

June 14, 2024

To whom it may concern

Company Name: KIRIN HOLDINGS COMPANY, LIMITED

Name and Title of Representative: Takeshi Minakata, President & COO

Code Number: 2503 (Tokyo Stock Exchange, Prime Market)

Name and Title of Contact Person:

Hidefumi Matsuo, General Manager of Finance Department

Telephone Number: +81-3-6837-7015

**Notice Regarding Commencement of Tender Offer for Shares, Etc. of**  
**FANCL Corporation (Securities Code:4921)**

Kirin Holdings Company, Limited (the “Tender Offeror”) announces that it determined, by the resolution of its Board of Directors as of today, to acquire shares, etc. of FANCL Corporation (which is listed on the Prime Market of the Tokyo Stock Exchange, Inc. (the “TSE”), code number: 4921; the “Target Company”) through a tender offer (the “Tender Offer”).

**1. Purpose of Tender Offer**

**(1) Overview of the Tender Offer**

As of the date hereof, the Tender Offeror holds 39,540,400 shares (ownership ratio (Note 1): 32.52%) of the common stock issued by the Target Company (the “Target Company Shares”), which are listed on the Prime Market of the TSE, and the Target Company is an affiliate of the Tender Offeror that is accounted for by the equity method.

(Note 1) “Ownership ratio” means the percentage of the number of the Target Company Shares held by a relevant shareholder out of the number of shares (i.e., 121,591,800 shares; the “Total Number of Shares After Accounting Diluted Shares”) that is calculated by the following formula (rounded to the second decimal places; hereinafter the same applies to the calculation of the ownership ratio): (i) the total issued shares as of March 31, 2024 (i.e., 130,353,200 shares), as set forth in the “Summary of Financial Statements (consolidated) – Results for the Fiscal Year Ended March 31, 2024” disclosed by the Target Company on May 8, 2024 (the “Target Company’s Summary of Financial Results”), plus (ii) the total number of the Target Company Shares (i.e., 432,400 shares) subject

to the Stock Acquisition Rights (as defined below in “2. Outline of Purchase, Etc.,” “(3) Tender Offer Price,” “b. Stock acquisition rights”; hereinafter the same) (i.e., 2,475 units (Note 2)), which the Target Company reported as remaining as of March 31, 2024, minus (iii) the number of treasury shares held by the Target Company as of March 31, 2024, as set forth in the Target Company’s Summary of Financial Results (excluding the Target Company Shares (206,039 shares) held by the Board Incentive Plan Trust (the “BIP Trust”) as of the same date) (i.e., 9,193,800 shares), as set forth in the Target Company’s Summary of Financial Results.

(Note 2) The breakdown of the Stock Acquisition Rights (2,475 units) is as shown below. (The name of each of the Stock Acquisition Rights is as defined below in “2. Outline of Purchase, Etc.,” “(3) Tender Offer Price,” “b. Stock acquisition rights”; hereinafter the same)

Name of Stock Acquisition Rights	Number of units as of March 31, 2024 (units)	Number of shares subject to the Stock Acquisition Rights (shares)	Ownership ratio (%)
Fifth Series Stock Acquisition Rights	38	7,600	0.01%
Sixth Series Stock Acquisition Rights	68	13,600	0.01%
Seventh Series Stock Acquisition Rights	49	9,800	0.01%
Eighth Series Stock Acquisition Rights	105	21,000	0.02%
Tenth Series Stock Acquisition Rights	150	30,000	0.02%
Twelfth Series Stock Acquisition Rights	193	38,600	0.03%
Thirteenth Series Stock Acquisition Rights	253	50,600	0.04%
Fifteenth Series Stock Acquisition Rights	188	37,600	0.03%

Sixteenth Series Stock Acquisition Rights	192	38,400	0.03%
Seventeenth Series Stock Acquisition Rights	228	45,600	0.04%
Eighteenth Series Stock Acquisition Rights	218	43,600	0.04%
Nineteenth Series Stock Acquisition Rights	167	33,400	0.03%
Twentieth Series Stock Acquisition Rights	319	31,900	0.03%
Twenty-First Series Stock Acquisition Rights	307	30,700	0.03%
Total	2,475	432,400	0.36%

The Tender Offeror determined by the resolution of its Board of Directors meeting as of today to implement the Tender Offer as part of the transaction for the purpose of acquiring all of the Target Company Shares and all of the Stock Acquisition Rights (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) and making the Target Company a wholly-owned subsidiary of the Tender Offeror (the “Transaction”).

As the Tender Offeror intends to make the Target Company a wholly-owned subsidiary of the Tender Offeror, the Tender Offeror sets the minimum number of shares to be purchased in the Tender Offer at 41,117,700 shares (ownership ratio: 33.82 %) (Note 3). The Tender Offeror will not purchase any of the shares, etc., tendered in the Tender Offer (the “Tendered Shares, Etc.”) if the aggregate number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased. On the other hand, it is the purpose of the Tender Offeror to acquire all of the Target Company Shares and all of the Stock Acquisition Rights (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) in the Tender Offer. Therefore, the maximum number of shares to be purchased is not set in the Tender Offer, and if the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased (i.e., 41,117,700 shares; ownership ratio: 33.82 %), the Tender Offeror will purchase all of the Tendered Shares, Etc.

