verify the Individual Number (My Number) and (ii) documents for identity confirmation must be submitted in addition to the prescribed Individual Number (My Number) Notification Form.

(i) Documents to verify your Individual Number (My Number)

Any one of the following documents: an Individual Number Card, an Individual Number Notification Card, a copy of a residence certificate showing your Individual Number (My Number), or an original of a certificate of matters recorded on a residence certificate showing your Individual Number (My Number)

(ii) Documents for identity confirmation

Documents for identity confirmation to verify your Individual Number (My Number)	Documents for identity confirmation required to be submitted
Individual Number Card	Not required
Individual Number Notification Card	One of the documents described in (A) below, or two of the documents described in (B) below
A copy of your residence certificate showing your Individual Number (My Number)	One of the documents described in (A) below or one of the documents described in (B) below, other than “a copy of your residence certificate” or “a certificate of matters recorded on your residence certificate”
An original of a certificate of matters recorded on your residence certificate showing your Individual Number (My Number)	

(A) Documents for identity confirmation with photograph

A copy of the original valid document is required to be submitted

- A passport, driver’s license, certificate of driving history, physical disability certificate, mental disability certificate, medical treatment and education handbook, residence card, special permanent resident certificate

(B) Documents for identity confirmation without photograph

The original document issued within the last six months or copy thereof is required to be submitted

- A copy of your residence certificate, certificate of matters recorded on your residence certificate, or certificate of seal registration

A copy of the original valid document is required to be submitted

- Health insurance card (various types), national pension book (which must show name, address, and date of birth), welfare certificate (various types)
 - * Documents for identity confirmation (original or copy) must allow confirmation of: (i) the validity of the documents for identity confirmation; and (ii) the address, name and date of birth stated in the application form.
 - * If the procedures are done at a branch of Nomura Securities Co., Ltd. the originals must be presented and will be confirmed at that time.
 - * If a copy is submitted, the original may be additionally required to be presented, if necessary.
 - * Nomura Securities Co., Ltd. will mail a *Letter with respect to the Transaction* to the address registered in the documents for identity confirmation to confirm the identification.
 - * When the documents for identity confirmation are submitted as part of the procedures for opening a new account, changing an address, etc., such documents for identity confirmation may concurrently serve as the documents required to be submitted along with Individual Number (My Number), provided that such documents for identity confirmation are under the name of the account holder above (it is not necessary to submit two (2) or more identical documents).

For Corporations:

Documents for identity confirmation such as a certificate of corporate registered information and document issued by a government agency are required to be submitted.

- * Information used to identify the corporate entity: (i) name; and (ii) location of the head office or principal office
- * Besides the identification of the corporate entity, identifications of its representative or its proxy and the person in charge of the transaction (who is responsible for executing the agreement to tender shares) are also required.

In providing the corporate number, a printout of the webpage obtained as a result of searching for the corporate number

on the Corporate Number Publication Site of the National Tax Agency or a copy of the Notification of Corporate Number is required as a document to verify the corporate number. In addition, the prescribed Corporate Number Notification Form may be required.

For Foreign Shareholders, Etc. (excluding Japanese residents), and a corporation having its head office or principal office outside Japan:

Documents for identity confirmation such as documents issued by a foreign government or a competent international organization approved by the Japanese government, or other similar documents equivalent to the documents for identity confirmation required for Japanese residents, are required.

(Note 2) Use of the online service requires prior application. Since it will take about one week from the date of application to delivery of the password for the online service to the shareholder's registered address, shareholders are recommended to apply for the service as early as possible. When applying to tender in the Tender Offer on any day near the last day of the Tender Offer Period, it would be quicker to submit the application directly to an office of the tender offer agent.

- In the case of individual shareholders: An application can be submitted through the login screen of the online service; otherwise, please contact the office of the tender offer agent you have an account with or call the online support number.
- In the case of corporate shareholders: Please contact the office of the tender offer agent you have an account with. Corporate shareholders can submit an application via the online service if their proxy has not been registered.

(Note 3) Self-assessed, separate taxation concerning any capital gain, etc. from the transfer of shares, etc. (in the case of shareholders who are individuals)

Self-assessed, separate taxation applies, in principle, to any capital gain, etc. from the transfer of shares, etc. of individual shareholders. Each shareholder is to consult with experts such as a certified public tax accountant with respect to specific questions regarding tax matters and make determinations for itself.

(2) Method of Cancelling an Agreement

Any Tendering Shareholder, Etc. may cancel any agreement relating to the Tender Offer at any time during the Tender Offer Period. If an agreement is to be cancelled, the relevant Tendering Shareholder, Etc. is to deliver or send a document stating that the agreement relating to the Tender Offer will be cancelled (the “**Cancellation Documents**”) to the main office or any branch in Japan of the person specified below that received a tendering application no later than 15:30 on the last day of the Tender Offer Period. However, if the Cancellation Documents are to be sent, they must be reached no later than 15:30 on the last day of the Tender Offer Period.

A contract executed via the online service can be canceled either via the online service (<https://hometrade.nomura.co.jp/>) or by delivering or sending the Cancellation Document. To cancel a contract via the online service, Tendering Shareholders, Etc. must complete the cancellation procedures in the manner prescribed on that website by 15:30 on the last day of the Tender Offer Period. Tendering Shareholders, Etc. may not cancel via the online service the contract executed at the office of the tender offer agent they have an account with. To cancel a contract by delivering or mailing the Cancellation Document, Tendering Shareholders, Etc. must request the form of the Cancellation Document in advance from the office of the tender offer agent they have an account with and then deliver or send it to such office by 15:30 on the last day of the Tender Offer Period. If cancellation is made by postal mail, the cancellation will not be effective unless the Cancellation Document is reached by 15:30 on the last day of the Tender Offer Period.

Note: Due to the measures for the prevention of the spread of new coronavirus, the services at the branches may be suspended, or other special measures may be taken during the Tender Offer Period. For details, please contact the main office or branch in Japan of the tender offer agent. Also, for details of special measures and branches subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>). Person with authority to receive the Cancellation Documents

Nomura Securities Co., Ltd.

