FOR IMMEDIATE RELEASE

June 5, 2025

Company Name: **Leopalace21 Corporation**
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Notice Concerning Repurchase of Treasury Stock, Tender Offer for Treasury Stock and Repurchase of Treasury Stock Acquisition Rights

Leopalace21 Corporation (Headquarters: Nakano, Tokyo; President and CEO: Bunya Miyao; the "Company") announced that it resolved at its Board of Directors held on May 27, 2025, (i) to repurchase the treasury stock pursuant to Article 156, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act") as applied following the deemed replacement of terms under the provisions of Article 165, Paragraph 3 of the Companies Act and the Company's Articles of Incorporation and as a specific method thereof, to conduct a tender offer for treasury stock (the "Tender Offer"), and (ii) to repurchase the Company's 5th series stock acquisition rights held by Chidori Godo Kaisha ("Chidori"), an affiliate of Fortress Investment Group LLC ("FIG"; collectively with its affiliates, "Fortress") (such repurchase, the "Repurchase of Stock Acquisition Rights"; together with the Tender Offer, the "Transaction") as detailed below.

1. Purpose of the Transaction

As announced in the "Notice Concerning Change in Dividend Policy and Revision of Dividend Forecast (Resumption of Dividends Payment)" dated February 9, 2024, the Company continued to pay no dividends since the fiscal year ended March 31, 2019, when the issue of construction defects was uncovered, prioritizing the strengthening of profitability and stabilization of its financial base. However, since the fiscal year ended March 31, 2022, the Company achieved business performance recovery and improvement in financial position by continuously working to establish the system with an eye toward resuming dividends and thereby strengthen its earnings recovery and financial position and continuously engaged in structural reforms. As such, as the Company's current dividend policy, the Company positions the return of profits to shareholders as one of the most important management priorities and the Company has positioned as its basic policy to strengthen its profitability and pursuing provide continuous and stable dividend.

The Company's basic policy is to pay dividends from surplus, interim dividends and year-end dividends, twice a year, and year-end dividends are resolved at the shareholders' meeting, while interim dividends are resolved at the Board of Directors. Based on the above policy, with respect to dividends of surplus for the fiscal year ended March 31, 2024, the Company paid a year-end dividend of 5 yen per share. Further, with respect to dividends of surplus for the fiscal year ended March 31, 2025, the Company paid an interim dividend of 5 yen per share and is expected to pay a year-end dividend of 5 yen per share.

In addition, with respect to repurchase of the treasury stock, the Company's Articles of Incorporation stipulate that the Company may repurchase the treasury stock through market transactions, etc. by passing a resolution at the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act so that the Company can perform flexible capital policy to enable to be responsive to changes in the business environment. Since the fiscal year ended March 31, 2022 when the Company has worked to establish the system with an eye toward resuming dividends, based on the provisions of the Company's Articles of Incorporation, at a Company's Board of Directors held on July 5, 2023, it was resolved to repurchase shares of common stock of the Company through market purchase on the Tokyo Stock Exchange (the "Tokyo Stock Exchange") or off-auction treasury stock repurchase trading (ToSTNeT-3), and repurchased as follows in the below table. As described above, the Company positions not only dividend but also the repurchase of treasury stock as important measures to realize shareholder returns. Taking into consideration stock price trends and financial conditions, etc., the Company has considered whether or not to perform a flexible capital policy through the repurchase of treasury stock.

Date of announcement (Date of board resolution)	Repurchase period	Number of shares repurchased (percentage of shares repurchased)	Aggregate repurchase price of shares
July 5, 2023	From July 6, 2023 to January 5, 2024	11,453,200 shares (3.48%)	3,466,494,800 yen

(*) The "percentage of shares repurchased" in the table refers to the percentage (rounded to the second decimal place) of the shares repurchased to the total number of issued shares of the Company (excluding treasury stock) as at the time immediately prior to the date of announcement of repurchase of treasury stock (as of March 31, 2023).

In response to the significant deterioration in the Company's performance and financial position due to the issue of construction defects uncovered in the fiscal year ended March 31, 2019 and the impact of the spread of COVID-19 in 2020, because it was necessary for the Company to quickly and drastically resolve its business and financial challenges through funding from outside investors, as announced in the "Notice Concerning Issuance of New Shares through Third Party Allotment and Issuance of the 5th Series Stock Acquisition Rights in connection with the Loan with Stock Acquisition Rights through Third Party Allotment, Issuance of Preferred Stock by Consolidated Subsidiary, and Expected Changes in Major Shareholders and the Largest Shareholder among the Major Shareholders" dated September 30, 2020, the Company allotted to Chidori on November 2, 2020 84,507,000 shares of common stock of the Company and 159,748,700 units of stock acquisition rights (the "Stock Acquisition Rights" (Note 1) by way of third party allotment; the number of shares to be issued upon the exercise of all of Stock Acquisition Rights on the issuance date is 159,748,700 shares. The total number of shares, which is the sum of the 159,748,700 shares and the 84,507,000 shares owned by Chidori, is 244,255,700 shares. This total number of shares represents 100.0% (rounded to the nearest whole number) of the 244,310,105 shares and outstanding as of September 30, 2020 (excluding treasury stock).). Chidori became the largest shareholder of the Company on November 2, 2020. The number of dilutive shares of the Stock Acquisition Rights resulting from the adjusted exercise price (139.0 yen) of the Stock Acquisition Rights in connection with the dividend of surplus by the Company since the fiscal year ended March 31, 2024 is 163,196,513 shares, and the number of shares held by Chidori as of May 27, 2025 is 84,507,000 shares (shareholding percentage: 26.60% (Note 3)). The number of shares held by Chidori in the case where all Stock Acquisition Rights are exercised is 247,703,513 shares (shareholding percentage: 51.51%).

(Note 1) With respect to the Stock Acquisition Rights, if Chidori makes a cash contribution to the Company upon the exercise of the Stock Acquisition Rights as so-called a loan with stock acquisition rights allotted on November 2, 2020, the amount so contributed shall be used for the prepayment of principal of loan claims and interest claims principal pertaining to borrowing (total borrowing amount of 30 billion yen; the "Initial Loan") raised by the Company on the same date from Kaede Godo Kaisha, another affiliate of FIG; if Chidori makes a loan claims contribution to the Company, pertaining to the Initial Loan upon the exercise of the Stock Acquisition Rights, the contributed loan claims shall be, to the extent of such claim amount, deemed as having become due and become payable and extinguished through merger concurrently with such contribution. As announced in the "Notice Concerning Debt Financing (Refinancing)" dated December 22, 2023, the full refinancing of the Initial Loan was executed as of December 25, 2023, through borrowing (the loan agreement concluded with Biwa also contained the same terms and conditions as the Initial Loan, and the borrowings under the loan agreement were also a loan with stock acquisition rights, similar to the Initial Loan) from Biwa Godo Kaisha ("Biwa"), an affiliate of FIG. Subsequently, as announced in the "Notice

Concerning Debt Financing from Mizuho Bank, Ltd. (Refinancing)" dated March 7, 2025, the full refinancing for borrowing from Biwa was completed as of March 14, 2025, through a borrowing under a commitment line agreement with a term-out option with Mizuho Bank, Ltd. (the "March 7, 2025 Refinance").

(Note 2) The exercise price of the Stock Acquisition Rights (per share amount of common stock of the Company to be paid upon exercise of the Stock Acquisition Rights. Hereinafter the same applies.) shall be adjusted in the event the Company pays dividends. Specifically, the adjusted exercise price of the Stock Acquisition Rights will be calculated by multiplying (i) the exercise price before adjustment by (ii) the difference between the market price per share as of the dividend record date and the dividend amount per share, divided by the market price per share as of the dividend record date. As stated above, with respect to dividends of surplus for the fiscal year ended March 31, 2024, the Company paid a year-end dividend of 5 yen per share. With respect to dividends of surplus for the fiscal year ended March 31, 2025, the Company paid an interim dividend of 5 yen per share. Therefore, based on the above calculation method, the adjusted exercise price of the Stock Acquisition Rights as of May 27, 2025 is 139.0 yen. For details on the method of adjusting the exercise price, please refer to "Exhibit 2, Terms and Conditions of the Issuance of Leopalace21 Corporation's 5th Series Stock Acquisition Rights, 10. Adjustment of Exercise Price, (4) Distribution to Shareholders of Assets (including Dividends)" in the "Notice Concerning Issuance of New Shares through Third Party Allotment and Issuance of the 5th Series Stock Acquisition Rights in connection with the Loan with Stock Acquisition Rights through Third Party Allotment, Issuance of Preferred Stock by Consolidated Subsidiary, and Expected Changes in Major Shareholders and the Largest Shareholder among the Major Shareholders" dated September 30, 2020.

(Note 3) The shareholding percentage means the percentage (rounded to the second decimal place) to the number of shares (317,694,894 shares), which is calculated by deducting the number of treasury stock held by the Company as of March 31, 2025 (11,694,621 shares) from the total number of issued shares of the Company as of March 31, 2025 (329,389,515 shares), as described in the Consolidated Financial Statements (Japanese Accounting Standard for the fiscal year ended March 31, 2025 that the Company published on May 9, 2025 (the "Earnings Report"). Hereafter, unless otherwise stated, the same applies to the calculation of the shareholding percentage.

As described above, while the Company's performance recovered and its financial position improved through structural reforms, the Company has repurchased the treasury stock pertaining to shares of common stock of the Company by means of market purchases in order to improve capital efficiency and perform a flexible capital policy. However, with the end of the exercise period of the Stock Acquisition Rights held by Chidori (November 2, 2025) approaching, if a substantial amount of shares of common stock of the Company are issued upon the exercise of the Stock Acquisition Rights, earnings per share (EPS) and return on equity (ROE) will be significantly deteriorated, and, if these shares are released to the market, the significant deterioration of the supply-demand relationship for shares of common stock of the Company will be caused, and it will arise concerns on downward pressure on stock prices. Therefore, in order to further improve the capital efficiency and corporate value of the Company, the Company began to consider how to respond in the case of the possibility of dilution upon the exercise of the Stock Acquisition Rights from early March 2025, in parallel with negotiations with Mizuho Bank, Ltd. regarding the March 7, 2025 Refinance. As a method that (i) would allow the Company to repurchase a considerable volume of shares of common stock of the Company in a relatively short period of time without any concern about the release of a substantial amount of shares of common stock of the

Company to the market and without impairing liquidity, and (ii) the Company can expect continuous improvement of capital efficiency, as well as a method that would allow the Company to avoid, as much as possible, accounting losses arising from the repurchase of the Stock Acquisition Rights, from late March 2025, the Company considered a method to repurchase treasury stock acquisition rights or treasury stock on the assumption that the Company repurchase from Chidori all or a part of the Stock Acquisition Rights or shares of common stock of the Company held by Chidori after the Exercise of the Stock Acquisition Rights, taking into comprehensive consideration the legal, financial, and tax impact of the said method and the Company's financial conditions, etc., as well as the pros and cons of these methods and the specific methods of repurchase in the case where these methods are implemented and examined the number of shares to be repurchased, from the perspective of maximizing the Company's corporate value.

In addition, if a transaction falls under a material transaction with a controlling shareholder as defined in the Securities Listing Regulations of the Tokyo Stock Exchange, the Company is required to obtain an "opinion that the decision will not undermine interests of minority shareholders" from a person who does not have any interest in such controlling shareholder. Although Chidori does not fall under the Company's controlling shareholder as of May 27, 2025, Chidori's shareholding percentage is 26.60% and Chidori is the Company's major shareholder and largest shareholder, and its shareholding percentage will be 51.51% if Chidori exercises all Stock Acquisition Rights. As such, in light of the fact that it cannot be said that there are no concerns in relation to structural conflicts of interest and information asymmetry with the general shareholders in the process of considering the Tender Offer and the Repurchase of Stock Acquisition Rights for which the Company is under specifical consideration, in order to handle these concerns and ensure the fairness of the Transaction from a standpoint independent from Chidori and from the perspective of improving the Company's corporate value and securing the interests of the Company's general shareholders, the Company started to establish a system to consider, negotiate and determine the Transaction. Specifically, in order to ensure prudence in considering and deciding on the implementation of the Transaction, the Company resolved at the Company's Board of Directors held on April 4, 2025 to establish a special committee consisting of the Company's three independent outside directors (Mr. Akira Watanabe, Mr. Takumi Shibata, and Mr. Kan Ishii) and one independent outside auditor (Mr. Kazutaka Shimohigoshi) who has no interest in Fortress (such committee, the "Special Committee"), and on the same day, the Company established the Special Committee; on the same day, the Company's Board of Directors also resolved to request a consultation to the Special Committee on (i) whether the purpose of the Transaction is reasonable and justifiable as that to contribute to the enhancement of the Company's corporate value, (ii) whether the procedures for the Transaction are fair, (iii) whether the terms and conditions of the Transaction are fair and reasonable, and (iv) the decision on the Transaction by the Board of Directors is not disadvantageous to the general shareholders of the Company excluding Chidori based on (i) through (iii) above, and (v) whether the determination by the Company's Board of Directors to enter into an agreement regarding the Transaction based on (i) through (iv) above is reasonable (the "Consultation Matters").