(Note 3) The minimum number of shares to be purchased (i.e., 41,117,700 shares) is calculated by deducting the Target Company Shares held by the Tender Offeror

(i.e., 39,540,400 shares) from the number of shares (i.e., (80,658,100 shares) obtained by multiplying one unit of the Target Company Shares (i.e., 100 shares) by the number of voting rights (i.e., 806,581 units) equivalent to two-thirds ( $2/3$ ) of the number of voting rights (i.e., 1,209,871 units) (rounded up to the nearest whole number) that is related to the number of shares (i.e., 120,987,166 shares) calculated by the following formula: (i) the total number of issued shares as of March 31, 2024 (i.e., 130,353,200 shares), as set forth in the Target Company's Summary of Financial Results, plus (ii) the number of Target Company Shares (i.e., 10,600 shares) subject to 78 units of the Stock Acquisition Rights that were reported by the Target Company to be exercisable during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders' Meeting (as defined in "(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)," "b. Share Consolidation"; hereinafter the same), which will be a date in or around August 2024, which is the sum of 12 units of the Eighteenth Series Stock Acquisition Rights, 16 units of the Nineteenth Series Stock Acquisition Rights, 27 units of the Twentieth Series Stock Acquisition Rights and 23 units of the Twenty-First Series Stock Acquisition Rights (the total of (i) and (ii) is 130,363,800 shares), minus (iii) the number of treasury shares (i.e., 9,193,800 shares) held by the Target Company as of March 31, 2024, as set forth in the Target Company's Summary of Financial Results (excluding the Target Company Shares (i.e., 206,039 shares) held by the BIP Trust as of the same date), minus (iv) the number of Target Company Shares (i.e., 206,039 shares) held by the BIP Trust as of the same date (the number after deduction of (iii) and (iv) is 120,963,961 shares), plus (v) the total number of Target Company Shares (i.e., 23,205 shares) to be delivered from the BIP Trust to the trust beneficiaries or sold in the market during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders' Meeting, which will be a date in or around August 2024 (the number after the addition of (v) is 120,987,166 shares). The minimum number of shares to be purchased has been set so that the Tender Offeror will hold two-thirds ( $2/3$ ) or more of the number of voting rights of all shareholders of the Target Company after the Tender Offer (excluding voting rights attached to the Target Company Shares held by the BIP Trust on the record date for the Extraordinary Shareholders' Meeting, which will be a date in or around August 2024) in order for the Transaction to be steadily implemented, given that it is the purpose of the Tender

Offeror to make the Target Company its wholly-owned subsidiary and a special resolution of a shareholders' meeting, as provided for in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act"), is required for conducting proceedings for the Share Consolidation (as stated in "(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)" below).

The minimum number of shares to be purchased exceeds the number of shares that constitutes a so-called "majority of minority," which is the number of Target Company Shares (i.e., 40,723,400 shares) equivalent to the majority i.e., 407,234 units of the number of voting rights (i.e., 814,467 units) that is related to the number of shares (i.e., 81,446,766 shares) calculated by the following formula: (a) the total number of issued shares as of March 31, 2024 (i.e., 130,353,200 shares), as set forth in the Target Company's Summary of Financial Results, plus (b) the number of Target Company Shares (i.e., 10,600 shares) subject to 78 units of the Stock Acquisition Rights that were reported by the Target Company to be exercisable during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders' Meeting, which will be a date in or around August 2024, which is the sum of 12 units of the Eighteenth Series Stock Acquisition Rights, 16 units of the Nineteenth Series Stock Acquisition Rights, 27 units of the Twentieth Series Stock Acquisition Rights and 23 units of the Twenty-First Series Stock Acquisition Rights (the total of (a) and (b) is 130,363,800 shares), minus (c) the number of treasury shares (i.e., 9,193,800 shares) held by the Target Company as of March 31, 2024, as set forth in the Target Company's Summary of Financial Results (excluding the Target Company Shares (i.e., 206,039 shares) held by the BIP Trust as of the same date), minus (d) the number of Target Company Shares (i.e., 206,039 shares) held by the BIP Trust as of the same date (the number after deduction of (c) and (d) is 120,963,961 shares), plus (e) the total number of Target Company Shares (i.e., 23,205 shares) to be delivered from the BIP Trust to the trust beneficiaries or sold in the market during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders' Meeting, which will be a date in or around August 2024 (the number after the addition of (e) is 120,987,166 shares), minus (iv) the number of the Target Company Shares (i.e., 39,540,400 shares) held by the Tender Offeror as of the date hereof.