9-1, Nihombashi 1-chome, Chuo-ku, Tokyo

(or any branch in Japan of Nomura Securities Co., Ltd.)

(3) Method of Returning Share Certificates, Etc.

If any Tendering Shareholder, Etc. gives notice of its intention to cancel an agreement relating to the tender offer in the manner described in “(2) Method of Cancelling an Agreement,” the Tendered Share Certificates, Etc. will be returned by the method described in “(4) Method of Returning Share Certificates, Etc.” in “10

Method of Settlement” below promptly following the completion of the cancellation procedures.

(4) Name and Location of Head Office of Financial Instruments Business Operator or Bank, Etc. to Hold and Return Share Certificates, Etc.

Nomura Securities Co., Ltd.

9-1, Nihombashi 1-chome, Chuo-ku, Tokyo

8. Funds Required for the Tender Offer

(1) Funds, etc., Required for the Tender Offer

Purchase price (yen) (a)	74,296,497,000
Types of Consideration Other Than Moneys	—
Total amount of consideration other than money	—
Purchase Fee (b)	200,000,000
Other (c)	10,000,000
Total (a)+(b)+(c)	74,506,497,000

(Note 1) “Purchase price (JPY) (a)” is the amount obtained by multiplying the number of Shares Certificates, Etc. to be purchased (49,530,998 shares) by the Tender Offer Price (JPY1,500).

(Note 2) “Purchase commission (b)” is the estimated amount of the commission to be paid to the tender offer agent.

(Note 3) “Other (c)” is the estimate of various fees and expenses including fees for the public notice on the Tender Offer and printing expenses for the Tender Offer Explanatory Statement and other necessary documents.

(Note 4) There are other expenses to be paid to the tender offer agent and fees for legal counsel, etc., but the amounts of those expenses and fees are not determined as of the date of this Statement.

(Note 5) The above amounts are exclusive of consumption tax, etc.

(2) Deposits or Borrowings, etc., that may be Appropriated to Funds Required for the Tender Offer

(i) Deposits as of one or two days before the filing date of the Statement

Type	Amount (thousand yen)
—	—
Total (a)	—

(ii) Borrowings before the filing date of the Statement

a. Financial institutions

	Industry of borrowers	Name, etc. of Borrower	Contents of the borrowing contract	Amount (thousand yen)
1	—	—	—	—
2	—	—	—	—
Total				—

b. Lenders other than financial institutions

	Industry of borrowers	Name, etc. of Borrower	Contents of the borrowing contract	Amount (thousand yen)
	—	—	—	—
	—	—	—	—
Total				—

(iii) Funds that are to be borrowed on or after the filing date of the Statement

a. Financial institutions

	Industry of borrowers	Name, etc. of Borrower	Contents of the borrowing contract	Amount (thousand yen)
1	—	—	—	—
2	Bank	MUFG Bank, Ltd. (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	Loan for the fund required for the Tender Offer (Note) (1) Term Loan A Term of loan: 7 years (amortization loan) Interest rate: Floating rate based on JBA Japanese Yen TIBOR Securities: Target Shares, etc. (2) Term Loan B Term of loan: 7 years (bullet loan) Interest rate: Floating rate based on JBA Japanese Yen TIBOR Securities: Target Shares, etc.	(1) Term Loan A: 6,645,000 (2) Term Loan B: 26,580,000
2	Bank	Mizuho Bank, Ltd. (1-5-5, Otemachi, Chiyoda-ku, Tokyo)	Loan for the fund required for the Tender Offer (Note) (1) Term Loan A Term of loan: 7 years (amortization loan) Interest rate: Floating rate based on JBA Japanese Yen TIBOR Securities: Target Shares, etc. (2) Term Loan B Term of loan: 7 years (bullet loan) Interest rate: Floating rate based on JBA Japanese Yen TIBOR Securities: Target Shares, etc.	(1) Term Loan A: 5,907,000 (2) Term Loan B: 23,626,000

2	Bank	Sumitomo Mitsui Banking Corporation (1-1-2, Marunouchi, Chiyoda-ku, Tokyo)	<p>Loan for the fund required for the Tender Offer (Note)</p> <p>(1) Term Loan A Term of loan: 7 years (amortization loan) Interest rate: Floating rate based on JBA Japanese Yen TIBOR Securities: Target Shares, etc.</p> <p>(2) Term Loan B Term of loan: 7 years (bullet loan) Interest rate: Floating rate based on JBA Japanese Yen TIBOR Securities: Target Shares, etc.</p>	<p>(1) Term Loan A: 5,168,000 (2) Term Loan B: 20,674,000</p>
Total (b)				88,600,000

(NOTE) The Offeror has obtained, loan commitment letters as of May 8, 2020 from each of BTMU, Mizuho Bank and SMBC stating that BTMU is prepared to provide a loan of up to JPY33,225,000,000, Mizuho Bank is prepared to provide a loan of up to JPY29,533,000,000 (term loan), and SMBC is prepared to provide a loan of up to JPY25,842,000,000, in support of the loans for the above amount. As conditions precedent for the disbursement of the relevant loan, the items described in the loan commitment letters attached hereto will be stipulated in the relevant loan agreement. The above amount includes the fund for the acquisition of the Meiwa Shares, the fund for repayment of the existing debts and other related expenses, as well as the necessary funds for the Transaction.

b. Lenders other than financial institutions

Industry of borrowers	Name, etc. of Borrower	Contents of the borrowing contract	Amount (thousand yen)
Money Lending Business	Nomura Capital Investment Co., Ltd. (2-2-2 Otemachi, Chiyoda-ku, Tokyo)	<p>Loan for the fund required for the Tender Offer (Note)</p> <p>(1) Term Loan A Term of loan: 7 years (amortization loan) Interest rate: Floating rate based on JBA Japanese Yen TIBOR Securities: Target Shares, etc.</p> <p>(2) Term Loan B Term of loan: 7 years (bullet loan) Interest rate: Floating rate based on JBA Japanese Yen TIBOR Securities: Target Shares, etc.</p>	<p>(1) Term Loan A: 2,000,000 (2) Term Loan B: 8,000,000</p>
—	—	—	—
Total (c)			10,000,000

(NOTE) The Offeror has obtained a loan commitment letter as of May 8, 2020, 2020 from Nomura Capital Investment stating that Nomura Capital Investment is prepared to provide a loan of up to JPY10,000,000,000 in support of the loan for the above amount. As conditions precedent for the

disbursement of the relevant loan, the items described in the loan commitment letter attached hereto will be stipulated in the relevant loan agreement. The above amount includes the fund for the acquisition of the Meiwa Shares, the fund for repayment of the existing debts and other related expenses, as well as the necessary funds for the Transaction.