As a result of the Company's consideration, in early April 2025, the Company determined that the repurchase of shares of common stock of the Company as treasury stock (including the repurchase of all or a part of shares of common stock of the Company as treasury stock after the exercise of the Stock Acquisition Rights) by the Company and the repurchase of the Stock Acquisition Rights as treasury stock acquisition rights will (i) alleviate concerns about dilution of shares of common stock of the Company, (ii) depending on the terms and conditions of the repurchase, contribute to improving capital efficiency such as the Company's earnings per share (EPS) and return on equity (ROE), and (iii) lead to a return of profits to shareholders in light of the above-mentioned improvement in capital efficiency and the tax effects to after-tax profits by including an extraordinary loss as a deductible expense although a certain amount of loss is expected to be recorded for accounting purposes as a result of cancellation of the repurchased Stock Acquisition Rights. In addition, in mid-April 2025, after considering the specific method of repurchase of treasury stock, the Company reached a conclusion that the method of a tender offer is appropriate based on the ground that, from the perspective of equality among shareholders and transparency of transactions, (i) it is possible to ensure that all shareholders other than Chidori are also provided with an opportunity to tender based on trends in market prices after a certain period of time for consideration, and (ii) while a market price is used as a repurchase price in the case of market repurchases of its treasury stock that the Company has previously conducted as described above, the method of a tender offer allows for repurchases at a price with a certain discount from the market price. In addition, although the repurchase of treasury stock acquisition rights pertaining to the Stock Acquisition Rights is not subject to the tender offer system or regulations for distributable amount under laws and regulations, from the viewpoint of ensuring equality among shareholders and transparency of transactions as much as possible, the Company has decided to (i) repurchase shares of common stock of the Company to be acquired by Chidori by exercising the Stock Acquisition Rights through the Tender Offer method to the possible extent within the range of distributable amount, and (ii) repurchase the Stock Acquisition Rights corresponding to the portion in excess of such distributable amount, outside of the Tender Offer procedures, in the manner of repurchase of treasury stock acquisition rights through off-market transactions.

Furthermore, in addition to the fact that the Company reached a conclusion that the method of a tender offer is appropriate for the repurchase of treasury stock in mid-April 2025, in determining the repurchase price of the Tender Offer (the "Tender Offer Price") and the repurchase price for the Stock Acquisition Rights (the "Repurchase Price for Stock Acquisition Rights"), the Company took into consideration factors such as the fact that shares of common stock of the Company are listed on a financial instruments exchange and that listed companies often repurchase their treasury stock through market repurchases at financial instruments exchanges because such repurchases allow for flexible repurchases of such listed companies' treasury stock in line with share price levels formed based on market demand and supply, and determined that the market price of shares of common stock of the Company should be the basis for the Tender Offer Price, placing emphasis on the clarity and objectivity of the price as the basis for calculation. On that basis, from the perspective of respecting the interests of shareholders who will not tender their shares in the Tender Offer and will continue to hold shares of common stock of the Company, the Company determined that, with respect to the Tender Offer, it is desirable to repurchase shares of common stock of the Company at a price that represents a certain discount to the market price, while, with respect to the Repurchase of Stock Acquisition Rights, it is desirable to repurchase treasury stock acquisition rights at the price calculated based on the price obtained by subtracting the exercise price of the Stock Acquisition Rights from the Tender Offer Price under the current situation where the market price of shares of common stock of the Company significantly exceeds the exercise price of the Stock Acquisition Rights, in order to limit the outflow of assets from the Company as much as possible.

Based on the Company's consideration, on April 24, 2025, the Company proposed Fortress that (i) the specific method to repurchase the treasury stock of shares of common stock of the Company held by Chidori and shares of common stock of the Company to be acquired upon the exercise of the Stock Acquisition Rights shall be that of the Tender Offer, (ii) the repurchase shall be made at a certain discount to the market price of shares of common stock of the Company, (iii) the Company shall enter into an agreement with Chidori with respect to a tender offer for the treasury stock and the exercise of the Stock Acquisition Rights, and (iv) because the exercise of the Stock Acquisition Rights is important information for investors as it will cause dilution of the value of the shares, the Company shall make an announcement regarding the planned exercise of the Stock Acquisition Rights on the same day as the announcement of the Tender Offer, and will set a certain discount from the market price based on the closing price of shares of common stock of the Company on the Prime Market of the Tokyo Stock Exchange prior to the announcement date of the Tender Offer as a certain period to reflect the impact on the market price due to such announcement; however, if the amount obtained by applying a certain discount from the closing price of shares of common stock of the Company on the Prime Market of the Tokyo Stock Exchange on the separately set price determination date is less than such amount, the said amount shall be the Tender Offer Price.

Based on the above proposal by the Company, on April 24, 2025, Fortress replied that (i) the Company shall enter into an agreement under which the Company shall repurchase all the Stock Acquisition Rights held by Chidori (or all of shares of common stock of the Company that are the subject of the Stock Acquisition Rights) in a method to repurchase the treasury stock of shares of common stock of the Company through a tender offer after the exercise of the Stock Acquisition Rights or the Stock Acquisition Rights through off-market transactions and (ii) in order to eliminate the risk of price fluctuation after the announcement of the Transaction, the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights shall be determined on the date of the announcement of the Transaction, and no separate price determination date should be set based on the impact of such announcement on the market price.

In answer to the response above, the Company continued to review the terms of the Transaction from the perspective of improving the Company's corporate value. Since the Company was of the view that the number of shares to be repurchased through the Tender Offer and the number of Stock Acquisition Rights to be repurchased could fluctuate depending on the Company's market price and distributable amount, the Company first conducted a prior internal review of the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights. With respect to the specific discount rate, in order to ensure an objective and reasonable level, the Company reviewed 71 examples of tender offers for treasury stock announced between April 27, 2022 and March 19, 2025 (the "Reference Cases"). The number of Reference Cases with a discount rate to the price at which the discount is based (the "Base Price") of less than 5% was 1; of from (and including) 5% to (but excluding) 10% was 4; approximately 10% (9.04%-10.98%) was 53; and of 11% or more was 13; the largest number of cases being with a discount rate of approximately 10%, while there were also cases with a discount rate of approximately 30%. The Company confirmed that there is scope to set the discount rate at a level higher than 10%, based on the specific circumstances in each case. If the Company accepts the response from Chidori and assumes that the share price on which the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights are calculated is the market price of shares of common stock of the Company prior to the time of the announcement regarding the planned exercise of the Stock Acquisition Rights, the Company will not be able to determine the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights based on consideration of the impact, on the market price of shares of common stock of the Company, of the dilution caused by the exercise of the Stock Acquisition Rights. In addition, if the market price of shares of common stock of the Company declines due to concerns about dilution caused by the exercise of Stock Acquisition Rights and the market price falls below the Tender Offer Price during the period of the repurchase in the Tender Offer (the "Period of Tender Offer"), a large number of general shareholders other than Chidori will tender their shares in the Tender Offer, and the total number of shares tendered in the Tender Offer will exceed the number of shares to be repurchased. As a result, the shares will be repurchased by the pro rata allocation method provided in provisions of Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act") as applied following the deemed replacement of terms under the provisions of Article 27-22-2, Paragraph 2 of the Act, and provisions of Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates by Issuers (Ministry of Finance Order No. 95 of 1994, as amended; the "Order"). This will result in a situation where the Company will not be able to acquire all of the shares of common stock of the Company that Chidori plans to tender, which is a situation not intended by the Company. There was a possibility that the Company might not be able, through the execution of the Transaction, to resolve concerns regarding dilution of shares of common stock of the Company, and to alleviate the downward pressure on the Company's stock price based on the said concerns. In addition to the concerns regarding dilution, given that it is necessary to take into account to a certain extent the fluctuations in the share price of common stock of the Company during the six-month period prior to the business day preceding the proposal to Fortress on April 24, 2025 (highest price during trading hours: 614 yen, lowest price: 491 yen), the Company considered it necessary to pursue setting the highest possible discount rate in order to reduce the possibility that the said market price would fluctuate during the Period of Tender Offer and fall below the Tender Offer Price. Furthermore, in light of the fact that the most recent share price of common stock of the Company (the closing price on May 26, 2025 was 652 yen) represents an increase of 359% (rounded to the nearest whole number) compared to the issue price (142 yen) in the third-party allotment of shares of common stock of the Company made to Chidori on September 30, 2020, it was considered appropriate to pursue the possibility of setting the discount rate at a level higher than 10%.

In addition, with respect to the price of shares of common stock of the Company, which is the basis for the discount, in light of the high volatility of the market price of shares of common stock of the Company, the Company was of the view that the Tender Offer Price should be discounted from the most recent market price in order to reduce the possibility that the market price will fluctuate during the Period of Tender Offer and fall below the Tender Offer Price. In addition, the Company considered that, by adopting a leveled average share price over a certain period of time, it would be possible to eliminate special factors such as the impact of temporary share price fluctuations and to increase objectivity and reasonableness as a basis for the calculation. Therefore, the Company considered it appropriate to use the lowest price as the base, as among: the closing price of shares of common stock of the Company on the business day immediately preceding the announcement of the Tender Offer; the simple average closing price of shares of common stock of the Company over the preceding one-month period ending on that date; the simple average closing price of shares of common stock of the Company over the preceding three-month period ending on that date: and the simple average closing price of shares of common stock of the Company over the preceding six-month period ending on that date.

After such consideration, on May 15, 2025, the Company held discussions with Fortress, during which Fortress proposed to begin substantive negotiations with a range of approximately 510 yen to 520 yen as the Tender Offer Price.

Although, the range proposed by Fortress on the said day represents a discount of 2.26% to 4.14% (rounded to the second decimal place; hereinafter the same applies to the calculation of the discount rate) on the closing price of 532 yen on the said day, it represents a discount of 9.72% to 11.46% on the simple average closing price of shares of common stock of the Company over the preceding one-month period ending on that date (576 yen, rounded off to the nearest whole number; hereinafter the same applies to the calculation of the simple average closing price), a discount of 9.25% to 10.99% on the simple average closing price of shares of common stock of the Company over the preceding three-month period ended on that date (573 yen), and a discount of 8.13% to 9.89% on the simple average closing price of shares of common stock of the Company over the preceding six-month period ended on that date (566 yen). Considering that the majority of the Reference Cases represent a discount rate of approximately 10% on the Base Price, the Company believes that the discount rate is within a reasonable range.

After the above consideration, the Company renegotiated the Tender Offer Price with Fortress on May 21, 2025, and Fortress proposed to set the Tender Offer Price at 530 yen. Although the amount of 530 yen proposed by Fortress on the said day was higher than the range of approximately 510 yen to 520 yen proposed by Fortress on May 15, 2025, the Company considered that the proposal was made based on the fact that the share price of common stock of the Company on May 21, 2025, reached its upper limit of 100 yen, the maximum price fluctuation allowed by the Tokyo Stock Exchange, resulting in a final stop-high from the closing price of 530 yen on the previous trading day, May 20, 2025. However, while the Company believes that the price of 530 yen proposed by Fortress represents a 15.87% discount to the closing price of 630 yen on May 21, 2025, it represents a 7.34% discount to the simple average closing price of shares of common stock of the Company over the preceding one-month period ended on that date (572 yen), a 7.02% discount to the simple average closing price of shares of common stock of the Company over the preceding three-month period ended on that date (570 yen), a 6.53% discount to the simple average closing price of shares of common stock of the Company over the preceding six-month period ended on that date (567 yen). Considering that the majority of the Reference Cases represent a discount rate of approximately 10% on the Base Price, from the perspective of protecting the Company's minority shareholders, the Company believes that a discount of approximately 10% should be re-proposed. Therefore, on May 21, 2025, the Company proposed a discount rate of 10% on the Base Price. However, Fortress responded that it could not accept the Company's proposal and proposed once again that the Tender Offer Price be set at 530 yen. Therefore, the Company proposed a Tender Offer Price of 522 yen, based on the average closing price of shares of common stock of the Company for the past one-month, three-months, and six-months during the negotiation period, which was 570 yen. On the same day, the Company received a response from Fortress agreeing to set the Tender Offer Price at 522 yen.