With respect to the number of shares subject to the Stock Acquisition Rights (i.e., 432,400 shares), (1) the Stock Acquisition Rights are only exercisable by

their holders (the “Stock Acquisition Rights Holders”) for all the rights at once, only during the period from the day following the day on which the positions of the Target Company’s Director or Executive Officer was lost till the day on which ten (10) days have elapsed in relation to the Stock Acquisition Rights receiving allocation based on the positions of the Target Company’s Director or Executive Director, and only during the period from the day following the day on which the position of the director of the Target Company’s subsidiary was lost till the day on which ten (10) days have elapsed in relation to the Stock Acquisition Rights receiving allocation based on the position of the director of the Target Company’ subsidiary (the conditions for exercise associated with the above loss of position shall hereinafter be collectively referred to as the “Condition for Exercise Regarding Loss of Position”). According to the Target Company, among 4 current Directors, 10 current Executive Officers and 1 current Deputy Executive Officers of the Target Company, and 2 current Directors of subsidiaries of the Target Company, one current Deputy Executive Officer of the Target Company and one current Director of a subsidiary of the Target Company as of today (such Deputy Executive Officer of the Target Company and such Director of a subsidiary of the Target Company shall hereinafter be collectively referred to as the “Parties Exercising Stock Acquisition Rights”) will be able to exercise the Stock Acquisition Rights upon satisfaction of the Condition for Exercise Regarding Loss of Position. Since up to 10,600 shares of the Target Company Shares may be issued or transferred to the Parties to Exercise Stock Acquisition Rights as a result of an exercise of the Stock Acquisition Rights during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders’ Meeting, which will be a date in or around August 2024, when setting the minimum number of shares to be purchased, the Tender Offeror has added the maximum number corresponding to the total number of shares that may be issued or transferred to the Parties Exercising Stock Acquisition Rights during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders’ Meeting, which will be a date in or around August 2024 (i.e., 10,600 shares) to the number of Target Company Shares that will be used as the basis for the calculation in setting the minimum number of shares to be purchased, as stated in (ii) above in this Note. On the other hand, (2) according to the Target Company, there are no Stock Acquisition Rights Holders other than the Parties Exercising Stock Acquisition Rights, who will be able to exercise the Stock

Acquisition Rights upon satisfaction of the Condition for Exercise Regarding Loss of Position, and, the Target Company Shares are not expected to be issued or transferred through an exercise of the Stock Acquisition Rights held by any holders other than the Parties Exercising Stock Acquisition Rights during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders' Meeting, which will be a date in or around August 2024; moreover, as stated in "(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)" below, if the Tender Offer is completed, but the Tender Offeror could not acquire all of the Stock Acquisition Rights and any of the Stock Acquisition Rights remains unexercised, the Tender Offeror plans to request the Target Company to carry out procedures reasonably necessary for the execution of the Transaction, such as recommendation to the Stock Acquisition Rights Holders (excluding the Parties Exercising Stock Acquisition Rights, if the Parties Exercising Stock Acquisition Rights have exercised their Stock Acquisition Rights) to abandon the Stock Acquisition Rights, and, according to the Target Company, if the Target Company receives such request, the Target Company intends to respond to such a request promptly after the commencement of the Tender Offer. Therefore, as stated in (i) through (v) in this Note, the Tender Offeror has not added the number of shares subject to the Stock Acquisition Rights held by the Stock Acquisition Rights Holders other than the Parties Exercising Stock Acquisition Rights (i.e., 421,800 shares) to the number of Target Company Shares to be used as the basis for calculation in setting the minimum number of shares to be purchased.

As stated in the "Notice regarding introduction of performance-linked stock price-based compensation plan" announced by the Target Company on May 19, 2021, the voting rights attached to the Target Company Shares held by the BIP Trust shall not be exercised during the trust period (according to the Target Company, the trust period shall expire in September 2024). Since there is no possibility that such voting rights will be exercised at the Extraordinary Shareholders' Meeting scheduled to be held with a record date in or around August 2024, as stated in (iv) in this Note, the Tender Offeror has not added the number of Target Company Shares (i.e., 206,039 shares) held by the BIP Trust as of March 31, 2024 to the number of Target Company Shares that will be used as the basis for the calculation in setting the minimum number of shares to be purchased. However, under a trust-type performance-linked stock

compensation plan of the Target Company (the “Performance-Linked Stock Compensation Plan”) that includes Directors and Executive Officers of the Target Company (excluding Outside Directors and non-residents of Japan) among the persons covered by the plan, each Director, Executive Officer, etc. of the Target Company covered by such plan will be granted points at certain times of each year in accordance with his/her job position, number of months in office, and the degree to which his/her targets under the Medium-Term Management Plan have been achieved. The BIP Trust will, after the beneficial interest of the person covered by such plan has vested and such person has become a trust beneficiary, deliver to such trust beneficiary the Target Company Shares in the number obtained by multiplying the number calculated at the rate of one share per point by 0.5 (any portion less than the number of shares constituting one unit of the Target Company Shares shall be rounded up) and sell in the market the Target Company Shares in the number obtained by deducting the number of shares so delivered from the number calculated at the rate of one share per point and deliver the proceeds from the sale to the trust beneficiary. Among the Target Company Shares held by the BIP Trust as of March 31, 2024, the voting rights attached to the Target Company Shares to be delivered from the BIP Trust to the trust beneficiaries or sold in the market during the period from the day following such day to the record date for the Extraordinary Shareholders’ Meeting, which will be a date in or around August 2024 will become exercisable at the Extraordinary Shareholders’ Meeting. Accordingly, as described in (v) above, the Tender Offeror has added, to the number of Target Company Shares that will be used as the basis for calculation in setting the minimum number of shares to be purchased, the total number of Target Company Shares (i.e., 23,205 shares) to be delivered from the BIP Trust to the trust beneficiaries or sold in the market during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders’ Meeting, which will be a date in or around August 2024.