(iv) Other financing methods

Contents	Amount (thousand yen)
Equity contribution by K.K. BCJ-43	27,000,000
Total (d)	27,000,000

(NOTE) The Offeror has obtained an equity commitment letter from K.K. BCJ-43 stating that it is prepared to make an equity contribution up to JPY27,000,000,000 in the Offeror in support of the equity contribution of the above amount. K.K. BCJ-43 has obtained an equity commitment letter from BCPE Color Cayman, L.P. stating that it is prepared to make an equity contribution up to JPY27,000,000,000 in K.K. BCJ-43. BCPE Color Cayman, L.P. has obtained an equity commitment letter from BCPE Color Holdings Cayman, L.P. stating that BCPE Color Holdings Cayman, L.P. is prepared to make equity contribution up to JPY27,000,000,000 in BCPE Color Cayman, L.P. BCPE Color Holdings Cayman, L.P. has obtained an equity commitment letter from Bain Capital Asia Fund IV, L.P. ("**BC Asia IV Fund**") that it is prepared to make an equity contribution up to JPY27,000,000,000 in BCPE Color Holdings Cayman, L.P. BC Asia IV Fund is an exempted limited partnership incorporated under the laws of the Cayman Islands. The equity commitments to BC Asia IV Fund are made by the limited partners of BC Asia IV Fund (hereinafter referred to as "**BC Asia IV Fund LPs**") such as, principally, international financial institutions, public pension funds, foundations, funds of funds, and government-affiliated institutional investors. BC Asia IV Fund LPs have committed to invest in BC Asia IV Fund for a certain amount (hereinafter referred to as the "**Commitment Amount**"). If, during the investment period of BC Asia IV Fund, Bain Capital Partners Asia IV, L.P., a general partner of BC Asia IV Fund (hereinafter referred to as "**BC Asia IV Fund GP**") issues notifications to request to make an equity contribution, each of BC Asia IV Fund LPs is obligated to make an equity contribution to BC Asia IV Fund within its own unused Commitment Amount in proportion to the respective ratio of Commitment Amount, except for certain limited circumstances such as where it violates applicable laws and regulations or the investment policy by making an equity contribution. Even if some BC Asia IV Fund LPs do not fulfill the equity contribution obligation, the other BC Asia IV Fund LPs are not exempted from their equity contribution obligations, and BC Asia IV Fund GP is entitled to oblige the other BC Asia IV Fund LPs to make additional equity investments in proportion to the respective ratio of Commitment Amount to certain extent in order to fill the shortfall arising from such default so that BC Asia IV Fund is able to make an equity contribution of the required amount.

(v) Total of deposits or borrowings, etc., that may be Appropriated to Funds Required for the Tender Offer

JPY125,600,000,000 ((a)+(b)+(c)+(d))

(NOTE) The above amount includes the fund for the acquisition of the Meiwa Shares, the fund for repayment of the existing debts and other related expenses, as well as the necessary funds for the Transaction.

(3) Relationship, Etc. between the Issuer of Securities to be Used as Consideration for the Tender Offer and the Offeror

Not applicable.

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

Not applicable.

10. Method of Settlement

(1) Name and Location of Head Office of Financial Instruments Business Operator or Bank, Etc. in Charge of Settlement of the Tender Offer

Nomura Securities Co., Ltd.,

9-1, Nihombashi 1-chome, Chuo-ku, Tokyo

(2) Commencement Date of the Settlement

June 22, 2020 (Monday)

(3) Method of Settlement

A written notice of the purchase, etc. through the tender offer is to be mailed to the address of each Tendering Shareholder, Etc. (in the case of a Foreign Shareholder, Etc., of its standing proxy) without delay after the completion of the Tender Offer Period.

The purchases are to be paid for in cash. Tendering Shareholders, Etc. may receive the sales proceeds pertaining to the tender offer in the manner they instruct, including by way of remittance, without delay after the commencement date of the settlement (a remittance fee may be charged).

(4) Method of Returning Share Certificates, Etc.

If all of the Tendered Share Certificates, Etc. are not purchased under the conditions set out in “(1) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions” and “(2) Conditions for Withdrawal of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal” in “11. Other Conditions and Methods of the Tender Offer” set out below, the Share Certificates, Etc. that are to be returned will be returned promptly after the second Business Day following the last day of the Tender Offer Period (or, if the Tender Offer has been withdrawn, after the date of that withdrawal). With respect to the shares, the shares that are to be returned will be returned to the accounts held by the Tendering Shareholders, Etc. with the tender offer agent by restoring the record to the status immediately preceding the tendering of those shares (if the Tendering Shareholders, Etc. wish their shares to be transferred to their account established with other financial instruments business operators, please confirm with the main office or any branch in Japan of the tender offer agent that accepted a tender). With respect to the share acquisition rights, the documents submitted upon tender of the share acquisition rights (the documents set out in (iv) of “(1) Method of Tendering Shares, Etc.” in “7. Method of Tendering Shares and Cancelling Agreements” above) will be delivered to the Tendering Shareholders, Etc. or mailed to the address of the Tendering Shareholders, Etc. in accordance with the instructions given by each Tendering Shareholder, Etc.

Note: Due to the measures for the prevention of the spread of new coronavirus, the services at the branches may be suspended, or other special measures may be taken during the Tender Offer Period. For details, please contact the main office or branch in Japan of the tender offer agent. Also, for details of special measures and branches subject to such measures, see the website of the tender offer agent (<https://www.nomura.co.jp/>).