Furthermore, in parallel with the consideration of the Tender Offer Price, the Company considered the funds available for the Tender Offer (the "Available Funds") and the number of shares to be repurchased in the Tender Offer. In determining the Available Funds, the Company took into consideration the Company's distributable amount, cash flow, and investment capacity, and determined that approximately 71.5 billion yen would be appropriate as a level that will allow the Company to secure the funds necessary for the operation of the Company's business. The number of shares to be repurchased was determined to be the number of shares that can be repurchased as much as possible within the limits of the Available Funds. In addition, from the perspective that the dilution concerns arising from the remaining Stock Acquisition Rights could hinder the appropriate price formation of shares of common stock of the Company, the Company made a decision to repurchase all of the remaining Stock Acquisition Rights after the exercise of the Stock Acquisition Rights by Chidori in the Tender Offer, and the Company communicated this decision to Chidori. In response, Chidori replied on May 21, 2025, that it agreed to the Available Funds and the calculation method of the number of shares to be repurchased, and that, after exercising the Stock Acquisition Rights for the number of shares to be repurchased, it would tender all of shares of common stock of the Company held by Chidori. On the same day, the Company also received a response from Chidori that it agreed to transfer all of the remaining Stock Acquisition Rights to the Company after the exercise of the Stock Acquisition Rights by Chidori in the Tender Offer.

In consideration of the potential impact of the exercise of the Stock Acquisition Rights on the Company's stock price, as it is anticipated that Chidori will tender shares of common stock of the Company acquired through the exercise of the Stock Acquisition Rights, and also because Chidori is a major shareholder and the largest shareholder of the Company, and therefore structural conflicts of interest and information asymmetry issues with general shareholders cannot be entirely ruled out, the Company engaged Plutus Consulting Co., Ltd. (Address: Kasumigaseki Building 35F, 2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo; Mahito Noguchi, President and Representative Director; "Plutus"), a third-party appraiser independent from the Company and Chidori, to perform a valuation of shares of common stock of the Company and the Stock Acquisition Rights to ensure fairness in the valuation of the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights, and decided to refer to the valuation results set forth in the "Share Valuation Report" and "5th Series Stock Acquisition Rights Valuation Report" (collectively, the "Plutus Valuation Report") obtained from Plutus as of May 26, 2025. In addition, in determining the Tender offer Price of 522 yen and the Repurchase Price for Stock Acquisition Rights of 391.3 yen (the total amount of the repurchase price with respect to the Repurchase of Stock Acquisition Rights (the "Total Repurchase Price of Stock Acquisition Rights") (10,005,380,930 yen) is calculated by multiplying the number of shares of common stock of the Company (26,123,710 shares) that are the subject of the Stock Acquisition Rights (25,571,801 units) relative to the Repurchase of Stock Acquisition Rights by the amount (383 yen) calculated by subtracting the adjusted exercise price of the Stock Acquisition Rights (139 yen) from the Tender Offer Price. 391.3 yen is the amount obtained by dividing the Total Repurchase Price of Stock Acquisition Rights by the number of Stock Acquisition Rights to be purchased (rounded to the second decimal place)), in order to confirm whether or not the respective price is reasonable as the Tender Offer Price for repurchasing its treasury stock and the price for repurchasing its treasury stock acquisition rights, the Company also referred to a fairness opinion (the “Fairness Opinion”) obtained from Plutus, which states that the Tender Offer Price and the repurchase price per share that are the subject of the Stock Acquisition Rights with respect to the Stock Acquisition Rights are fair for the minority shareholders of the Company from a financial point of view. For details of the Plutus Valuation Report and the Fairness Opinion, please also refer to “(A) Basis of calculation,” “(3) Basis for the calculation of the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights”, of “3. Outline of the Transaction” below.

In light of the above, at the Board of Directors held on May 27, 2025, based on the consideration that the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights should be set as low as possible while reflecting the fair value of the Company per share, from the perspective of suppressing the outflow of the Company’s assets, the Company conducted a comprehensive review and an evaluation of the following factors: (i) according to the Fairness Opinion, the Tender Offer Price of 522 yen and the purchase price of 383 yen per share subject to the Stock Acquisition Rights to be acquired in connection with the Stock Acquisition Rights are deemed to be fair for the minority shareholders of the Company from a financial perspective; (ii) according to the Plutus Valuation Report, the Tender Offer Price of 522 yen per share is the value that would be (a) lower than the lower limit of the range of the per-share value of common stock of the Company calculated by the market price method, which is 569 yen to 652 yen and lower than the lower limit of the range of the per-share value of common stock of the Company calculated by the discounted cash flow method (the “DCF method”), which is 727 yen to 986 yen and (b) within the range of the per-share value of common stock of the Company calculated by the comparable company method, which is 475 yen to 721 yen; (iii) according to the Plutus Valuation Report, the Repurchase Price for Stock Acquisition Rights, 391.3 yen is the value that would be (a) lower than the lower limit of the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated using the market price method, which is 439 yen to 524 yen and lower than the lower limit of the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated using the DCF method, which is 600 yen to 864 yen, and (b) within the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated by the comparable company method, which is 342 yen to 593 yen; (iv) the Tender Offer Price and the Price for the Stock Acquisition Rights were determined by the Company’s directors based on the results of negotiations conducted on an equal and fair basis without undue influence from Fortress or any other third party; and (v) in order to exercise due care in considering and determining whether to proceed with the Transaction, the Company established the Special Committee and, based on the recommendations of the Special Committee, decided to proceed with the Transaction, including the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights. Then, the Company determined and resolved that setting the Tender Offer Price at 522 yen and the Repurchase Price for Stock Acquisition Rights at 391.3 yen is reasonable and consistent with the Company’s policy of minimizing the outflow of the Company’s assets to the greatest extent possible. Furthermore, the Company resolved that, as for the number of shares to be repurchased in the Tender Offer, it will set the number of shares that can be acquired within the extent of the Available Funds, which is 137,072,803 shares, as for the number of stock acquisition rights to be repurchased, it will conduct the Repurchase of Stock Acquisition Rights for 25,571,801 units of all of the remaining Stock Acquisition Rights (the number of all of shares of common stock of the Company that are the subject of the Stock Acquisition Rights, 26,123,710 shares; shareholding percentage: 8.22%).

As Messrs. Akio Yamashita and Jin Ryu, two of the ten directors of the Company, also serve as managing directors of FIG, in order to eliminate any arbitrariness from the Company's decision-making process related to the Transaction, they were not involved in any decision-making by the Company with respect to the Transaction, nor were they involved in any discussions or negotiations with Fortress on behalf of the Company with respect to the terms and conditions of the Transaction.

The Special Committee has met on April 9, 2025, May 1, 2025, May 9, 2025, May 23, 2025, and May 27, 2025 since April 4, 2025, the date on which this Special Committee was established and received a request for consultation from the Company regarding the Consultation Matters, and has been examining the Consultation Matters while receiving explanations from the Company regarding the purpose and impact of the Transaction, the reasonableness of the terms of the Transaction including the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights, and the fairness of the Company's decision-making process with respect to the Transaction. As a result, on May 27, 2025, the Company received a report from the Special Committee (the "Special Committee Report") stating that (i) the purpose of conducting the Transaction is reasonable and justifiable as it contributes to enhancement of the Company's corporate value, (ii) the procedures for the Transaction are fair, (iii) the terms and conditions of the Transaction are fair and reasonable, (iv) the decision on the Transaction by the Board of Directors is not disadvantageous to the general shareholders of the Company excluding Chidori based on (i) through (iii) above, and (v) the determination by the Company's Board of Directors to enter into the agreement regarding the Transaction is reasonable based on (i) through (iv) above (the "Recommendation"). For details of the Special Committee Report, please also refer to "(Matters concerning measures to ensure fairness and to avoid conflicts of interest, and summary of the opinion obtained from persons with no interest in the controlling shareholder regarding the fact that the transaction, etc. is not disadvantageous to minority shareholders)", "(B) Process of calculation", "(3) Basis for the calculation of the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights", of "3. Outline of the Transaction" below.

In addition, in connection with the decision to conduct the Tender Offer, the Company entered into an agreement for a tender offer application and acquisition of stock acquisition rights with respect to shares of common stock of the Company and stock acquisition rights (the "Tender Offer Agreement") with Chidori as of May 27, 2025, pursuant to which (1) Chidori will exercise 134,176,899 of its Stock Acquisition Rights (number of shares of common stock of the Company to be issued upon exercise of Stock Acquisition Rights: 137,072,803 shares; shareholding percentage after the Exercise of the Stock Acquisition Rights (as defined below): 30.14% (Note 4)) on June 11, 2025 or any other date separately agreed upon between the Company and Chidori, in order to acquire the same number of shares of common stock of the Company as the number of shares to be repurchased in the Tender Offer (such exercise, "Exercise of the Stock Acquisition Rights"; the acquisition of shares of common stock of the Company by Chidori upon the Exercise of the Stock Acquisition Rights, the "Share Acquisition"), (2) if the Company commences the Tender Offer, Chidori itself will tender, or cause a trust bank to tender, the total number calculated by (a) and (b) below (221,579,803 shares (shareholding percentage after the Exercise of the Stock Acquisition Rights: 48.72%); collectively, the "Tendering Shares") (such tender by Chidori or a trust bank, the "Tender"): (a) all of shares of common stock of the Company held by Chidori (84,507,000 shares (shareholding percentage after the Exercise of the Stock Acquisition Rights: 18.58%)) and (b) shares of common stock of the Company that Chidori will hold upon the Exercise of the Stock Acquisition Rights (137,072,803 shares (shareholding percentage after the Exercise of the Stock Acquisition Rights: 30.14%); the "Acquired Shares")), and (3) following the Exercise of the Stock Acquisition Rights, all remaining Stock Acquisition Rights (25,571,801 units; number of shares of common stock of the Company to be issued upon exercise of Stock Acquisition Rights: 26,123,710 shares; shareholding percentage after the Exercise of the Stock Acquisition Rights: 5.74%) will be transferred to the Company through off-market transaction (settlement date: May 28, 2025 or any other date separately agreed upon between the Company and Chidori; such transfer, the “Transfer of the Stock Acquisition Rights”) (Note 5). In the Tender Offer Agreement, as premises for the Exercise of the Stock Acquisition Rights, the Tender, and the Transfer of the Stock Acquisition Rights that are all conducted by Chidori, it is provided that (i) all procedures necessary for the commencement of the Tender Offer have been complied with, and the Tender Offer has been commenced in accordance with, the Tender Offer Agreement, and has not been changed or withdrawn, (ii) the Recommendation has been made and has not been withdrawn or changed, (iii) there are no judgments by judicial or administrative agencies, etc. restricting or prohibiting the Tender Offer, the Tender, or the Transfer of the Stock Acquisition Rights, nor pointing out any breach of laws and regulations in relation to the Tender or the Transfer of the Stock Acquisition Rights, (iv) the Company has performed or complied with all of its obligation under the Tender Offer Agreement in all material respects, (v) the representations and warranties made by the Company (Note 6) are true and accurate in all material respects, and (vi) the statutory waiting period for prior notification required for Chidori to make inward direct investment, etc. pertaining to the acquisition of shares of the Company through the Exercise of the Stock Acquisition Rights pursuant to Article 27 of the Foreign Exchange and Foreign Trade Act has elapsed, and there is no order for measures that would prevent the Share Acquisition, nor is there any possibility of the existence of such order for measures; provided, however, that, if the total number of share certificates tendered in the Tender Offer (the “Tendered Shares”) exceeds the number of shares to be repurchased (137,072,803 shares (shareholding percentage upon the Exercise of the Stock Acquisition Rights: 30.14%)), the shares will be repurchased by the pro rata allocation method. Therefore, in such case, the Company will repurchase a portion of the Tendering Shares and the remaining Tendering Shares will not be repurchased. Chidori will continue to hold shares of common stock of the Company (84,507,000 shares (shareholding percentage after the Transaction: 26.60%)) after the Transaction and is expected to remain the largest shareholder among the major shareholder of the Company.

(Note 4) The percentage (rounded to the second decimal place) to the number of shares (454,767,697 shares) calculated by deducting the number of treasury stock held by the Company (11,694,621 shares) from the total amount (466,462,318 shares) after the Exercise of the Stock Acquisition Rights calculated by adding (a) the total number of shares of common stock of the Company as of March 31, 2025 (329,389,515 shares) stated in the Earnings Report and (b) the number of shares of common stock of the Company (137,072,803 shares) to be issued upon the Exercise of the Stock Acquisition Rights.

(Note 5) Chidori plans to raise funds necessary for the Share Acquisition through a loan based on a loan agreement to be entered into with a financial institution (the “Financing”). After the Share Acquisition, Chidori plans to transfer the Acquired Shares to a trust bank by way of trust transfer and create a pledge on trust beneficiary rights acquired by Chidori through such trust transfer, with the loan receivables related to the Financing as secured claim. The Tender Offer Agreement stipulates that Chidori may transfer the Acquired Shares to a trust bank by way of trust transfer as soon as practicable after the Share Acquisition and create the above pledge.