Since, as stated above, the Tender Offeror’s purpose is to make the Target Company its wholly-owned subsidiary, if the Tender Offeror cannot acquire all of the Target Company Shares and all of the Stock Acquisition Rights (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company) in the Tender Offer, the Tender Offeror will carry out the series of procedures stated in “(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage



Takeover)” below in order to make the Tender Offeror the sole shareholder of the Target Company (the “Squeeze-Out Procedures”).

The Target Company Shares are listed on the Prime Market of the TSE as of the date hereof; however, as stated in (6) Possibility of and Reasons for Delisting below, depending on the results of the Tender Offer, the Target Company Shares may be delisted after the prescribed procedures are completed and, if the Squeeze-Out Procedures will be carried out after the completion of the Tender Offer, the Target Company Shares may be delisted after the prescribed procedures are completed.

According to the Target Company’s press release, “Notice of Expression of Our Affirmative Opinion regarding, and Recommendation to Tender in, the Tender Offer for the Company’s Shares etc. by Kirin Holdings Company, Limited” released as of the same date to the date hereof, (the “Target Company’s Press Release”), the Target Company resolved at its Board of Directors meeting held today that the Target Company would (i) express its affirmative opinion regarding the Tender Offer, (ii) recommend that its shareholders to tender their shares in the Tender Offer, and (iii) leave the decision up to the Stock Acquisition Rights Holders whether or not to tender their Stock Acquisition Rights in the Tender Offer.

As to the details of the Board of Directors’ meeting of the Target Company mentioned above, please refer to the Target Company’s Press Release and “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest),” “h. Receipt of Unanimous Approval of All Disinterested Directors of the Target Company and the Opinion of All Disinterested Board of Company Auditors Members of the Target Company that They Have No Objection.” below.

**(2) Background, Purpose, and Decision-making Process of the Tender Offer, and Management Policy after the Tender Offer**

The background, purpose, and decision-making process leading to the decision by the Tender Offeror and the Target Company to implement the Tender Offer are as stated below. Among the statements in the table below, statements relating to the Target Company are based on the information announced by the Target Company, the Target Company’s Press Release, and the explanations provided by the Target Company.

a. Background, Purpose, and Decision-making Process of the Tender Offer

The Tender Offeror was established in February 1907 as Kirin Brewery Co., Ltd., and was listed on the TSE in July 1907. Using its strengths in fermentation and biotechnology that

have been cultivated through its beer business since its foundation, since the 1980s onward, the Tender Offeror has made inroads into pharmaceuticals businesses and refined its R&D expertise for more than 100 years. In July 2007, the Tender Offeror transitioned to a pure holding company, and as of today, it has 179 consolidated subsidiaries and 29 affiliates accounted for by equity method (including the Target Company) (the Tender Offeror and its affiliates accounted for by the equity method and subsidiaries shall hereinafter be collectively referred to as the “Tender Offeror Group”). The Tender Offeror Group announced in February 2019 “Kirin Group Vision 2027 (KV2027)” (“KV2027”), a long-term vision with which it aims to become “a global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals”. In addition, the Tender Offeror, fulfilling its role as “A Responsible Alcohol Producer,” identified “Health and Well-Being,” “Community Engagement” and “The Environment” as key issues in “Kirin Group’s CSV Purpose,” which is the long-term non-financial goals formulated in the course of promoting CSV management (Note 4), and is working on achieving sustainable growth through resolving these issues. Under KV2027, the Tender Offeror aims to transform unmet needs that are becoming increasingly evident in line with rising awareness on health concerns into growth opportunities through fermentation and biotechnology that are the strengths of the Tender Offeror; the Tender Offeror determined to establish the Health Science domain (health science business) in addition to its Food & Beverages domain (alcoholic beverages business and beverages business) and the Pharmaceuticals domain (pharmaceuticals business). Since then, the Tender Offeror has continued to strengthen this business to make it a long-term growth driver. As part of these efforts, in August 2023, the Tender Offeror completed the acquisition of Blackmores Limited, an Australian-based listed company operating a natural health business in the Asia-Pacific region, and made it a wholly-owned subsidiary of the Tender Offeror, and thereby acquired a strong business base in Asia-Pacific markets.

(Note 4) CSV is an abbreviation for “Creating Shared Value,” which means to achieve enhancement of corporate value through both “creating social value” and “creating economic value” by addressing social issues.