11. Other Conditions and Methods of the Tender Offer

(1) Conditions Listed in the Items of Article 27-13, Paragraph (4) of the Act and the Details of Those Conditions

If the total number of Tendered Share Certificates, Etc. is less than the minimum number of the Share Certificates, Etc. to be purchased (27,586,100 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. is equal to or greater than the minimum number of Share Certificates, Etc. to be purchased (27,586,100 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

(2) Conditions for Withdrawal of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal

Upon the occurrence of any circumstance falling under the provisions of Article 14, paragraph (1), item (i), subitems (a) through (i) and subitems (l) through (r), item (iii), subitems (a) through (h) and subitem (j), item (iv), and Article 14, paragraph (2), items (iii) through (vi) of the Order, the Offeror may withdraw or otherwise cancel the Tender Offer. “Facts equivalent to those set forth in (a) through (i)” prescribed in Article 14, paragraph (1), item (iii), subitem (j) of the Order means (I) where it is discovered that there is a false statement about a material particular or an omission of a statement about a material particular that is required to be stated with respect to any statutory disclosure documents submitted by the Target in the past, but the Offeror was not aware of such false statement, etc. nor could the Offeror have been aware of such false statement, etc. even with reasonable care, and (II) where a fact listed in item (iii), subitems (a) through (g) of the same paragraph occurs with respect to a major subsidiary of the Target.

If the Offeror decides to withdraw, etc. the Tender Offer, the Offeror will make a public notice electronically and publish a notice in the Nihon Keizai Shimbun. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and make a public notice immediately thereafter.

(3) Conditions for Reducing the Tender Offer Price, Details Thereof and Method of Disclosing the Reduction

If the Target conducts any act prescribed in Article 13, paragraph (1) of the Order during the Tender Offer Period, pursuant to the provisions of Article 27-6, paragraph (1), item (i) of the Act, the purchase price may be reduced in accordance with the standards prescribed in Article 19, paragraph (1) of the Cabinet Office Ordinance. If the Offeror decides to reduce the purchase price, the Offeror will make a public notice electronically and publish a notice in the Nihon Keizai Shimbun. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and make a public notice immediately thereafter. If the purchase price is reduced, the Tendered Share Certificates, Etc. that were tendered before the date of that public notice will also be purchased at the reduced purchase price.

(4) Matters concerning Rights to Cancel Agreements of the Tendering Shareholders, Etc.

Any Tendering Shareholder, Etc. may cancel any agreement relating to the tender offer at any time during the Tender Offer Period. The canceling method will be in accordance with the method described in “(2) Method of Cancelling an Agreement” in “7 Method of Tendering Shares, Etc. and Cancelling Agreements” above. The Offeror will not make any claim for damages against or request a penalty payment to a Tendering Shareholder, Etc. in connection with the cancellation of an agreement by that Tendering Shareholder, Etc. In addition, the Offeror will bear the costs of returning the Tendered Share Certificates, Etc.

(5) Method of Disclosure If Conditions, etc., of the Tender Offer are Changed

The Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period, except for any change prohibited by Article 27-6, paragraph (1) of the Act or Article 13 of the Order. If the Offeror intends to change any conditions, etc. of the Tender Offer, the Offeror will make a public notice electronically and publish a notice in the Nikkei detailing those changes and other conditions. However, if it is difficult to make a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement by

the method prescribed in Article 20 of the Cabinet Office Ordinance and make a public notice immediately thereafter.

If the Tender Offer conditions, etc., are changed, the Tendered Share Certificates, Etc. that were tendered before the date of that public notice will also be purchased under those changed conditions, etc.

(6) Method of Disclosure When Submitting an Amended Statement

If an amended statement is submitted to the Director General of the Kanto Local Finance Bureau (excluding the case prescribed in the proviso of Article 27-8, Paragraph (11) of the Act), the Offeror will immediately announce the details set out in that amended statement that relate to the contents of the public notice of the commencement of the Tender Offer by the method prescribed in Article 20 of the Cabinet Office Ordinance. The Offeror will also immediately amend the Tender Offer Explanation Statement and deliver the amended Tender Offer Explanation Statement to each Tendering Shareholder, Etc. that has already received a Tender Offer Explanation Statement. However, if an amendment is only minor in nature, the Offeror will prepare a document stating the reasons for that amendment, the matters that have been amended and the amended contents, and deliver that document to the Tendering Shareholders, Etc.

(7) Method of Disclosing the Results of the Tender Offer

The Offeror will publicly announce the results of the Tender Offer the day immediately following the last day of the Tender Offer Period, in accordance with the provisions of Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

II. Status of the Offeror

1. In the Case of a Corporation

(1) Outline of the Offeror

(i) History of the Offeror

Year/Month	History
April, 2020	Incorporated as a joint stock corporation (<i>kabushiki kaisha</i>) whose trade name is K.K. BCJ-44, whose head office is at Palace Building 5F, 1-1-1 Marunouchi, Chiyoda-ku, Tokyo, and whose stated capital is ¥25,000.

(ii) Corporate Purpose and Business Overview

(Purpose of the Offeror)

The Purpose of the Offeror is to engage in following businesses:

1. To control and manage the business activities of companies by owning shares or interests of the companies
2. Any and all businesses incidental or related to the foregoing

(Business of the Offeror)

The business of the Offeror is to acquire and own the Share Certificates, etc. of the Target and to control and manage the business activities of the Target.

(iii) Amount of Capital and Total Number of Issued Shares

As of May 11, 2020

Amount of stated capital	Total number of shares issued
25,000 yen	1 share

(NOTE) As described in "(iv) Other financing methods" in "(2) Deposits or Borrowings, etc. that may be Appropriated for the Funds Required for the Tender Offer" in "8. Funds Required for the Tender Offer" in " I. Terms of the Tender Offer, " the Offeror intends to receive capital contributions up to JPY 27,000,000,000, which is expected to increase the amount of stated capital and the total number of issued shares of the Offeror.