(Note 6) In the Tender Offer Agreement, the Company represents and warrants to Chidori that, as of the date of the Tender Offer Agreement, the commencement date of the Tender Offer, the date of the Transfer of the Stock Acquisition Rights, and the commencement date of settlement of the Tender Offer, (a) the Company is legally and validly established and exists, and has the necessary authority and power to conduct its business, (b) the Company has the authority and legal capacity to enter into the Tender Offer Agreement, and implements necessary internal procedures, (c) the Company has granted its signatories of the Tender Offer Agreement the legitimate authority to enter into the Tender Offer Agreement, (d) the Tender Offer Agreement is legally binding and enforceable, (e) the Company has complied with the procedures of the laws and regulations necessary for the execution and performance of the Tender Offer Agreement, (f) the execution and performance of the Tender Offer Agreement does not breach any laws and regulations or internal rules, nor does it constitute any events of default under any agreements, etc. to which the Company is a party, and such execution and performance do not violate the judgments of judicial or administrative agencies, etc., (g) there are no fact that would cause bankruptcy proceedings, etc., (h) the Company has no relationship with anti-social forces, and (i) the Company has funds necessary for the Tender Offer and the Transfer of the Stock Acquisition Rights, and made representations and warranties that it has distributable amount necessary for the implementation of the Tender Offer.

The Company plans to apply its cash on hand to the entire amount necessary for the Transaction. The Company's non-consolidated liquidity (cash and deposits) as of April 30, 2025, was 84,001 million yen. Further, while receipt of accounts receivable from customers is expected to secure an additional 2,196 million yen for the period from May 1, 2025, to May 31, 2025, the Company will pay a purchase amount of 10,005 million yen through off-market transaction for repurchase of a part of the Stock Acquisition Rights (25,571,801 units) on May 28, 2025, pursuant to the Tender Offer Agreement, as a result of which the Company's liquidity (cash and deposits) as of May 31, 2025, is expected to be 76,195 million yen. In addition, pursuant to the Tender Offer Agreement, as the exercise of the Stock Acquisition Rights by Chidori prior to the commencement date of settlement of the Tender Offer is expected to increase the Company's non-consolidated liquidity by 19,053 million yen and to be a total of 95,248 million yen, the Company believes that it is capable of maintaining its financial health and security even after the Transaction.

The Company's policy on disposals, etc. of treasury stock to be repurchased following the Transaction has not been determined at this point. The Company plans to cancel the Stock Acquisition Rights acquired by the Transaction, and, after the cancellation, a 9,970 million yen loss on cancellation of treasury stock acquisition rights will be recorded as an extraordinary loss. As to the details, please refer to the "Notice Concerning Revisions of Earnings Forecasts and Recording of Extraordinary Losses", which was announced on May 28, 2025.

2. Resolution at the Board of Directors on the Repurchase of Treasury Stock

(1) Details of the resolution

Class of share certificates, etc.	Total number of shares	Total purchase price
Common stock	137,072,803 shares (maximum)	71,552,003,166 yen (maximum)

(Note 1) Total number of issued shares: 329,389,515 shares. The total number of issued shares after the Exercise of the Stock Acquisition Rights will be 466,462,318 shares.

(Note 2) The percentage of the total number of shares to be repurchased relative to the total number of issued shares is 41.61% (rounded to the second decimal place). The shareholding percentage of the total number of shares to be repurchased is 43.15%.

(Note 3) The percentage of the total number of shares to be repurchased relative to the total number of issued shares after the Exercise of the Stock Acquisition Rights will be 29.38% (rounded to the second decimal place). The shareholding percentage of the total number of shares to be repurchased after the Exercise of the Stock Acquisition Rights will be 30.14%.

(Note 4) The total number of shares to be repurchased is the maximum number of shares to be repurchased as resolved at the Board of Directors.

(Note 5) The total purchase price is the maximum amount of the total purchase price of the shares as resolved at the Board of Directors.

(Note 6) Period of purchase is from May 28, 2025 to November 2, 2025.

(2) Listed share certificates, etc. relating to own stock already repurchased based on the aforementioned resolution

Not applicable.

3. Outline of the Transaction

(1) Schedule

(i)	Date of resolution at the Board of Directors	Tuesday, May 27, 2025
(ii)	Date of public notice of commencement of the Tender Offer	Wednesday, May 28, 2025 Electronic public notice has been posted, and notice of such posting has been published in the Nihon Keizai Shimbun. (URL of the electronic notice: https://disclosure2.edinet-fsa.go.jp/)
(iii)	Filing date of the tender offer registration statement	Wednesday, May 28, 2025
(iv)	Period of Tender Offer	From Wednesday, May 28, 2025 to Tuesday, June 24, 2025 (20 business days)
(v)	Closing date of the Repurchase of Stock Acquisition Rights	Wednesday, May 28, 2025
(vi)	Exercise date of the 5th Stock Acquisition Rights by Chidori	Wednesday, June 11, 2025 (scheduled)

(2) Tender Offer Price and Repurchase Price for Stock Acquisition Rights

(i) Tender Offer
Total amount: 71,552,003,166 yen (maximum) (522 yen per share of common stock)

(ii) Repurchase of Stock Acquisition Rights
Total amount: 10,005,380,930 yen (The amount calculated by multiplying the number of shares of common stock pf the Company (26,123,710 shares) that are the subject of the Stock Acquisition Rights (25,571,801 units) relative to the Repurchase of Stock Acquisition Rights by the amount (383 yen) calculated by subtracting the adjusted exercise price of the Stock Acquisition Rights (139 yen) from the Tender Offer Price) (391.3 yen per unit of the Stock Acquisition Rights)

(3) Basis for the calculation of the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights

(A) Basis of calculation
In determining the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights, the

Company took into consideration factors such as the fact that shares of common stock of the Company are listed on a financial instruments exchange and that listed companies often repurchase their treasury stock through market repurchases at financial instruments exchanges because such repurchases allow for flexible repurchases of such listed companies' treasury stock in line with share price levels formed based on market demand and supply, and determined that the market price of shares of common stock of the Company should be the basis for the Tender Offer Price, placing emphasis on the clarity and objectivity of the price as the basis for calculation. On that basis, from the perspective of respecting the interests of shareholders who will not tender their shares in the Tender Offer and will continue to hold shares of common stock of the Company, the Company determined that, with respect to the Tender Offer Price, it is desirable to repurchase shares of common stock of the Company at a price that represents a certain discount to the market price, while, with respect to the Repurchase of Stock Acquisition Rights, it is desirable to repurchase shares of common stock of the Company at the price calculated based on the price obtained by subtracting the exercise price of the Stock Acquisition Rights from the Tender Offer Price under the current situation where the market price of shares of common stock of the Company significantly exceeds the exercise price of the Stock Acquisition Rights, in order to limit the outflow of assets from the Company as much as possible.

On April 24, 2025, the Company proposed that because the exercise of the Stock Acquisition Rights is important information for investors as it will cause dilution of the value of the shares, the Company shall make an announcement regarding the planned exercise of the Stock Acquisition Rights on the same day as the announcement of the Tender Offer, and will set a certain discount from the market price based on the closing price of shares of common stock of the Company on the Prime Market of the Tokyo Stock Exchange prior to the announcement date of the Tender Offer as a certain period to reflect the impact on the market price due to such announcement; however, if the amount obtained by applying a certain discount from the closing price of shares of common stock of the Company on the Prime Market of the Tokyo Stock Exchange on the separately set price determination date is less than such amount, the said amount shall be the Tender Offer Price.

In relation to that point, on April 24, 2025, Fortress replied that (i) the Company shall enter into an agreement under which the Company shall repurchase all the Stock Acquisition Rights held by Chidori in a method to repurchase the treasury stock of shares of common stock of the Company through a tender offer after the exercise of the Stock Acquisition Rights or the Stock Acquisition Rights through off-market transactions and (ii) in order to eliminate the risk of price fluctuation after the announcement of the Transaction, the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights shall be determined on the date of the announcement of the Transaction, and no separate price determination date should be set based on the impact of such announcement on the market price, etc.

With respect to the specific discount rate, in order to ensure an objective and reasonable level, the Company reviewed 71 Reference Cases. The number of Reference Cases with a discount rate to the Base Price of less than 5% was 1; of from (and including) 5% to (but excluding) 10% was 4; approximately 10% (9.04%-10.98%) was 53; and of 11% or more was 13; the largest number of cases being with a discount rate of 10%, while there were also cases with a discount rate of approximately 30%. The Company confirmed that there is scope to set the discount rate at a level higher than 10%, based on the specific circumstances in each case. If the Company accepts the response from Chidori and assumes that the share price on which the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights are calculated is the market price of shares of common stock of the Company prior to the time of the announcement regarding the planned exercise of the Stock Acquisition Rights, the Company will not be able to determine the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights based on consideration of the impact, on the market price of shares of common stock of the Company, of the dilution caused by the exercise of the Stock Acquisition Rights. In addition, if the market price of shares of common stock of the Company declines due to concerns about dilution caused by the exercise of Stock Acquisition Rights and the market price falls below the Tender Offer Price during the period of the repurchase in the Period of Tender Offer, a large number of general shareholders other than Chidori will tender their shares in the Tender Offer, and the total number of shares tendered in the Tender Offer will exceed the number of shares to be repurchased. As a result, the shares will be repurchased by the pro rata allocation method provided in provisions of Article 27-13, Paragraph 5 of the Act as applied following the deemed replacement of terms under the provisions of Article 27-22-2, Paragraph 2 of the Act, and provisions of Article 21 of the Order. This will result in a situation where the Company will not be able to acquire all of the shares of common stock of the Company that Chidori plans to tender, which is a situation not intended by the Company. There was a possibility that the Company might not be able, through the execution of the Transaction, to resolve concerns regarding dilution of shares of common stock of the Company, and to alleviate the downward pressure on the Company's stock price based on the said concerns. In addition to the concerns regarding dilution, given that it is necessary to take into account to a certain extent the fluctuations in the share price of common stock of the Company during the six-month period prior to the business day preceding the proposal to Fortress on April 24, 2025 (highest price during trading hours: 614 yen, lowest price: 491 yen), the Company considered it necessary to pursue setting the highest possible discount rate in order to reduce the possibility that the said market price would fluctuate during the Period of Tender Offer and fall below the Tender Offer Price. Furthermore, in light of the fact that the most recent share price of common stock of the Company (the closing price on May 26, 2025, being the business day immediately preceding the announcement date of the Tender Offer was 652 yen) represents an increase of 359% (rounded to the nearest whole number) compared to the issue price (142 yen) in the third-party allotment made to Chidori on September 30, 2020, it was considered appropriate to pursue the possibility of setting the discount rate at a level higher than 10%.

In addition, with respect to the price of shares of common stock of the Company, which is the basis for the discount, in light of the high volatility of the market price of shares of common stock of the Company, the Company was of the view that the Tender Offer Price should be discounted from the most recent market price in order to reduce the possibility that the market price will fluctuate during the Period of Tender Offer and fall below the Tender Offer Price. In addition, the Company considered that, by adopting a leveled average share price over a certain period of time, it would be possible to eliminate special factors such as the impact of temporary share price fluctuations and to increase objectivity and reasonableness as a basis for the calculation. Therefore, the Company considered it appropriate to use the lowest price as the base, as among: the closing price of shares of common stock of the Company on the business day immediately preceding the announcement of the Tender Offer; the simple average closing price of shares of common stock of the Company over the preceding one-month period ending on that date; the simple average closing price of shares of common stock of the Company over the preceding three-month period ending on that date: and the simple average closing price of shares of common stock of the Company over the preceding six-month period ending on that date.

After such consideration, on May 15, 2025, the Company held discussions with Fortress, during which Fortress proposed to begin substantive negotiations with a range of approximately 510 yen to 520 yen as the Tender Offer Price.

Although, the range proposed by Fortress on the said day represents a discount of 2.26% to 4.14% on the closing price of 532 yen on the said day, it represents a discount of 9.72% to 11.46% on the simple average closing price of shares of common stock of the Company over the preceding one-month period ended on that date (576 yen), a discount of 9.25% to 10.99% on the simple average closing price of shares of common stock of the Company over the preceding three-month period ended on that date (573 yen), and a discount of 8.13% to 9.89% on the simple average closing price of shares of common stock of the Company over the preceding six-month period ended on that date (566 yen). Considering that the majority of the Reference Cases represent a discount rate of approximately 10% on the Base Price, the

Company believes that the discount rate is within a reasonable range.