On the other hand, the Target Company was established as Japan Fine Chemical Sales Corporation in August 1981 starting out from mail-order cosmetic sales business individually launched in April 1980 to resolve cosmetic pollution, which was a social problem at that time. In July 1982, the trade name of the Target Company was subsequently changed to the current FANCL Corporation, and then, after the absorption-type merger in March 1993, in which the Target Company was substantially a surviving company to change the par value of the Target Company Shares, the Target Company listed

shares as over-the-counter registered securities of the Japan Securities Dealers Association in November 1998, and the Target Company was listed on the First Section of the TSE in December 1999. After that, due to the revision of the market classification of the TSE, in April 2022, the Target Company moved from the First Section of the TSE to the Prime Market of the TSE, where the Target Company is today. In 1994, the Target Company sold health foods that was generally highly-priced at that time at affordable prices as “supplements” with scientific backing, and has been working on health issues. Since then, the Target Company has been developing its business mainly in the cosmetics business and nutritional supplements business, and the Target Company announced “VISION 2030”, a long-term vision of the Target Company in March 2018 (the “VISION 2030”), and the Target Company aims to become a trusted and loved corporate group that supports the beautiful, healthy and prosperous lives of customers around the world in the fields of “Beauty” and “Health.” In Japan, amidst the sluggish growth of “healthy life expectancy” that enables people to live independently and in good health without any difficulty in their daily lives, we aim to grow by tackling such social issues as our mission of “extending healthy life expectancy” and contributing to the reduction of medical expenses by providing health food with solid functions. The Target Company Group (which refers to the Target Company and its subsidiaries and affiliates; hereinafter the same) consists of 11 subsidiaries and one affiliate as of today.

Based on the alignment between both companies in terms of their visions and missions of aiming to achieve future growth through the resolution of social issues, the Tender Offeror entered into a capital and business alliance agreement with the Target Company on August 6, 2019 (this agreement is hereinafter referred to as the “Capital and Business Alliance Agreement” and the capital and business alliance under the Capital and Business Alliance Agreement is hereinafter referred to as the “Capital and Business Alliance”). In addition, with respect to the capital relationship, on the same day, the Tender Offeror entered into a share purchase agreement with Mr. Kenji Ikemori, who is the founder of the Target Company, five other persons (all natural persons) and their asset management companies, and, on September 6, 2019, based on such agreement, the Tender Offeror acquired 39,540,400 shares of the Target Company Shares (the ratio of such shares to the number of shares (119,819,500 shares) obtained by multiplying the number of voting rights (1,198,195 voting rights) represented by the shares held by all shareholders, etc., of the Target Company as of March 31, 2019, as stated in the Annual Securities Report for the 39th Business Period filed by the Target Company on June 24, 2019, by 100, which is the number of shares constituting one unit of the Target Company Shares: 33.00% (rounded to the second decimal places)) (the “Transaction Accounted for by the Equity-Method”), making

the Tender Offeror the largest and a major shareholder of the Target Company. As from the execution of the Capital and Business Alliance Agreement, the Tender Offeror and the Target Company collaborated to create synergies in the areas of “Development of materials, products and brand,” “Co-development of products and business,” and “Mutual utilization of business platform.” However, the Tender Offeror and the Target Company gradually considered the possibility of creating synergies beyond these areas for both companies. Furthermore, with the impact of infections of the COVID-19, which spread after the Tender Offeror and the Target Company announced their respective long-term visions, KV2027 and VISION2030, and the increase in average life expectancy, there has been an increasing interest in life-induced disease and healthy life expectancy. This led to a further increase in health awareness and changes in consumption dynamics worldwide. Amid the growing needs to resolve the social issues related to “Health and Well-being” in a broad sense, in order to promptly address these issues, the Tender Offeror and the Target Company came to believe that further advancement of the capital relationship between them, establishment of a structure that enables more flexible and drastic measures to create synergies through integrated group management, and implementation of various measures will lead to the maximization of the corporate value of both companies.

Under these circumstances, the Tender Offeror continued to consider the possibility of further strengthening the alliance, including an additional acquisition of the Target Company Shares. In late July 2023, the Tender Offeror began full-scale consideration of the Transaction, upon believing that making the Target Company a wholly-owned subsidiary of the Tender Offeror will make it possible to maximize the value of the Target Company brand by the Tender Offeror’s strengthening investment in the Target Company brand, further strengthen the function of utilizing purchasing data through the sharing of infrastructure for e-commerce and online and catalogue sales, and accelerate the Target Company’s overseas development through collaboration with Blackmores Limited, which has a strong business foundation in the Asia-Pacific market, thereby enhancing the respective corporate values of the Tender Offeror and the Target Company.

Subsequently, in late August 2023, the Tender Offeror appointed Nagashima Ohno & Tsunematsu as its legal advisor independent of the Tender Offeror and the Target Company, and in late October 2023, the Tender Offeror appointed Nomura Securities Co., Ltd. (“Nomura Securities”) as its financial advisor independent of the Tender Offeror and the Target Company. From early December 2023, the Tender Offeror examined specific measures to enhance the Target Company’s corporate value, in addition to basic matters such as the transaction structure and schedule, and on February 21, 2024, the Tender Offeror

made a proposal to the Target Company regarding the Transaction, including making the Target Company a wholly-owned subsidiary of the Tender Offeror.

To this, after receiving the proposal regarding the Transaction from the Tender Offeror on February 21, 2024, in light of the fact that although the Tender Offeror does not fall under the Target Company's controlling shareholder, etc., it is the Target Company's largest shareholder which is a major shareholder and other related company and the Transaction falls under a transaction in which there typologically exist structural conflict of interest issues and information asymmetry issues, the Target Company immediately established a system for performing review, negotiations and decision-making related to the Transaction from the perspectives of enhancing the Target Company's corporate value and ensuring the interests of the minority shareholders of the Target Company in a position independent from the Tender Offeror in order to ensure fairness of the Transaction similarly as transactions with controlling shareholders, etc.