(iv) Major Shareholders

As of May 11, 2020

Name or name	Address or location	Number of shares held	Percentage of shares held to total number of issued shares (excluding treasury shares) (%)
K.K. BCJ-43	Palace Building 5F, 1-1-1 Marunouchi, Chiyoda-ku, Tokyo	1	100.00
Total	-	1	100.00

(v) Business Career of Officers and Number of Shares Owned by Officers

As of May 11, 2020

Title	Role	Name	Date of birth	Job history	Number of shares held (Thousands of shares)	
Representative Director	—	Yuji Sugimoto	July 11, 1969	April 1992	Joined Mitsubishi Corporation	—
				December 2000	Joined Ripplewood Holdings	
				June 2006	Managing Director, Bain Capital Private Equity (Japan), LLC (to present)	
				June 2012	Director, Skylark Co., Ltd.	
				July 2012	Director, Jupiter Shop Channel Co., Ltd.	
				March 2014	Director, Bellsystem24 Holdings, Inc.	
				July 2014	Director and Member of the Audit Committee, Macromill, Inc.,	
				May 2015	Director, Yukiguni Maitake Co., Ltd. (to present)	
				June 2015	Outside Director, Target (to present)	
				July 2015	Director, Japan Wind Development Co., Ltd. (to present)	
				February 2016	Director, Oedo Onsen Monogatari Co., Ltd. (to present)	
				March 2018	Director and Member of Audit and Supervisory Committee, Asatsu-DK Inc.	
				August 2018	Director, Toshiba Memory Corporation	
				September 2018	Director, Oedo Onsen Monogatari Hotels & Resorts Co., Ltd. (to present)	
				January 2019	Director and Member of Audit and Supervisory Committee, ADK Holdings Inc. (to present)	
March 2019	Director, Toshiba Memory Holdings Corporation (currently: Kioxia Holdings Corporation) (to present)					
August 2019	Director, Works Human Intelligence Co., Ltd. (to present)					
September 2019	Director, Cheetah Digital Co., Ltd. (currently: EmberPoint Co., Ltd.) (to present)					
April 2020	Director, Showa Aircraft Industry Co., Ltd. (to present)					
Total					—	

(2) Information on Accounting

The Offeror was established on 23 April 2020 and its fiscal year has not ended yet since its incorporation. Therefor, no financial statements of the Offeror have been prepared so far.

(3) Matters concerning the Offeror as a Continuous Disclosure Target

(i) Documents Submitted by the Offeror

(a) Annual securities report and accompanying documents

(b) Quarterly securities report or semiannual securities report

(c) Amendment report

(ii) Location where the above documents are available for public inspection

2. In the Case of an Entity other than a corporation

Not applicable.

3. In the Case of an Individual

Not applicable.

III. Status of Ownership and Status of Trading of Share Certificates, Etc. by the Offeror and Special Related Parties Thereof

1. Status of Ownership of Share Certificates, Etc.

(1) Total Status of Ownership of Share Certificates, Etc. by the Offeror and the Special Related Parties

(As of May 11, 2020)

	Number of Share Certificates, Etc. Owned	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (ii) of the Order	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (iii) of the Order
Share certificates	273,772 (units)	— (Units)	— (Units)
Certificates of share acquisition rights	2,120	—	—
Certificates of corporate bonds with share acquisition rights	—	—	—
Beneficiary securities of Share Certificates, Etc. in trust ()	—	—	—
Depository receipts for Share Certificates, Etc. ()	—	—	—
Total	275,892	—	—
Total number of Share Certificates, Etc. owned	275,892	—	—
(Total number of potential Share Certificates, Etc. owned)	(2,120)	—	—

(2) Status of Ownership of Share Certificates, Etc. by the Offeror

(As of May 11, 2020)

	Number of Share Certificates, Etc. Owned	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (ii) of the Order	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (iii) of the Order
Share certificates	— (Units)	— (Units)	— (Units)
Certificates of share acquisition rights	—	—	—
Certificates of corporate bonds with share acquisition rights	—	—	—
Beneficiary securities of Share Certificates, Etc. in trust ()	—	—	—
Depository receipts for Share Certificates, Etc. ()	—	—	—
Total	—	—	—
Total number of Share Certificates, Etc. owned	—	—	—
(Total number of potential Share Certificates, Etc. owned)	(—)	—	—

(3) Status of Ownership of Share Certificates, Etc. by the Special Related Parties (Total for the

Special Related Parties)

(As of May 11, 2020)

	Number of Share Certificates, Etc. Owned	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (ii) of the Order	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (iii) of the Order
Share certificates	273,772 (units)	— (Units)	— (Units)
Certificates of share acquisition rights	2,120	—	—
Certificates of corporate bonds with share acquisition rights	—	—	—
Beneficiary securities of Share Certificates, Etc. in trust ()	—	—	—
Depository receipts for Share Certificates, Etc. ()	—	—	—
Total	275,892	—	—
Total number of Share Certificates, Etc. owned	275,892	—	—
(Total number of potential Share Certificates, Etc. owned)	(2,120)	—	—

(4) Status of Ownership of Share Certificates, Etc. by the Special Related Parties (Breakdown for each Special Related Party)

(i) Special Related Parties

(As of May 11, 2020)

Name	Meiwa Co., Ltd.
Address	3-20-10, Denenchofu, Ota-ku, Tokyo, Japan
Details of occupation or business	Sales, management, and investment of securities
Contact details	Contact person: Takayuki Kumagai, attorney at law Contact Location: Akasaka Long Beach Building, 2nd floor, 3-21-20, Akasaka, Minato-ku, Tokyo Kumagai, Tanaka and Tsuda Law Offices Telephone number +81-3-3584-5980 (main)
Relationship with the Offeror	A person who has agreed to jointly exercise the voting rights or any other rights as a shareholder with the Offeror.

(As of May 11, 2020)

Name	Nobusuke Mori
Address	2-9, Kanda Surugadai, Chiyoda-ku, Tokyo (location of subject person)
Details of occupation or business	Representative Director of Nichiigakkan Co., Ltd.
Contact details	Contact Person: Mitsuo Kaise, Director and General Manager, Corporate Management Headquarters of Nichiigakkan Co., Ltd. Contact Location: 2-9, Kanda Surugadai, Chiyoda-ku, Tokyo Telephone Number +81-3-3291-3954
Relationship with the Offeror	A person who has agreed to jointly acquire the share certificates, etc. of the Target with the Offer

(NOTE) Mr. Mori does not plan to acquire the share certificates, etc. of the Target directly. However, Mr. Mori is considering investing directly or indirectly in the Offeror after the Transaction if the Tender Offer is successfully completed. Therefore, the Offeror deems that Mr. Mori may fall under the category of a person

who has agreed to acquire the share certificates, etc. of the Target jointly with the Offeror, and describes him as a specially related person.