After the above consideration, the Company renegotiated the Tender Offer Price with Fortress on May 21, 2025, and Fortress proposed to set the Tender Offer Price at 530 yen. Although the amount of 530 yen proposed by Fortress on the said day was higher than the range of approximately 510 yen to 520 yen proposed by Fortress on May 15, 2025, the Company considered that the proposal was made based on the fact that the share price of common stock of the Company on May 21, 2025, reached its upper limit of 100 yen, the maximum price fluctuation allowed by the Tokyo Stock Exchange, resulting in a final stop-high from the closing price of 530 yen on the previous trading day, May 20, 2025. However, while the Company believes that the price of 530 yen proposed by Fortress represents a 15.87% discount to the closing price of 630 yen on May 21, 2025, it represents a 7.34% discount to the simple average closing price of shares of common stock of the Company over the preceding one-month period ended on that date (572 yen), a 7.02% discount to the simple average closing price of shares of common stock of the Company over the preceding three-month period ended on that date (570 yen), a 6.53% discount to the simple average closing price of shares of common stock of the Company over the preceding six-month period ended on that date (567 yen). Considering that the majority of the Reference Cases represent a discount rate of approximately 10% on the Base Price, from the perspective of protecting the Company's minority shareholders, the Company believes that a discount of approximately 10% should be re-proposed. Therefore, on May 21, 2025, the Company proposed a discount rate of 10% on the Base Price. However, Fortress responded that it could not accept the Company's proposal and proposed once again that the Tender Offer Price be set at 530 yen. Therefore, the Company proposed a Tender Offer Price of 522 yen, based on the average closing price of shares of common stock of the Company for the past one-month, three-months, and six-months during the negotiation period, which was 570 yen. On the same day, the Company received a response from Fortress agreeing to set the Tender Offer Price at 522 yen.

Furthermore, in parallel with the consideration of the Tender Offer Price, the Company considered the Available Funds and the number of shares to be repurchased in the Tender Offer. In determining the Available Funds, the Company took into consideration the Company's distributable amount, cash flow, and investment capacity, and determined that approximately 71.5 billion yen would be appropriate for the Available Funds as a level that will allow the Company to secure the funds necessary for the operation of the Company's business. The number of shares to be repurchased was determined to be the number of shares that can be repurchased as much as possible within the limits of the Available Funds. In addition, from the perspective that the dilution concerns arising from the remaining Stock Acquisition Rights could hinder the appropriate price formation of shares of common stock of the Company, the Company made a decision to repurchase all of the remaining Stock Acquisition Rights after the Exercise of the Stock Acquisition Rights by Chidori in the Tender Offer, and communicated this decision to Chidori. In response, Chidori replied on May 21, 2025, that it agreed to the Available Funds and the calculation method of the number of shares to be repurchased, and that, after exercising the Stock Acquisition Rights for the number of shares to be repurchased, it would tender all of shares of common stock of the Company held by Chidori. On the same day, the Company also received a response from Chidori that it agreed to transfer all of the remaining Stock Acquisition Rights to the Company after the Exercise of the Stock Acquisition Rights by Chidori in the Tender Offer.

In consideration of the potential impact of the exercise of the Stock Acquisition Rights on the Company's stock price, as it is anticipated that Chidori will tender shares of common stock of the Company acquired through the exercise of the Stock Acquisition Rights, and also because Chidori is a major shareholder and the largest shareholder of the Company, and therefore structural conflicts of interest and information asymmetry issues with general shareholders cannot be entirely ruled out, the Company engaged Plutus, a third-party appraiser independent from the Company and Chidori, to perform a valuation of shares of common stock of the Company and the Stock Acquisition Rights to ensure fairness in the valuation of the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights, and decided to refer to the valuation results set forth in the Plutus Valuation Report obtained from Plutus as of May 26, 2025. In addition, in determining the Tender offer Price of 522 yen and the Repurchase Price for Stock Acquisition Rights of 391.3 yen , in order to confirm whether or not the respective price is reasonable as the Tender Offer Price for repurchasing its treasury stock and the price for repurchasing its treasury stock acquisition rights, the Company also referred to the Fairness Opinion obtained from Plutus, which states that the Tender Offer Price and the repurchase price per share that are the subject of the Stock Acquisition Rights with respect to the Stock Acquisition Rights are fair for the minority shareholders of the Company from a financial point of view (Note). Plutus is not a related party of the Company or Chidori, and Plutus does not have any material interest in the Tender Offer.

(Note) In preparing and submitting the Fairness Opinion and calculating the value of shares of common stock and stock acquisition rights, Plutus relied on the information and materials provided by or discussed with the Company, as well as publicly available materials, on the assumption that they are accurate and complete, and that there are no facts that have not been disclosed to Plutus that could materially affect the analysis and calculation of the value of the shares of common stock and stock acquisition rights, and Plutus did not independently investigate or verify the accuracy or completeness of that information and is not obligated to do so.

Plutus assumed that the Company's business forecast and other materials used as the basis for the Fairness Opinion were reasonably prepared by the Company's management based on the best forecasts and judgments available at the time of their preparation. Plutus does not guarantee their feasibility, and Plutus does not express any view on the analysis or forecasts underlying those materials or the assumptions on which they were based.

Plutus has not conducted any independent evaluation or appraisal with respect to the assets and liabilities (including off-balance sheet assets, off-balance sheet liabilities and other contingent liabilities) of the Company and its affiliates, including any analysis and valuation of individual assets and liabilities, and the Company has not received any reports or opinions regarding such valuation or appraisal. Plutus also has not assessed creditworthiness of the Company under applicable laws or regulations in respect of insolvency, suspension of payment or similar matters.

The Fairness Opinion expresses Plutus' opinion as of the date of preparation as to whether the Tender Offer Price and the purchase price of per share that is the subject of the Stock Acquisition Rights in connection with the Repurchase of Stock Acquisition Rights are fair from a financial point of view to the minority shareholders of the Company, based on the financial and capital markets, economic conditions and other circumstances as of the date of preparation, and based on information available to Plutus up to the date of preparation, and while the content of the Fairness Opinion may be affected by subsequent changes in conditions, Plutus has no obligation to amend, change or supplement the content of the Fairness Opinion even in such cases. The Fairness Opinion does not infer or imply any opinion, other than that expressly stated in the Fairness Opinion, with respect to any matter after the date of submission of the Fairness Opinion. The Fairness Opinion only expresses the opinion that the Tender Offer Price and the Purchase Price for Stock Acquisition Rights are fair to the minority shareholders of the Company from a financial point of view and is not disadvantageous to them, and does not express opinions or make recommendations concerning the propriety of implementing the Tender Offer, nor the tendering, or other actions with respect to the Tender Offer, and does not express any opinion to the holders of securities issued by the Company, creditors or other related parties.

The Fairness Opinion was provided by Plutus for the purpose of being used as a basis for decisions made by the Company's Board of Directors and the Special Committee regarding the Tender Offer Price and the Purchase Price for Stock Acquisition Rights, and the Fairness Opinion is not to be relied upon by any other party.

In addition, Plutus has received consideration from the Company for its services in connection with the calculation of the share value, and such consideration does not include contingent fees, which are payable subject to completion of the Tender Offer.

The results of calculation of values per share of common stock of the Company as presented in the Plutus Valuation Report are as follows.

Market price method:	from 569 yen to 652 yen
Comparable company method:	from 475 yen to 721 yen
DCF Method:	from 727yen to 986 yen

The results of values per unit of the Stock Acquisition Rights as presented in the Plutus Valuation Report are as follows.

Market price method:	from 439 yen to 524 yen
Comparable company method:	from 342 yen to 593 yen
DCF Method:	from 600 yen to 864 yen

The range of values per share of common stock of the Company and range of values per unit of the Stock Acquisition Rights obtained from the market price method is 569 yen to 652 yen and 439 yen to 524 yen, which is calculated based on the following prices quoted on the Prime Market of the Tokyo Stock Exchange, by using May 26, 2025 as the reference date: 652 yen, the closing price of the Company's common stocks as of the reference date: 581 yen, the simple average closing price over the most recent one-month period ended the reference date (from April 27, 2025 to May 26, 2025); 573 yen, the simple average closing price over the most recent three-month period ended the reference date (from February 27, 2025 to May 26, 2025); and 569 yen, the simple average closing price over the most recent six-month period ended the reference date (from November 27, 2024 to May 26, 2025).

The range of values per share of common stock of the Company and range of values per unit of the Stock Acquisition Rights obtained from the comparable company method is 475 yen to 721 yen and 342 yen to 593 yen, which is derived by evaluating the value of common stock of the Company through comparisons of matters such as the market share prices and financial indicators showing the profitability of the Company with those of the listed companies engaged in businesses that are relatively similar to those conducted by the Company.

The range of values per share of common stock of the Company and range of values per unit of the Stock Acquisition Rights obtained from the DCF Method is 727 yen to 986 yen and 600 yen to 864 yen, which is derived by evaluating the Company's corporate value and equity value by discounting the free cash flows that it expects to generate in the future beyond the fiscal year ending March 31, 2026 by a certain discount rate to arrive at a present value, assuming various factors such as the business plan through the fiscal year ending March 31, 2026 to March 31, 2030 provided by the Company and publicly available information.

The summary of the Fairness Opinion are as follows.

In the Tender Offer, the decision on whether to tender their shares therein is left to the discretion of shareholders, and therefore, the option to continue holding their shares of the Company is ensured. In addition, if the total number of shares tendered in the Tender Offer exceeds the number of shares to be repurchased, the settlement will be made on a pro rata basis, and thereby, fairness among the Tendering Shareholders would also be ensured. Furthermore, from the perspective of control on the outflow of assets of the Company taking into account the market price of shares of common stock of the Company, it is possible to consider that the price of the Tender Offer should be set as low as possible from the fair value reflecting the Company's value per share. In this regard, according to the analysis that (i) if the Tender Offer Price is set at 522 yen, the value would be lower than the lower limit of the range of the value per share of common stock of the Company calculated using the market price method and DCF method in the Plutus Valuation Report, and would be within the range of values per share of common stock of the Company calculated using the comparable company method, and (ii) if the Repurchase Price for Stock Acquisition Rights is set at 391.3 yen, the value would be (x) lower than the lower limit of the range of the value per unit of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the value per share of common stock of the Company calculated using the market price method and the DCF method, and would be (y) within the range of values per unit of the Stock Acquisition Rights using the Black-Scholes formula based on the value per share of common stock of the Company calculated using the comparable company method in the Plutus Valuation Report, the Tender Offer Price and the Purchase Price for Stock Acquisition Rights are fair as the tender offer price for treasury shares and repurchase price per share that are the subject of the Stock Acquisition Rights. The foregoing is also considered fair to minority shareholders from a financial perspective.

In light of the above, at the Board of Directors held on May 27, 2025, based on the consideration that the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights should be set as low as possible while reflecting the fair value of the Company per share, from the perspective of suppressing the outflow of the Company's assets, the Company conducted a comprehensive review and an evaluation of the following factors: (i) according to the Fairness Opinion, the Tender Offer Price of 522 yen and the purchase price of 383 yen per share subject to the Stock Acquisition Rights to be acquired in connection with the Stock Acquisition Rights are deemed to be fair for the minority shareholders of the Company from a financial perspective; (ii) according to the Plutus Valuation Report, the Tender Offer Price of 522 yen per share is the value that would be (a) lower than the lower limit of the range of the per-share value of common stock of the Company calculated by the market price method, which is 569 yen to 652 yen and lower than the lower limit of the range of the per-share value of common stock of the Company calculated by the DCF method, which is 727 yen to 986 yen and (b) within the range of the per-share value of common stock of the Company calculated by the comparable company method, which is 475 yen to 721 yen; (iii) according to the Plutus Valuation Report, the Repurchase Price for Stock Acquisition Rights, 391.3 yen is the value that would be (a) lower than the lower limit of the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated using the market price method, which is 439 yen to 524 yen and lower than the lower limit of the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated using the DCF method, which is 600 yen to 864 yen, and (b) within the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated by the comparable company method, which is 342 yen to 593 yen; (iv) the Tender Offer Price and the Price for the Stock Acquisition Rights were determined by the Company's directors based on the results of negotiations conducted on an equal and fair basis without undue influence from Fortress or any other third party; and (v) in order to exercise due care in considering and determining whether to proceed with the Transaction, the Company established the Special Committee and, based on the recommendations of the Special Committee, decided to proceed with the Transaction, including the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights. Then, the Company determined and resolved that setting the Tender Offer Price at 522 yen and the Repurchase Price for Stock Acquisition Rights at 391.3 yen is reasonable and consistent with the Company's policy of minimizing the outflow of the Company's assets to the greatest extent possible. Furthermore, the Company resolved that, as for the number of shares to be repurchased in the Tender Offer, it will set 137,072,803 shares, the number of shares that can be acquired within the extent of the Available Funds (shareholding percentage: 43.15%), as for the number of stock acquisition rights to be repurchased, it will conduct the Repurchase of Stock Acquisition Rights for 25,571,801 units of all of the remaining Stock Acquisition Rights (the number of all of shares of common stock of the Company that are the subject of the Stock Acquisition Rights, 26,123,710 shares; shareholding percentage: 8.22%).