Specifically, as described in "b. Process Leading to and Reasons for Decision of Target Company in Favor of the Tender Offer" below, the Target Company established a Special Committee (defined in "b. Process Leading to and Reasons for Decision of Target Company in Favor of the Tender Offer" below; the same hereinafter) by a resolution of the Target Company's Board of Directors meeting held on February 22, 2024, and inquired the Special Committee about such matters as the fairness of procedures and appropriateness of transaction terms in the Transaction (for such matters as the specific inquiry matters to the Special Committee, review process and decision-making contents, please refer to "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest," "c. Establishment of independent Special Committee at the Target Company and procurement of a report from the Special Committee" below. In addition, upon the establishment of the Special Committee, the Board of Directors meeting of the Target Company resolved that it shall respect to the maximum extent the decision of the Special Committee upon making decisions regarding the Transaction and that it shall not agree to the Transaction if the Special Committee determines that the purpose or transaction terms of the Transaction are inadequate, and also has granted the Special Committee the authority to independently appoint attorneys, valuation institutions, certified public accountants and other advisors as well as the authority to request professional advice to the advisors of the Target Company, at the Target Company's expense if necessary. As described in "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest," "c. Establishment of independent Special Committee at the Target Company and procurement of a report from the Special Committee"

below, based on its authority above, the Special Committee appointed PLUTUS CONSULTING Co., Ltd (“PLUTUS”) as its own third-party valuation institution independent from the Tender Offeror and the Target Company in late March 2024, and Mori Hamada & Matsumoto (“MHM”) as its own legal advisor independent from the Tender Offeror and the Target Company in early April of the same year, respectively. The Special Committee also appointed PLUTUS as its own financial advisor independent from the Tender Offeror and the Target Company in the middle of April 2024.

Furthermore, as described in “b. Process Leading to and Reasons for Decision of Target Company in Favor of the Tender Offer,” “(i) Background leading to the proposals from the Tender Offeror and the establishment of an examination framework” below, after the Target Company received the proposal regarding the Transaction from the Tender Offeror on February 21, 2024, the Target Company appointed, in late February, 2024, UBS Securities Japan Co., Ltd. (“UBS Securities”) as its own financial advisor and third-party valuation institution independent from the Target Company and the Tender Offeror and Uryu & Itoga (“U&I”) as a legal advisor independent from the Target Company and the Tender Offeror in relation to the Transaction to review the proposal.

Furthermore, as described in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “c. Establishment of independent Special Committee at the Target Company and procurement of a report from the Special Committee,” “(i) Background of establishment, etc.” below, the Target Company confirmed with the Special Committee that there are no issues with the independence and expertise of UBS Securities, the financial advisor and third-party valuation institution of the Target Company, as well as U&I, the legal advisor of the Target Company, and received approval of their appointments.

In addition, as described in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “g. Establishment of Independent Review System at the Target Company” below, the Target Company internally established a system to perform reviews, negotiations and decision-makings regarding the Transaction (including the scope and work duties of the officers and employees of the Target Company involved in reviews, negotiations and decision-makings regarding the Transaction) in a position independent from the Tender Offeror, and received approval of the Special Committee that there are no issues with such review system from the perspectives of independence and fairness.

Subsequently, the Tender Offeror conducted due diligence on the Target Company from early April 2024 (the due diligence was completed in the middle of May, 2024). In addition,

the Tender Offeror and the Target Company repeatedly discussed and examined the synergies between both companies' groups.

As a result of the discussion and examination, the Tender Offeror has determined that, after making the Target Company a wholly-owned subsidiary of the Tender Offeror, it is feasible to seek to build a business model that is unparalleled through the mutually complementary relationship of each company's unique strengths and establish a competitively advantageous position that will contribute to resolving health issues. Specifically, the Tender Offeror's strengths lie in the development of ingredients using fermentation and biotechnology, marketing and sales capabilities developed through its Food & Beverages Business, and the foundation of a natural health business in the Asia-Pacific region, excluding Japan, that was obtained through the acquisition of Blackmores Limited. The Tender Offeror believes that the Target Company's strengths lie in (i) outstanding customer relations honed through its directly managed channels (online and catalogue, and directly managed stores), which accounted for 70% of its sales for the fiscal year ended March 31, 2024; (ii) technology to commercialize products by utilizing insights obtained from customers' voices in applied research in order to eliminate "negative" elements like "worry," "inconvenience," and "dissatisfaction" from the world, which the Target Company has consistently pursued since its establishment; and (iii) brand power built up through these efforts. The Tender Offeror believes that it will become possible to further strengthen the relationship with customers by building a business model that leverages the respective strengths of both companies' groups, by utilizing insights gained from strong relationships with customers to commercialize products incorporating the ingredients created through the natural process of fermentation, and by delivering those products to consumers through a wide range of channels and regions, including Direct to Consumer (DtoC) channels and overseas regions. The Tender Offeror is confident that this will allow both companies' groups to achieve sustainable growth while maximizing their brand value and corporate value.