(As of May 11, 2020)

Name	Daisuke Terada
Address	2-9, Kanda Surugadai, Chiyoda-ku, Tokyo (location of subject person)
Details of occupation or business	Representative Director, Vice President, Nichiigakkan Co., Ltd.
Contact details	Contact Person: Mitsuo Kaise, Director and General Manager, Corporate Management Headquarters of Nichiigakkan Co., Ltd. Contact Location: 2-9, Kanda Surugadai, Chiyoda-ku, Tokyo Telephone Number +81-3-3291-3954
Relationship with the Offeror	A person who has agreed to jointly acquire the share certificates, etc. of the Target with the Offer

(NOTE) Mr. Daisuke Terada does not plan to acquire the share certificates, etc. of the Target directly. However, Mr. Daisuke Terada is considering investing directly or indirectly in the Offeror after the Transaction if the Tender Offer is successfully completed. Therefore, the Offeror deems that Mr. Daisuke Terada may fall under the category of a person who has agreed to acquire the share certificates, etc. of the Target jointly with the Offeror, and describes him as a specially related person.

(As of May 11, 2020)

Name	Tsuyoshi Terada
Address	2-9, Kanda Surugadai, Chiyoda-ku, Tokyo (location of subject person)
Details of occupation or business	Representative Director, Vice President, Nichiigakkan Co., Ltd.
Contact details	Contact Person: Mitsuo Kaise, Director and General Manager, Corporate Management Headquarters of Nichiigakkan Co., Ltd. Contact Location: 2-9, Kanda Surugadai, Chiyoda-ku, Tokyo Telephone Number +81-3-3291-3954
Relationship with the Offeror	A person who has agreed to jointly acquire the share certificates, etc. of the Target with the Offer

(NOTE) Mr. Tsuyoshi Terada does not plan to acquire the share certificates, etc. of the Target directly. However, Mr. Tsuyoshi Terada is considering investing directly or indirectly in the Offeror after the Transaction if the Tender Offer is successfully completed. Therefore, the Offeror deems that Mr. Tsuyoshi Terada may fall under the category of a person who has agreed to acquire the share certificates, etc. of the Target jointly with the Offeror, and describes him as a specially related person.

(As of May 11, 2020)

Name	Keisuke Terada
Address	3-20-10, Denenchofu, Ota-ku, Tokyo (Location of Meiwa Co., Ltd.)
Details of occupation or business	Representative Director of Meiwa Co., Ltd.
Contact details	Contact person: Takayuki Kumagai, attorney at law Contact Location: Akasaka Long Beach Building, 2nd floor, 3-21-20, Akasaka, Minato-ku, Tokyo Kumagai, Tanaka and Tsuda Law Offices Telephone number +81-3-3584-5980 (main)
Relationship with the Offeror	A person who has agreed to jointly acquire the share certificates, etc. of the Target with the Offer

(NOTE) Mr. Keisuke Terada does not plan to acquire the share certificates, etc. of the Target directly. However, Mr. Keisuke Terada is considering investing directly or indirectly in the Offeror after the Transaction if the Tender Offer is successfully completed. Therefore, the Offeror deems that Mr. Keisuke Terada may fall under the category of a person who has agreed to acquire the share certificates, etc. of the Target jointly with the Offeror, and describes him as a specially related person.

(ii) Number of Share Certificates, Etc. Owned

Meiwa Co., Ltd.

(As of May 11, 2020)

	Number of Share Certificates, Etc. Owned	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (ii) of the Order	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (iii) of the Order
Share certificates	163,038 (Units)	— (Units)	— (Units)
Certificates of share acquisition rights	—	—	—
Certificates of corporate bonds with share acquisition rights	—	—	—
Beneficiary securities of Share Certificates, Etc. in trust ()	—	—	—
Depository receipts for Share Certificates, Etc. ()	—	—	—
Total	163,038	—	—
Total number of Share Certificates, Etc. owned	163,038	—	—
(Total number of potential Share Certificates, Etc. owned)	(—)	—	—

Nobusuke Mori

(As of May 11, 2020)

	Number of Share Certificates, Etc. Owned	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (ii) of the Order	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (iii) of the Order
Share certificates	555 (Units)	— (Units)	— (Units)
Certificates of share acquisition rights	675	—	—
Certificates of corporate bonds with share acquisition rights	—	—	—
Beneficiary securities of Share Certificates, Etc. in trust ()	—	—	—
Depository receipts for Share Certificates, Etc. ()	—	—	—
Total	1,230	—	—
Total number of Share Certificates, Etc. owned	1,230	—	—
(Total number of potential Share Certificates, Etc. owned)	(675)	—	—

(NOTE) Mr. Mori owns 9 shares (rounded down to the nearest whole number) of the shares of the Target corresponding to his interest units in cumulative stock investment of the Target, but since such shares amount to less than one voting right, they are not included in the "Number of Share Certificates, Etc. Owned" above.

Daisuke Terada

(As of May 11, 2020)

	Number of Share Certificates, Etc. Owned	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (ii) of the Order	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (iii) of the Order
Share certificates	46,991 (Units)	— (Units)	— (Units)

Certificates of share acquisition rights	1,059	—	—
Certificates of corporate bonds with share acquisition rights	—	—	—
Beneficiary securities of Share Certificates, Etc. in trust ()	—	—	—
Depository receipts for Share Certificates, Etc. ()	—	—	—
Total	48,050	—	—
Total number of Share Certificates, Etc. owned	48,050	—	—
(Total number of potential Share Certificates, Etc. owned)	(1,059)	—	—

(NOTE) Mr. Daisuke Terada owns 70 shares (rounded down to the nearest whole number) of the shares of the Target corresponding to his interest units in cumulative stock investment of the Target, but since such shares amount to less than one voting right, they are not included in the "Number of Share Certificates, Etc. Owned" above.