The Tender Offer Price of 522 yen is equivalent to the amount representing (i) a 19.94% discount from 652 yen, which is the closing price of the shares of common stock of the Company on the Prime Market of the Tokyo Stock Exchange on May 26, 2025, the business day immediately preceding the date of the resolution by the Board of Directors regarding the implementation of the Tender Offer; (ii) a 10.15% discount from 581 yen, which is the simple average closing price of the shares of common stock of the Company for the one-month period ended the said day; (iii) a 8.90% discount from 573 yen, which is the simple average closing price of the shares of common stock of the Company for the three-month period ended the same day; and (iv) a 8.26% discount from 569 yen, which is the simple average closing price of the shares of common stock of the Company for the six-month period ended the same day.

(B) Process of calculation

(Background leading to the Determination of the Tender Offer Price and the Purchase Price for Stock Acquisition Rights)

Upon the examination described in “Basis of calculation” above, the Company believes that, while the Tender Offer Price and the Purchase Price for Stock Acquisition Rights should be based on the market price of shares of common stock of the Company, considering that it is necessary to take into account the fluctuations in the price of shares of common stock of the Company during the six-month period prior to the business day preceding the proposal to Fortress on April 24, 2025 (highest price during trading hours: 614 yen / lowest price: 491 yen), the Company believes that it is necessary to pursue the setting of the highest possible discount rate in order to minimize the possibility that the market price may fluctuate during the Period of Tender Offer and fall below the Tender Offer Price. Furthermore, considering that the most recent price of shares of common stock of the Company (the closing price as of May 26, 2025 was 652 yen) has increased by 359% (rounded to the nearest whole number) compared to the issue price (142 yen) of the third-party allotment of shares of common stock of the Company to Chidori as of September 30, 2020, the Company believes that it is appropriate to explore the possibility of setting a discount rate higher than 10%. In addition, in light of the high volatility of the market price of shares of common stock of the Company, it is considered that the price of shares of common stock of the Company, which forms the basis for the discount, should be discounted level compared to the most recent market price so as to mitigate the possibility of the market price fluctuating during the Period of Tender Offer and falling below the Tender Offer Price. In addition, adopting a standardized value based on the average stock price over a certain period of time would enable the Company to eliminate the effects of special factors such as temporary share price fluctuations and enhance the objectivity and rationality of the calculation basis. Therefore, the Company believes that the lowest of the closing price on the business day immediately prior to the date of announcement of the Tender Offer, the simple average closing prices of shares of common stock of the Company for the one-month period ended the said date, the simple average closing prices of shares of common stock of the Company for the three-month period ended the said date, and the simple average closing prices of shares of common stock of the Company for the six-month period ended the said date would be appropriate.

Following such review, the Company held discussions with Fortress on May 15, 2025, and received a proposal from Fortress to begin substantive negotiations with the Tender Offer Price in the range of approximately 510 yen to 520 yen.

Although, the range proposed by Fortress on the said day represents a discount of 2.26% to 4.14% (rounded to the second decimal place; hereinafter the same applies to the calculation of the discount rate) on the closing price of 532 yen on the said day, it represents a discount of 9.72% to 11.46% on the simple average closing price of shares of common stock of the Company over the preceding one-month period ended on that date (576 yen), a discount of 9.25% to 10.99% on the simple average closing price of shares of common stock of the Company over the preceding three-month period ended on that date (573 yen), and a discount of 8.13% to 9.89% on the simple average closing price of shares of common stock of the Company over the preceding six-month period ended on that date (566 yen). Considering that the majority of the Reference Cases represent a discount rate of approximately 10% on the Base Price, the Company believes that the discount rate is within a reasonable range.

After the above consideration, the Company renegotiated the Tender Offer Price with Fortress on May 21, 2025, and Fortress proposed to set the Tender Offer Price at 530 yen. Although the amount of 530 yen proposed by Fortress on the said day was higher than the range of approximately 510 yen to 520 yen proposed by Fortress on May 15, 2025, the Company considered that the proposal was made based on the fact that the share price of common stock of the Company on May 21, 2025, reached its upper limit of 100 yen, the maximum price fluctuation allowed by the Tokyo Stock Exchange, resulting in a final stop-high from the closing price of 530 yen on the previous trading day, May 20, 2025. However, while the Company believes that the price of 530 yen proposed by Fortress represents a 15.87% discount to the closing price of 630 yen on May 21, 2025, it represents a 7.34% discount to the simple average closing price of shares of common stock of the Company over the preceding one-month period ended on that date (572 yen), a 7.02% discount to the simple average closing price of shares of common stock of the Company over the preceding three-month period ended on that date (570 yen), a 6.53% discount to the simple average closing price of shares of common stock of the Company over the preceding six-month period ended on that date (567 yen). Considering that the majority of the Reference Cases represent a discount rate of approximately 10% on the Base Price, from the perspective of protecting the Company's minority shareholders, the Company believes that a discount of approximately 10% should be re-proposed. Therefore, on May 21, 2025, the Company proposed a discount rate of 10% on the Base Price. However, Fortress responded that it could not accept the Company's proposal and proposed once again that the Tender Offer Price be set at 530 yen. Therefore, the Company proposed a Tender Offer Price of 522 yen, based on the average closing price of shares of common stock of the Company for the past one-month, three-months, and six-months during the negotiation period, which was 570 yen. On the same day, the Company received a response from Fortress agreeing to set the Tender Offer Price at 522 yen.

In light of the above, at the Board of Directors held on May 27, 2025, based on the consideration that the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights should be set as low as possible while reflecting the fair value of the Company per share, from the perspective of suppressing the outflow of the Company's assets, the Company conducted a comprehensive review and an evaluation of the following factors: (i) according to the Fairness Opinion, the Tender Offer Price of 522 yen and the purchase price of 383 yen per share subject to the Stock Acquisition Rights to be acquired in connection with the Stock Acquisition Rights are deemed to be fair for the minority shareholders of the Company from a financial perspective; (ii) according to the Plutus Valuation Report, the Tender Offer Price of 522 yen per share is the value that would be (a) lower than the lower limit of the range of the per-share value of common stock of the Company calculated by the market price method, which is 569 yen to 652 yen and lower than the lower limit of the range of the per-share value of common stock of the Company calculated by the DCF method, which is 727 yen to 986 yen and (b) within the range of the per-share value of common stock of the Company calculated by the comparable company method, which is 475 yen to 721 yen; (iii) according to the Plutus Valuation Report, the Repurchase Price for Stock Acquisition Rights, 391.3 yen is the value that would be (a) lower than the lower limit of the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated using the market price method, which is 439 yen to 524 yen and lower than the lower limit of the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated using the DCF method, which is 600 yen to 864 yen, and (b) within the range of the Stock Acquisition Rights calculated by using the Black-Scholes formula based on the per-share value of common stock of the Company calculated by the comparable company method, which is 342 yen to 593 yen; (iv) the Tender Offer Price and the Price for the Stock Acquisition Rights were determined by the Company's directors based on the results of negotiations conducted on an equal and fair basis without undue influence from Fortress or any other third party; and (v) in order to exercise due care in considering and determining whether to proceed with the Transaction, the Company established the Special Committee and, based on the recommendations of the Special Committee, decided to proceed with the Transaction, including the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights. Then, the Company determined and resolved that setting the Tender Offer Price at 522 yen and the Repurchase Price for Stock Acquisition Rights at 391.3 yen is reasonable and consistent with the Company's policy of minimizing the outflow of the Company's assets to the greatest extent possible. Furthermore, the Company resolved that, as for the number of shares to be repurchased in the Tender Offer, it will set 137,072,803 shares, the number of shares that can be acquired within the extent of the Available Funds (shareholding percentage: 43.15%), as for the number of stock acquisition rights to be repurchased, it will conduct the Repurchase of Stock Acquisition Rights for 25,571,801 units of all of the remaining Stock Acquisition Rights (the number of all of shares of common stock of the Company that are the subject of the Stock Acquisition Rights, 26,123,710 shares; shareholding percentage: 8.22%).

(Matters concerning measures to ensure fairness and to avoid conflicts of interest, and summary of the opinion obtained from persons with no interest in the controlling shareholder regarding the fact that the transaction, etc. is not disadvantageous to minority shareholders)

(a) Matters concerning measures to ensure fairness and to avoid conflicts of interest

As a result of the Company's consideration, the Company determined that the repurchase of shares of common stock of the Company as treasury stock (including the repurchase of all or a part of shares of common stock of the Company as treasury stock after the Exercise of the Stock Acquisition Rights) by the Company and the repurchase of the Stock Acquisition Rights as treasury stock acquisition rights will (i) alleviate concerns about dilution of shares of common stock of the Company, (ii) depending on the terms and conditions of the repurchase, contribute to improving capital efficiency such as the Company's earnings per share (EPS) and return on equity (ROE), and (iii) lead to a return of profits to shareholders in light of the above-mentioned improvement in capital efficiency and the tax effects to after-tax profits by including an extraordinary loss as a deductible expense although a certain amount of loss is expected to be recorded for accounting purposes as a result of cancellation of the repurchased Stock Acquisition Rights. In addition, after considering the specific method of repurchase of treasury stock, the Company reached a conclusion that the method of a tender offer is appropriate based on the ground that, from the perspective of equality among shareholders and transparency of transactions, (i) it is possible to ensure that all shareholders other than Chidori are also provided with an opportunity to tender based on trends in market prices after a certain period of time for consideration, and (ii) while a market price is used as a repurchase price in the case of market repurchases of its treasury stock that the Company has previously conducted as described above, the method of a tender offer allows for repurchases at a price with a certain discount from the market price. In addition, although the repurchase of treasury stock acquisition rights pertaining to the Stock Acquisition Rights is not subject to the tender offer system or regulations for distributable amount under laws and regulations, from the viewpoint of ensuring equality among shareholders and transparency of transactions as much as possible, the Company has decided to (i) repurchase shares of common stock of the Company to be acquired by Chidori by exercising the Stock Acquisition Rights through the Tender Offer method to the possible extent within the range of distributable amount, and (ii) repurchase the Stock Acquisition Rights corresponding to the portion in excess of such distributable amount, outside of the Tender Offer procedures, in the manner of repurchase of treasury stock acquisition rights through off-market transactions.

As Messrs. Akio Yamashita and Jin Ryu, two of the ten directors of the Company, also serve as managing directors of FIG, in order to eliminate any arbitrariness from the Company's decision-making process related to the Transaction, they were not involved in any decision-making by the Company with respect to the Transaction, nor were they involved in any discussions or negotiations with Fortress on behalf of the Company with respect to the terms and conditions of the Transaction.

In addition, if a transaction falls under a material transaction with a controlling shareholder as defined in the Securities Listing Regulations of the Tokyo Stock Exchange, the Company is required to obtain an "opinion that the decision will not undermine interests of minority shareholders" from a person who does not have any interest in such controlling shareholder. Although Chidori does not fall under the Company's controlling shareholder, Chidori's shareholding percentage as of May 27, 2025 is 26.60% and its shareholding percentage will be 51.51% if Chidori exercises all Stock Acquisition Rights, and Chidori is the Company's major shareholder and largest shareholder. As such, in light of the fact that it cannot be said that there are no concerns in relation to structural conflicts of interest in the Company and information asymmetry with the general shareholders in the process of considering the Transaction for which the Company is under specifical consideration, in order to handle these concerns and ensure the fairness of the Transaction from a standpoint independent from Chidori and from the perspective of improving the Company's corporate value and securing the interests of the Company's general shareholders, the Company started to establish a system to consider, negotiate and determine the Transaction. Specifically, in order to ensure prudence in considering and deciding on the implementation of the Transaction, the Company resolved at the Company's Board of Directors held on April 4, 2025 to establish the Special Committee consisting of the Company's three independent outside directors (Mr. Akira Watanabe, Mr. Takumi Shibata, and Mr. Kan Ishii) and one independent outside auditor (Mr. Kazutaka Shimohigoshi) who has no interest in Fortress, and on the same day, the Company established the Special Committee; on the same day, the Company's Board of Directors also resolved to request a consultation to the Special Committee on the Consultation Matters.

The Special Committee met on April 9, 2025, May 1, 2025, May 9, 2025, May 23, 2025 and May 27, 2025 since April 4, 2025, the date on which this Special Committee was established and received a request for consultation from the Company regarding the Consultation Matters, and has been examining the Consultation Matters while receiving explanations from the Company regarding the purpose and impact of the Transaction, the reasonableness of the terms of the Transaction including the Tender Offer Price and the Purchase Price for Stock Acquisition Rights, and the fairness of the Company's decision-making process with respect to the Transaction. As a result, on May 27, 2025, the Company received the Special Committee Report stating that (i) the purpose of conducting the Transaction is reasonable and justifiable as it contributes to enhancing the corporate value of the Company, (ii) the procedures for the Transaction are fair, (iii) the terms of the Transaction are fair and reasonable, (iv) based on (i) through (iii) above, the decision by the Board of Directors of the Company regarding the Transaction is not detrimental to the general shareholders of the Company, except for Chidori, and (v) based on (i) through (iv) above, the Board of Directors of the Company has determined that entering into the agreement regarding the Transaction is reasonable.