In addition, the following various synergies can be expected to result from the Tender Offeror's making the Target Company a wholly-owned subsidiary of the Tender Offeror. Some of these synergies include items that are expected to be realized to a certain extent under the current framework of the Capital and Business Alliance; however, there are items that can be realized only by making the Target Company a wholly-owned subsidiary of the Tender Offeror through the Transaction, and more resources of the Tender Offeror Group can be utilized thereby. Therefore, the Tender Offeror recognizes that the effect of synergies can be maximized. The Tender Offeror also considered matters that could generally be affected by the delisting of the Target Company from the perspectives of the Target

Company's financing, social reputation or reputation among its business partners, employee motivation and other related matters, as well as the possibility of a resulting decrease in the loyalty of individual shareholders who are also loyal users of the Target Company's products. However, the Tender Offeror believes that the impact from the above perspectives will be limited due to the fact that, even after the Transaction, the Target Company will remain a member of the group of listed companies, i.e., the Tender Offeror Group, and due to the alternative measures, etc., that the Tender Offeror will be able to provide to the Target Company by making the Target Company a wholly-owned subsidiary of the Tender Offeror.

- (i) Channel synergies
  - Development of products by utilizing the extensive domestic sales networks of both companies' groups
  - Promotion of an integrated sales strategy through the dissolution of the competitive relationship resulting from making the Target Company a wholly-owned subsidiary of the Tender Offeror
  - Value propositions to address skincare needs that have not been met in "Pharmaceuticals," a business domain of the Tender Offeror Group, in addition to unmet needs in the other business domains of "Food & Beverages" and "Health Science"
- (ii) Best practice sharing synergies
  - Utilization of the Tender Offeror Group's research and marketing capabilities, product development capabilities and organizational management know-how
  - Enhancement of functions for and efficiency of utilizing purchasing data through the sharing of infrastructure for e-commerce and online and catalogue sales
- (iii) Overseas expansion synergies
  - Acceleration of the Target Company's overseas expansion by leveraging the Tender Offeror Group's global business foundations (sales channels, regulatory knowledge, and human resources) across the Asia-Pacific region
- (iv) Technology synergies
  - Further promotion of development and market creation in respect of products with a high degree of differentiation and superiority, by deepening joint research that has already produced a certain level of results, such as expanding the scope of application of the Tender Offeror Group's immunological research results and proprietary ingredients to the Target Company Group's cosmetics and supplements.
  - Utilization, in the Tender Offeror Group's products, of the Target Company Group's technology for the efficacy of absorption of products into the body
- (v) Functional standardization and shared synergies
  - Standardization and strengthening of collaboration among supplement manufacturing bases, logistics networks, and administrative divisions such as



planning, IT, general affairs, and finance.

(vi) ESG synergies

- Strengthening of ESG initiatives through horizontal development of environmental and packaging technologies

Furthermore, based on, among others, the results of the due diligence on the Target Company conducted by the Tender Offeror during the period from early April 2024 to the middle of May 2024, the Tender Offeror submitted an initial proposal (the “Initial Proposal”) in writing to the Target Company on May 9, 2024, setting the purchase price of each share of the Target Company Shares to be proposed in the Tender Offer (the “Tender Offer Price”) at 2,300 yen (2,300 yen is the amount obtained by adding up each of the following premiums: a premium of 25.24% (rounded to the second decimal places; hereinafter the same applies to the calculation of the ratio of the premium) on 1,836.5 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on May 8, 2024, the business day immediately preceding the date on which such proposal was made, i.e., May 9, 2024; a premium of 22.73% on 1,874 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date (any amount less than one yen has been rounded to the nearest one yen; hereinafter the same applies to the calculation of the simple average of closing prices); a premium of 14.71% on 2,005 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 6.48% on 2,160 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the purchase price of each right of the Stock Acquisition Rights to be proposed in the Tender Offer (the “Stock Acquisition Right Purchase Price”) at 1 yen. In response to the Initial Proposal, on May 13, 2024, the Tender Offeror received a request from the Target Company to consider reviewing the Tender Offer Price from the viewpoint of giving consideration to the interests of minority shareholders of the Target Company in light of the initial analysis of the value of the shares by the financial advisors of the Target Company and the Special Committee, respectively.

In response to such request from the Target Company, on May 21, 2024, the Tender Offeror submitted to the Target Company a second proposal (the “Second Proposal”) in writing, setting the Tender Offer Price at 2,450 yen (2,450 yen is the amount obtained by adding up each of the following premiums: a premium of 21.95% on 2,009.0 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on May 20, 2024, the business day immediately preceding the date on which such proposal was made, i.e., May 21, 2024; a premium of 27.54% on 1,921 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of

23.12% on 1,990 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 14.17% on 2,146 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Second Proposal, on May 24, 2024, the Tender Offeror received a request from the Target Company to consider reviewing the Tender Offer Price again from the viewpoint of giving consideration to the interests of minority shareholders of the Target Company in light of the initial analysis of the value of the shares by the financial advisors of the Target Company and the Special Committee, respectively.