Tsuyoshi Terada

(As of May 11, 2020)

	Number of Share Certificates, Etc. Owned	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (ii) of the Order	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (iii) of the Order
Share certificates	35,817 (Units)	— (Units)	— (Units)
Certificates of share acquisition rights	386	—	—
Certificates of corporate bonds with share acquisition rights	—	—	—
Beneficiary securities of Share Certificates, Etc. in trust ()	—	—	—
Depository receipts for Share Certificates, Etc. ()	—	—	—
Total	36,203	—	—
Total number of Share Certificates, Etc. owned	36,203	—	—
(Total number of potential Share Certificates, Etc. owned)	(386)	—	—

(NOTE) Mr. Tsuyoshi Terada owns 63 shares (rounded down to the nearest whole number) of the shares of the Target corresponding to his interest units in cumulative stock investment of the Target, but since such shares amount to less than one voting right, they are not included in the "Number of Share Certificates, Etc. Owned" above.

Keisuke Terada

(As of May 11, 2020)

	Number of Share Certificates, Etc. Owned	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (ii) of the Order	Number of Share Certificates, Etc. that fall under Article 7, paragraph (1), item (iii) of the Order
Share certificates	27,371 (Units)	— (Units)	— (Units)
Certificates of share acquisition rights	—	—	—
Certificates of corporate bonds with share acquisition rights	—	—	—

Beneficiary securities of Share Certificates, Etc. in trust ()	—	—	—
Depository receipts for Share Certificates, Etc. ()	—	—	—
Total	27,371	—	—
Total number of Share Certificates, Etc. owned	27,371	—	—
(Total number of potential Share Certificates, Etc. owned)	(—)	—	—

2. Status of Trading of Share Certificates, Etc.

(1) Status of Trading During the 60-Day Period Before the Registration Date

Not applicable

3. Material Agreements Executed in Connection with the Share Certificates, Etc.

The Offeror entered into the Tender Agreement with each of the Tendering Shareholders, respectively, as of May 8, 2020, and 15,858 of the shares of the Target and 67,500 of the Stock Acquisition Rights (the number of underlying shares:) owned by Mr. Mori (ownership ratio:0.13%), 4,679,149 of the shares of the Target and 105,900 of the Stock Acquisition Rights (the number of underlying shares: 105,900) owned by Mr. Daisuke Terada (ownership ratio: 7.27%), 3,572,099 of the shares of the Target and 38,600 of the Stock Acquisition Rights (the number of underlying shares:38,600) owned by Mr. Tsuyoshi Terada (ownership ratio: 5.48%), 5,074 of the shares of the Target owned by Ms. Kuniko Terada (ownership ratio: 0.01%), 2,737,174 of the shares of the Target owned by Mr. Keisuke Terada (ownership ratio: 4.16%), 688,100 of the shares of the Target owned by Ms. Ayako Terada (ownership ratio: 1.05%) 698,249 of the shares of the Target owned by Ms. Akemi Takato (ownership ratio: 1.06%) and 82,800 of the shares of the Target owned by Meiko Co., Ltd. (ownership ratio: 0.13%) are agreed to be tendered in the Tender Offer.

In addition, the Offeror and the Meiwa Shareholder executed the Share Transfer Agreement as of May 8, 2020, and agreed that the Meiwa Shareholder will transfer the Meiwa Shares to the Offer and the Offer will purchase them on the Date of Transfer of the Meiwa Shares.

4. Agreements for Purchase, Etc. of the Share Certificates, Etc. on or after the Submission Date of this Statement

Not applicable.

IV. Transactions, Etc. Between the Offeror and the Target

1. Transactions Between the Offeror and the Target or its Officers, and the Details Thereof

Not applicable.

2. Agreements Between the Offeror and the Target or its Officers, and the Details Thereof

(1) Support of the Tender Offer

According to the Target Press Release, the Target resolved at its board of directors meeting held on May 8, 2020 to express its opinion in support of the Tender Offer and to recommend that its shareholders and Share Acquisition Rights Holders tender their shares and Share Acquisition Rights in the Tender Offer.

For details, please see the Target Press Release and “(vi) Approval of all non-interested directors of the Target and opinion that they had no objection from all corporate auditors of the Target” in “(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 “(2) Purchase Price” in “4. Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased” in “I. Terms of the Tender Offer” above.

(2) Agreements Between the Offeror and the Officers of the Target, and the Details Thereof

The Offeror executed the Tender Agreements with each of Mr. Mori, Mr. Daisuke Terada and Mr. Takashi Terada, respectively, and 15,858 of the shares of the Target and 67,500 of the Stock Acquisition Rights (the number of underlying shares: 67,500) owned by Mr. Mori (ownership ratio: 0.13%), 4,679,149 of the shares of the Target and 105,900 of the Stock Acquisition Rights (the number of underlying shares: 105,900) owned by Mr. Daisuke Terada (ownership ratio: 7.27%), 3,572,099 of the shares of the Target and 38,600 of the Stock Acquisition Rights (the number of underlying shares: 38,600) owned by Mr. Tsuyoshi Terada (ownership ratio: 5.48%) are agreed to be tendered in the Tender Offer. For details of such agreements, please see “(i) Tender Agreement” in “(3) Material Agreements Concerning the Tender Offer” in “3. Purpose of the Purchase” in “I. Terms of the Tender Offer” above.

(3) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer

See “(2) Background Leading to the Decision to Implement the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy After the Tender Offer” in “3 Purpose of the Purchase” in “I. Terms of the Tender Offer” above.

(4) Measures to Ensure Fairness in the Tender Offer Such as Measures to Ensure Fairness in the Tender Offer Price and Measures to Avoid Conflicts of Interest

See “(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 “Background of the calculation” in “(2) Purchase Price” in “4 Purchase Period, Purchase Price, and Number of Share Certificates, Etc. to be Purchased” in “I. Terms of the Tender Offer” above.