For a summary of the Special Committee Report, please refer to "(b) Summary of the opinion obtained from persons with no interest in the controlling shareholders regarding the fact that the transaction, etc. is not disadvantageous to minority shareholders" below.

(b) Summary of the opinion obtained from persons with no interest in the controlling shareholder regarding the fact that the transaction, etc. is not disadvantageous to minority shareholders

On May 27, 2025, the Company has obtained from the Special Committee the Special Committee Report to the effect that (i) the decision by the Board of Directors of the Company regarding the Transaction is not disadvantageous to the common shareholders of the Company excluding Chidori, and (ii) it is reasonable for the Board of Directors of the Company to enter into an agreement regarding the Transaction, after comprehensively considering the following points:

(i) The purpose of the Transaction is reasonable and justifiable as contributing to the enhancement of the Company's corporate value.

(a) Reasonableness and justifiableness of the purpose of the Transaction

As for the acquisition of treasury stock as well as the treasury stock acquisition rights through the Transaction, it is considered that (i) it will contribute to capital efficiency metrics such as earnings per share (EPS) and return on equity (ROE), which aligns with the Company's policy of returning benefits to the shareholders, as the acquisition of treasury stock will be conducted at a price discounted from the market price of shares of common stock of the Company, and the acquisition of the treasury stock acquisition rights will be conducted at a price calculated by subtracting the exercise price of Stock Acquisition Rights from the price discounted from the market price of shares of common stock of the Company, and (ii) it will enable the Company to avoid adverse effects on the market price of shares of common stock of the Company, because there is the possibility if the Company does not agree to the Transaction, Chidori may sell its shares of common stock of the Company (including shares of common stock of the Company acquired by exercising the Stock Acquisition Rights held by Chidori) on the market, and such sale or the possibility thereof may result in significant downward pressure on the market price of shares of common stock of the Company. Based on the foregoing, we believe that there is a reasonable purpose for the Company to conduct the Transaction.

The decision to take the approach of (i) repurchasing shares of common stock of the Company to be acquired by Chidori by exercising the Stock Acquisition Rights through the tender offer method to the possible extent within the range of distributable amount, and (ii) repurchasing the Stock Acquisition Rights corresponding to the portion in excess of such distributable amount, outside of the tender offer procedures, in the manner of repurchase of treasury stock acquisition rights through off-market transactions, is advantageous to the Company for the following reasons, and therefore is not considered unreasonable: (a) from the viewpoint of ensuring equality among shareholders and transparency of transactions as much as possible, it is possible to ensure that all shareholders other than Chidori are also provided with an opportunity to tender based on trends in market prices after a certain period of time for consideration; (b) if a repurchase of the amount of shares contemplated by the Transaction were to be conducted by way of a market purchase, it is expected that it would take a considerable amount of time given the liquidity of the shares of common stock of the Company, and the repurchase price in such case would be the market price, while the method of a tender offer allows for a repurchase of a large amount of shares in a relatively short period of time, and at a price with a certain discount from the market price.

On the other hand, with respect to the Repurchase of Stock Acquisition Rights through the off-market transaction, the current exercise price of the Stock Acquisition Rights (the amount to be paid per share upon exercise of the Stock Acquisition Rights) is 139.0 yen, which is significantly below the current market price of shares of common stock of the Company (i.e., in a "deep in the money" state). Under these circumstances, considering that the expiration date of the exercise period is approaching on November 2, 2025, it is assumed that Chidori will definitely exercise all of the Stock Acquisition Rights if it acts in an economically reasonable manner; thereafter, the dilution of shares of common stock of the Company resulting from the exercise of the Stock Acquisition Rights and the adverse effects on the stock price due to the possibility of market sales as described above would be recognized. Accordingly, the Company believes that there is a reasonable purpose for the off-market acquisition of the Stock Acquisition Rights at a price with a certain discount as mentioned above. Further, the acquisition of treasury stock acquisition rights is not subject to the tender offer regulations under the Act or the distributable amount restrictions under the Companies Act or other procedural regulations. The Repurchase of Stock Acquisition Rights will be based on a resolution of the Board of Directors of the Company, and the outline of the Repurchase of Stock Acquisition Rights will be announced through timely disclosure documents and the tender offer registration statement; thus, there is nothing unreasonable regarding such method.

(b) Impact of the Transaction on the Company's corporate value

The Company plans to apply its cash on hand to the entire amount necessary for the Transaction. The Company's non-consolidated liquidity (cash and deposits) as of April 30, 2025, was 84,001 million yen. Further, receipt of accounts receivable from customers is expected to secure an additional 2,196 million yen for the period from May 1, 2025, to May 31, 2025. On the other hand, the Company will pay a purchase amount of 10,005 million yen through off-market transaction for repurchase of a part of the Stock Acquisition Rights (25,571,801 units) on May 28, 2025, pursuant to the Tender Offer Agreement to be entered into by and between the Company and Chidori, as a result of which the Company's liquidity as of May 31, 2025, is expected to be 76,195 million yen. In addition, pursuant to the Tender Offer Agreement, the exercise of the Stock Acquisition Rights by Chidori prior to the commencement date of settlement of the Tender Offer is expected to increase the Company's non-consolidated liquidity by 19,053 million yen and to be a total of 95,248 million yen. Even if the funds necessary for the Tender Offer of 71,552 million yen are deducted, the remaining amount will be 23,696 million yen. Therefore, it is considered that the Company is capable of maintaining its financial health and security even after the Transaction.

If Chidori exercises all of its Stock Acquisition Rights, Chidori will own 247,703,513 shares (shareholding percentage (the ratio of the number of relevant shares to the total number of issued shares of the Company as of March 31, 2025, excluding treasury shares): 51.51%) and will become the parent company and controlling shareholder of the Company. This would increase the risk of structural conflicts of interest. There would also be a risk of the Company violating listing maintenance criteria due to a significant decrease in the ratio of tradable shares. Furthermore, if Chidori were to sell a large volume of shares of common stock of the Company held by it to a third party, depending on the timing, scale, method, counter party and other circumstances of the sale, the possibility that the Company's corporate value could be impaired cannot be denied. For these and other reasons, the Transaction is considered to contribute to the maintenance and enhancement of the Company's corporate value.

Based on the above, the Company's implementation of the Transaction is not considered to have any adverse effect on the Company's corporate value.

On the other hand, as stated in (a) above, the Transaction will have the effect of contributing to the improvement of the Company's earnings per share (EPS), return on equity (ROE), and other capital efficiencies, and will be able to prevent any adverse effect on the market price of the shares of common stock of the Company through any sale of shares of common stock of the Company by Chidori on the market. Therefore, the Transaction is considered to be beneficial to the common interests of the Company's shareholders.

(ii) The procedures for the Transaction are fair.

Based on the circumstances set forth in (a) to (d) below, it is considered that the decision-making procedures and other procedures regarding the Transaction are fair.

(a) Obtainment of the Special Committee Report from the Special Committee

The Special Committee consists of the Company's three independent outside directors (Mr. Akira Watanabe, Mr. Takumi Shibata, and Mr. Kan Ishii) and one independent outside auditor (Mr. Kazutaka Shimohigoshi), none of whom has any interest in Chidori.

Since the receipt of a request from the Company for consultation regarding the Consultation Matters on April 4, 2025, the Special Committee has been continuously examining the Consultation Matters while receiving explanations from the management of the Company, including President and CEO, regarding the purpose and impact of the Transaction, the status of the negotiation with Chidori regarding the terms and conditions of the Transaction and opinions on the reasonableness thereof, including the Tender Offer Price and the Purchase Price for Stock Acquisition Rights (the per-share price of the shares of common stock of the Company subject to the Stock Acquisition Rights), and opinions on the fairness of the Company's decision-making process with respect to the Transaction. Concurrently, the Special Committee has provided directions to the management of the Company in connection with the negotiation with Fortress regarding the Transaction.

Given the above, the Special Committee is considered to have been independent of the Company and have functioned effectively in the Transaction.

(b) Non-participation of interested directors in the consideration and negotiations regarding the Transaction

As Messrs. Akio Yamashita and Jin Ryu, two directors of the Company, also serve as managing directors of FIG, in order to eliminate any arbitrariness from the Company's decision-making process related to the Transaction, they did not participate in any deliberation and resolution of an agenda by the Board of Directors with respect to the implementation of the Transaction, nor did they participate in any discussions or negotiations with Fortress on behalf of the Company with respect to the terms and conditions of the Transaction.

(c) Obtainment of advice from an independent legal advisor, financial advisor and tax advisor and obtainment of a valuation report and fairness opinion from a third-party valuation agency

The Company appointed Nagashima Ohno & Tsunematsu as its legal advisor regarding the Transaction and has received legal advice on various procedures, decision-making methods, decision-making processes, etc., regarding the Transaction.

Further, the Company appointed SMBC Nikko Securities Inc. as its financial advisor regarding the Transaction and KPMG FAS Co, Ltd. as its accounting and tax advisor regarding the Transaction and has received advice from them from a financial point of view and from an accounting and tax point of view, respectively. In addition, the Company has obtained the Plutus Valuation Report from Plutus as its third-party valuation agency. The Company has also obtained the Fairness Opinion to the effect that the Tender Offer Price and the repurchase price per share that is the subject of the Stock Acquisition Rights in connection with the Repurchase of Stock Acquisition Rights are fair for the minority shareholders of the Company from a financial point of view.

None of Nagashia Ohno & Tsunematsu, SMBC Nikko Securities Inc., KPMG FAS Co, Ltd. and Plutus Consulting Co., Ltd. has any material interest in the Company.

In the course of considering the Transaction, the Company had ongoing discussions with these independent advisors and, taking into comprehensive consideration the legal, financial, and tax issues and impact of the Transaction and the Company's financial conditions, etc., examined the pros and cons of the Transaction and the specific methods to be adopted in the case where the Transaction is implemented, from the perspective of maximizing the Company's corporate value. Given the above, the advisors are considered to have been independent of the Company and have functioned effectively in the Transaction.

(d) Appropriate information disclosure

With respect to the Transaction, it is considered that sufficient information will be disclosed in the timely-disclosure documents and the Tender Offer Registration Statement regarding the Transaction to contribute to judgment by the minority shareholders of the Company as to the appropriateness and the like of the terms and conditions of the transaction.

(iii) The terms of the Transaction are fair and reasonable.

During the course of negotiation with Fortress, the Tender Offer Price was set at 522 yen based on the average closing price of the shares of common stock of the Company for a certain period of time. The Tender Offer Price is equivalent to the amount representing (i) a 19.94% discount from the closing price of the shares of common stock of the Company on the business day immediately preceding the date of the Board of Directors resolving the implementation of the Tender Offer; (ii) a 10.15% discount from the simple average closing price of the shares of common stock of the Company for the one-month period ending the said day; (iii) a 8.90% discount from the simple average closing price of the shares of common stock of the Company for the three-month period ended the same day; and (iv) a 8.26% discount from the simple average closing price of the shares of common stock of the Company for the six-month period ended the same day. The Repurchase Price for Stock Acquisition Rights is set at 391.3 yen, which is an amount obtained by dividing the aggregate Repurchase Price for Stock Acquisition Rights by the number of the Stock Acquisition Rights to be repurchased (25,571,801), rounded to the first decimal place.

Given the fact that shares of common stock of the Company are listed on a financial instruments exchange, from the perspective of ensuring objectivity of the purchase price, it is reasonable to determine the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights (which are in the status of deep in the money) based on the market price of shares of common stock of the Company. In addition, from the perspective of protecting the interests of minority shareholders who will not tender their shares in the Tender Offer and will continue to hold shares of common stock of the Company, it is still considered reasonable to set the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights at a price with a certain discount from the market price, in order to limit the outflow of assets from the Company as much as possible.

Furthermore, with respect to the specific details of the price of shares of common stock of the Company, which is the basis for the discount, based on the high volatility of the market price of shares of common stock of the Company and the trend in the Base Price adopted in the recent cases (the “Cases”), it is considered reasonable for the Company. Also, with respect to the specific discount rate, based on the fact that the largest number of cases in the Case used a discount rate of 10%, the discount rate on the closing price on the business day preceding the date of the Board of Directors to decide on the Tender Offer mentioned above; the simple average closing price of shares of common stock of the Company over the preceding one-month period ended on that date; the simple average closing price of shares of common stock of the Company over the preceding three-month period ended on that date: and the simple average closing price of shares of common stock of the Company over the preceding six-month period ended on that date, is considered reasonable for the Company. In addition, with respect to the price of shares of common stock of the Company, which is the basis for the discount, it is considered that, by adopting a leveled average share price over a certain period of time, it would be possible to eliminate special factors such as the impact of temporary share price fluctuations and to have objectivity and reasonableness as a basis for the calculation.