V. Status of the Target**1. Status of Profits and Losses, Etc. for the Past Three Years****(1) Status of Profits and Losses**

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

(2) Per Share Information

Fiscal period	—	—	—
Net income (loss) per share	—	—	—
Dividend per share	—	—	—
Net assets per share	—	—	—

2. Status of Share Price

(In JPY)

Name of the financial instruments exchange or approved financial instruments firms association	First Section of the Tokyo Stock Exchange						
	Month	November, 2019	December	January, 2020	February	March	April
Highest stock price	1,960	1,702	1,648	1,555	1,224	1,122	1,157
Minimum stock price	1,590	1,508	1,502	1,111	888	913	1,050

(NOTE) For May 2020, the prices are taken from the relevant data before May 8.

3. Status of Shareholders

(1) Status of Shareholders by Shareholder Type

As of

Category	Status of Shares (number of shares per unit: shares)								Shares less than one unit (shares)
	Government s and local governments	Financi al institu- tions	Financial instruments business operators	Other corpora- tions	Foreign entities, etc.		Individual s and others	Total	
					Non- individuals	Individuals			
Number of shareholders	—	—	—	—	—	—	—	—	—
Number of shares owned (units)	—	—	—	—	—	—	—	—	—
Shareholdin gs to number of shares issued (%)	—	—	—	—	—	—	—	—	—

(2) Number of Shares held by Major Shareholders and Officers

(i) Major Shareholders

As of

Name	Address	Number of shares owned (shares)	Percentage of the number of shares owned to total number of issued shares (excluding shares owned by the Target) (%)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
Total	—	—	—

(ii) Officers

As of

Name	Position	Role	Number of shares owned	Percentage of the number of shares owned to total number of issued shares
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			(shares)	(excluding shares owned by the Target) (%)
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
Total	—	—	—	—

4. Matters Concerning the Target as a Continuous Disclosure Target

(1) Documents Submitted by the Target

(i) Annual securities report and accompanying documents

Submitted to the Director General of the Kanto Local Finance Bureau on June 27, 2018 for the 46th fiscal year (from April 1, 2017 to March 31, 2018)

Submitted to the Director General of the Kanto Local Finance Bureau on June 26, 2019 for the 47th fiscal year (from April 1, 2018 to March 31, 2019)

(ii) Quarterly securities report or semiannual securities report

Submitted to the Director General of the Kanto Local Finance Bureau on February 10, 2020 for the third quarter of the 48th fiscal year (from October 1, 2019 to December 31, 2019)

According to the Third Quarterly Report of the 48th fiscal year, the change in director during the current year to date following the submission of the 47th Annual Securities Report is as follows.

Title	Name	Date of retirement
Director and Chairman of the Board	Akihiko Terada	September 28, 2019

① (iii) Extraordinary report

In accordance with Article 19, Paragraph 2, Paragraph 4 (Change in Major Shareholder) of the Cabinet Office Order on Disclosure of Corporate Affairs of Japan, an extraordinary report was submitted to the Director General of the Kanto Local Finance Bureau on March 13, 2020.

(iv) Amendment report

Not applicable.

(2) Location where the above documents are available for public inspection

Navy
(2-9, Kanda Surugadai, Chiyoda-ku, Tokyo)
Navy Chiba Branch
(JPR Chiba Building, 17 Shin-cho 1 Chuo-ku, Chiba-shi, Chiba)
Navy Omiya Branch
(7-5 Sonic City Building, 1-chome, Sakuraki-cho, Omiya-ku, Saitama Prefecture)
Navy Yokohama Branch

(Tenri Building, 4-1, Kitasai 1-chome, Nishi-ku, Yokohama-shi, Kanagawa)
 Navy Nagoya Branch
 (Sakura-dori Toyota Building, 4-5-28, Nakamura-ku, Nagoya-shi, Aichi Prefecture)
 Navy Osaka Branch
 (Office Tower, Umeda-kyu Building, No. 8-1, Kadota-cho, Kita-ku, Osaka City, Osaka Prefecture)
 Navy Kobe Branch
 (3-10, Isoue-dori 8-chome, Chuo-ku, Kobe-shi, Hyogo, Imon-Miya Building)
 Tokyo Stock Exchange, Inc.
 (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

5. Details of Facts Concerning the Tender Offer, Etc. on which Information has been Received

Not applicable.

6. Other Matters

(1) Release of the “Summary of Financial Results (consolidated) for the Fiscal Year Ending March 2020 (Japanese GAAP)”

The Target released the Summary of Financial Results (consolidated) for the Fiscal Year Ending March 2020 (Japanese GAAP)” on May 8, 2020. Details of Summary of Financial Results of the Target based on such announcement is as follows. According to the Target, the Target has not received an audit certification for the summary of financial results from an audit firm as provided for in Article 193-2, Paragraph (1) of the Act. Furthermore, note that the outline of the contents of the announcement is a partial excerpt of the contents released by the Target. The Offeror is not in a position to independently verify the accuracy or validity of the information. For details, see the contents of such announcement of the Target.

(i) Profit and loss (consolidated)

(Unit: Million yen)

Accounting Period	Fiscal Year of March 2020 (48th fiscal year) (From April 1, 2019 to March 31, 2020)
Net sales	297,965
Operating income	12,162
Ordinary income	7,483
Net income attributable to the shareholders of the parent company	4,058

(ii) Per-share data (consolidated)

(Unit: Yen)

Accounting Period	Fiscal Year of March 2020 (48th fiscal year) (From April 1, 2019 to March 31, 2020)
Net income per share	62.97
Dividends per share	40.0
Net assets per share	660.91

(2) Release of the “Notice regarding Abolishment of Shareholder Special Benefit Plan”

As announced in the “Notice regarding Announcement of Abolishment of Shareholder Special Benefit Plan” dated May 8, 2020 published by the Target, the Target resolved at its board of directors meeting

held on May 8, 2020 that the shareholder special benefit plan would be abolished after the fiscal year ending March 2021, subject to the completion of the Tender Offer. For details, see the press release published by the Target.

(3) Change of Representative Director

As announced in the “Notice regarding Appointment of Directors, Change of Representative Director, Structure Change and Personnel Reshuffle” dated May 8, 2020 published by the Target, the Target resolved at its board of directors meeting held on May 8, 2020 that Mr. Daisuke Terada plans to retire representative director and Mr. Tsuyoshi Terada plans to be appointed as representative director as of June 24, 2020. For details, see the press release published by the Target.