In addition, according to the Plutus Valuation Report, the range of the per-share value of common stock of the Company calculated by the market price method is 569 yen to 652 yen, the range of the per-share value of common stock of the Company calculated by the comparable company method is 475 yen to 721 yen, and the range of the per-share value of common stock of the Company calculated by the DCF method is 727 yen to 986 yen, and the Tender Offer Price is the figure that is either lower than the lower limit of the ranges or within the ranges. Further, according to the Fairness Opinion, the Tender Offer Price of 522 yen and the repurchase price per share that is the subject of the Stock Acquisition Rights in connection with the Stock Acquisition

Rights of 383 yen are deemed to be fair for the minority shareholders of the Company from a financial perspective.

As stated above, the terms of the Transaction are considered reasonable.

(4) Number of shares to be repurchased for the Tender Offer

Class of share certificates, etc.	Number of shares to be repurchased	Expected number of excess shares	Total
Common stock	137,072,803 shares	- shares	137,072,803 shares

(Note 1) If the total number of the Tendered Shares does not exceed the number of shares to be repurchased (137,072,803 shares), the Company will repurchase all of the Tendered Shares. However, if the total number of the Tendered Shares exceeds the number of shares to be repurchased (137,072,803 shares), the Company will not repurchase all or part of such excess, and will implement the transfer of shares and other settlement with regard to the repurchase, etc. of share certificates and the like by the pro rata allocation method provided in provisions of Article 27-13, Paragraph 5 of the Act as applied following the deemed replacement of terms under the provisions of Article 27-22-2, Paragraph 2 of the Act, and provisions of Article 21 of the Order.

(Note 2) Shares less than one unit are also covered by the Tender Offer. If a shareholder exercises its right to request purchase of shares less than one unit pursuant to the Companies Act, the Company may repurchase its shares during the Period of Tender Offer pursuant to the procedures prescribed under the relevant laws and regulations.

(5) Funds necessary for tender offer in connection with the Tender Offer

71,576,603,166 yen

(Note) The above-mentioned figure represents the amount of payment for repurchasing all the shares to be repurchased (137,072,803 shares) (71,552,003,166 yen), plus the estimated repurchase commissions and other miscellaneous expenses (including expenses for the public notice of the Tender Offer and the printing costs for required documents such as the tender offer explanation statement)

(6) Method of settlement for the Tender Offer

(A) Name and location of head office of financial instruments business operator/bank etc. in charge of settlement of tender offer

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

(B) Commencement date of settlement

Wednesday, July 16, 2025

(C) Method of settlement

A notice regarding the tender offer in connection with the Tender Offer will be mailed to the address or location of any person who consents to the application for the purchase, etc., or any person who applies for the sale, etc. of share certificates related to the Tender Offer (the “Tendering Shareholders”) or to the standing proxy in the case of foreign resident shareholders (including corporate shareholders) (the “Foreign Shareholders”) without delay after the expiration of the Period of Tender Offer.

The purchase will be settled in cash. The purchase price less applicable withholding tax (Note) will be remitted from the tender offer agent to the location specified by the Tendering Shareholders (or to the standing proxy in the case of the Foreign Shareholders) without delay after the commencement date of the settlement.

(Note) Taxation on shares purchased through the tender offer is as follows[(*)]:

i. For Tendered Shareholders who are residents, or non-residents with a permanent establishment in Japan:

When the amount of money received for accepting the Tender Offer exceeds the amount of the portion of the Company's capital attributable to the shares that are the basis for that payment (when the per-share purchase amount is greater than the per-share amount of capital), the amount in excess will be deemed a dividend and taxed accordingly. The amount deemed to be a dividend is subject to a withholding of 20.315% (15.315% for income tax and special income tax for reconstruction and 5% for resident tax) (There will be no special withholding of the 5% resident tax for non-residents with a permanent establishment in Japan). However, if the shareholder is considered a principal shareholder, as defined in Article 4-6-2, Paragraph 38 of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, including its amendments in the later years) (hereinafter referred as the "Principal Shareholder"), the withholding is 20.42% (income tax and special income tax for reconstruction only). In addition, if the sum of (i) the proportion of shares held by Tendered Shareholders receiving the payment and (ii) the proportion of shares held by corporations that, when using these Tendered Shareholders as the basis for determination, qualify as family companies under the Corporate Tax Act, is equal to or greater than 3% of the total number of issued shares, then the amount deemed to be the dividend shall be subject to comprehensive taxation as dividend income.

As a general rule, as to the amount of money received other than the above, the amount after deducting the cost of acquiring the shares from the transfer income is subject to declared separate income taxes.

In the case where shares in a tax-free account ("Tax-Free Account") specified in Article 37-14 (tax-free status of income from transfers relating to small amounts of publicly-traded shares in Tax-Free Accounts) of the Act on Special Measures Concerning Taxation (No.26 of 1957, including its amendments in the later years) are tendered pursuant to the Tender Offer and the financial instruments broker with which the tax-free account was opened is SMBC Nikko Securities Inc. income from the transfer of shares pursuant to the Tender Offer is in principle tax free. If the tax-free account was opened with a financial instruments broker other than SMBC Nikko Securities Inc., the treatment described above may not apply.

ii. For Tendered Shareholders who are non-residents without a permanent establishment in Japan:

The amount deemed to be a dividend will be subject to withholding of 15.315% (income tax and special income tax for reconstruction only). If the shareholder is considered a Principal Shareholder, the withholding will be 20.42% (income tax and special income tax for reconstruction only).

iii. For corporate shareholders:

When the amount of money received for accepting the Tender Offer exceeds the amount of the portion of the Company's capital attributable to the shares that are the basis for that payment, the amount of this excess will be deemed a dividend. As a general rule, the portion deemed to be a dividend is subject to withholding of 15.315% (income tax and special income tax for reconstruction only).

It should be noted that if the Tendered Shareholders (limited to domestic corporations with their head office or principal office in Japan) directly holds more than one-third of the total issued shares of the Company as of the record date for the payment of dividends, the amount deemed to be dividends received from the Company will not be subject to income tax and special income tax for reconstruction, and no withholding tax will be imposed.

A foreign shareholder who wishes to receive an income tax reduction or exemption for such deemed dividends pursuant to an applicable tax treaty should submit that form to tender offer agent by the end of the Period of Tender Offer.

(*) For specific questions concerning taxation, each shareholder is kindly advised to consult professionals such as tax accountants and to make decisions at its own discretion.

(7) Other matters

(A) The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S.

In addition, the tender offer registration statement and other related documents for the Tender Offer are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

Each Tendering Shareholder (or the standing proxy in the case of the Foreign Shareholder) who is tendering shares through the Tender Offer will be required to represent and warrant the following to the tender offer agent or subagent:

(a) The Tendering Shareholder is not located in the U.S. at the time of tendering shares or sending the tender offer acceptance form; (b) the Tendering Shareholder did not receive or send any information or document regarding the Tender Offer (including copies thereof), directly or indirectly, in, to or from the U.S.; (c) the Tendering Shareholder did not use, directly or indirectly, the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication) or any facilities of a securities exchange in the U.S. with respect to the purchase or for signing or delivering the tender offer acceptance form; and (d) the Tendering Shareholder is not acting as an attorney, a trustee or a mandatary without discretion for any other person (except for the case where such other person provides all instructions for the purchase from outside the U.S.).

(B)As of May 27, 2025, the Company entered into the Tender Offer Agreement with Chidori, pursuant to which (1) Chidori will exercise 134,176,899 of its Stock Acquisition Rights (number of shares of common stock of the Company to be issued upon exercise of Stock Acquisition Rights: 137,072,803 shares; shareholding percentage after the Exercise of the Stock Acquisition Rights: 30.14%) on June 11, 2025 or any other date separately agreed upon between the Company and Chidori, in order to acquire the same number of shares of common stock of the Company as the number of shares to be repurchased in the Tender Offer, (2) if the Company commences the Tender Offer, Chidori itself will tender , or cause a trust bank to tender, the total number calculated by (a) and (b) below (221,579,803 shares (shareholding percentage after the Exercise of the Stock Acquisition Rights: 48.72%): (a) all of shares of common stock of the Company held by Chidori (84,507,000 shares (shareholding percentage after the Exercise of the Stock Acquisition Rights: 18.58%)) and (b) shares of common stock of the Company that Chidori will hold upon the Exercise of the Stock Acquisition Rights (137,072,803 shares (shareholding percentage after the Exercise of the Stock Acquisition Rights: 30.14%)), and (3) following the Exercise of the Stock Acquisition Rights, all remaining Stock Acquisition Rights (25,571,801 units; number of shares of common stock of the Company to be issued upon exercise of Stock Acquisition Rights: 26,123,710 shares; shareholding percentage after the Exercise of the Stock Acquisition Rights: 5.74%) will be transferred to the Company through off-market transaction (settlement date: May 28, 2025 or any other date separately agreed upon between the Company and Chidori). In the Tender Offer Agreement, as premises for the tender in connection with the Tender Offer conducted by Chidori, it is provided that the statutory waiting period for prior notification required for Chidori to make inward direct investment, etc. pertaining to the Share Acquisition pursuant to Article 27 of the Foreign Exchange and Foreign Trade Act has elapsed, and there is no order for measures that would prevent the Share Acquisition, nor is there any possibility of the existence of such order for measures; provided, however, that, if the Tendered Shares exceeds the number of shares to be repurchased (137,072,803 shares (shareholding percentage upon the Exercise of the Stock Acquisition Rights: 30.14%)), the shares will be repurchased by the pro rata allocation method. Therefore, in such case, the Company will repurchase a portion of the Tendering Shares and the remaining Tendering Shares will not be repurchased. For details of the Tender Offer Agreement, please refer to “1. Purpose of the Transaction”

(C) Transactions, etc. with controlling shareholders

(a) Applicability of transactions, etc. with controlling shareholders and compliance with guidelines for measures to protect minority shareholders

Although Chidori does not fall under the Company’s controlling shareholder as of May 27, 2025, Chidori’s shareholding percentage is 26.60% and Chidori is the Company’s major shareholder and largest shareholder, and its shareholding percentage will be 51.51% if Chidori exercises all Stock

Acquisition Rights. Therefore, with respect to the repurchase of its treasury stock from Chidori and the Repurchase of the Stock Acquisition Rights through the Transaction, the Company will disclose matters equivalent to those for material transactions with a controlling shareholder, etc., as stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange.

In order to ensure that the repurchase of its treasury stock from Chidori and the Repurchase of the Stock Acquisition Rights through the Transaction will not undermine interests of minority shareholders, the Company has taken measures as stated in "(Matters concerning measures to ensure fairness and to avoid conflicts of interest, and summary of the opinion obtained from persons with no interest in the controlling shareholder regarding the fact that the transaction, etc. is not disadvantageous to minority shareholders)" of "(B) Process of calculation" of "(3) Basis for the calculation of the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights" of 3. Outline of the Transaction," including the obtainment of the Special Committee Report form the Special Committee.

(b) Matters concerning measures to ensure fairness and measures to avoid conflict of interest, and summary of the opinion obtained from persons with no interest in the controlling shareholder regarding the fact that the transaction, etc. is not disadvantageous to minority shareholders

Please refer to "(Matters concerning measures to ensure fairness and to avoid conflicts of interest, and summary of the opinion obtained from persons with no interest in the controlling shareholder regarding the fact that the transaction, etc. is not disadvantageous to minority shareholders)" of "(B) Process of calculation" of "(3) Basis for the calculation of the Tender Offer Price and the Repurchase Price for Stock Acquisition Rights" of "3. Outline of the Transaction" above.

(D) The Company disclosed the Earnings Report of the Company on May 9, 2025. The outline of the Earnings Report is as follows. The content of the Earnings Report has not been audited by an auditing firm pursuant to the provisions of Article 193-2, Paragraph 1 of the Act. For details, please refer to the Earnings Report.

Outline of the Earnings Report (From April 1, 2024, to March 31, 2025)

(a) Profits and losses (consolidated)

Accounting period	Fiscal year ended March 2025
Net sales	431,831 million yen
Cost of sales	354,537 million yen
Selling, general and administrative expenses	48,062 million yen
Non-operating income	578 million yen
Non-operating expenses	2,873 million yen
Net income attributable to owners of the parent	17,861 million yen

(b) Per share information (consolidated)

Accounting period	Fiscal year ended March 2025
Net income per share	56.22 yen
Dividend per share	10.00 yen
Net assets per share	255.81 yen

4. Future Outlook

The Company plans to cancel the Stock Acquisition Rights acquired by the Transaction, and, after the cancellation, a 9,970 million yen loss on cancellation of treasury stock acquisition rights will be recorded as an extraordinary loss. As to the details, please refer to the "Notice Concerning Revisions of Earnings Forecasts and Recording of Extraordinary Losses," which was announced on May 28, 2025.

End of Document