In response to such request from the Target Company, on May 29, 2024, the Tender Offeror submitted to the Target Company a third proposal (the “Third Proposal”) in writing, setting the Tender Offer Price at 2,550 yen (2,550 yen is the amount obtained by adding up each of the following premiums: a premium of 29.38% on 1,971.0 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on May 28, 2024, the business day immediately preceding the date on which such proposal was made, i.e., May 29, 2024; a premium of 30.04% on 1,961 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 28.98% on 1,977 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 19.61% on 2,132 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Third Proposal, on May 31, 2024, the Tender Offeror received a request from the Target Company to consider reviewing the Tender Offer Price again from the viewpoint of giving consideration to the interests of minority shareholders of the Target Company in light of the initial analysis of the value of the shares by the financial advisors of the Target Company and the Special Committee, respectively.

In response to such request from the Target Company, on June 4, 2024, the Tender Offeror submitted to the Target Company a fourth proposal (the “Fourth Proposal”) in writing, setting the Tender Offer Price at 2,585 yen (2,585 yen is the amount obtained by adding up each of the following premiums: a premium of 32.50% on 1,951.0 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on June 3, 2024, the business day immediately preceding the date on which such proposal was made, i.e., June 4, 2024; a premium of 30.69% on 1,978 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 31.02% on 1,973 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 21.82% on 2,122 yen, which

was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Fourth Proposal, on June 6, 2024, the Tender Offeror received a request from the Target Company to consider reviewing the Tender Offer Price again from the viewpoint of giving consideration to the interests of minority shareholders of the Target Company in light of the initial analysis of the value of the shares by the financial advisors of the Target Company and the Special Committee, respectively.

In addition, the Tender Offeror and the Special Committee exchanged opinions on the Tender Offer Price on two occasions, June 7 and June 11, 2024.

Subsequently, based on the results of the exchange of opinion, the Tender Offeror made a fifth proposal (the “Fifth Proposal”) in writing to the Target Company on June 12, 2024, setting the Tender Offer Price at 2,690 yen (2,690 yen is the amount obtained by adding up each of the following premiums: a premium of 40.36% on 1,916.5 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on June 11, 2024, the business day immediately preceding the date on which such proposal was made, i.e., June 12, 2024; a premium of 35.65% on 1,983 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 36.76% on 1,967 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 27.73% on 2,106 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Fifth Proposal, on June 13, 2024, the Tender Offeror received a response from the Target Company stating that it would accept the Fifth Proposal with a Tender Offer Price of 2,690 yen.

As a result of the above, on June 13, 2024, the Tender Offeror and the Target Company agreed to set the Tender Offer Price at 2,690 yen (2,690 yen is the amount obtained by adding up each of the following premiums: a premium of 42.06 % on 1893.5 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on June 12, 2024, the business day immediately preceding the date on which the agreement was reached, i.e., June 13, 2024; a premium of 35.93% on 1,979 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 37.04% on 1,963 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 27.97% on 2,102 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and set the Stock Acquisition Right Purchase Price at 1

yen.

Therefore, the Tender Offeror entered into the Tender Offer Agreement (as defined in “(3) Matters Concerning Material Agreements Related to Tender Offer” below; hereinafter the same applies) as of June 14, 2024, and decided to implement the Tender Offer as part of the Transaction. For details of the Tender Offer Agreement, please refer to “(3) Matters Concerning Material Agreements Related to Tender Offer” below.

b. Process Leading to and Reasons for Decision of Target Company in Favor of the Tender Offer

(i) Background leading to the proposals from the Tender Offeror and the establishment of an examination framework

Following receipt of the proposal for the Transaction from the Tender Offeror on February 21, 2024, the Target Company immediately established a system for reviewing, negotiating, and making decisions on the Transaction independently from the Tender Offeror and from the viewpoint of enhancing the corporate value of the Target Company and securing the interests of minority shareholders of the Target Company, in order to secure the fairness of the Transaction, in accordance with the transactions with controlling shareholders, in light of the fact that although the Tender Offeror does not fall under the Target Company’s controlling shareholder, etc., it is the Target Company’s largest shareholder which is a major shareholder and other related company, and the Transaction falls under a transaction in which there typologically exist structural conflict of interest issues and information asymmetry issues.

Specifically, as described in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “c. Establishment of independent Special Committee at the Target Company and procurement of a report from the Special Committee” below, by the resolution of the Target Company’s Board of Directors meeting held on February 22, 2024, the Target Company established a special committee (the “Special Committee”) comprised of 3 persons, namely, Mr. Keiichiro Hashimoto (independent director of the Target Company, outside director as well as chairperson of the board and the audit committee of INFRONEER Holdings Inc., as well as former representative director chairman and CEO of Metropolitan Expressway Company Limited) (“Committee Head Hashimoto”), Mr. Mitsuaki Nakakubo (independent director of the Target Company, attorney, partner at Asahi Law Offices) (“Committee Member Nakakubo”) and Mr. Akira Matsumoto (independent director of the Target Company, certified public accountant, representative director and president of MIT Corporate Advisory Services Co., Ltd.) (“Committee Member Matsumoto”), and consulted

with the Special Committee regarding such matters as the appropriateness of the procedures of the Transaction and the adequacy of the transaction terms (for such matters as the specific matters consulted to the Special Committee, review process and decision contents, please see “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “c. Establishment of independent Special Committee at the Target Company and procurement of a report from the Special Committee” below). In addition, upon the establishment of the Special Committee, the Board of Directors meeting of the Target Company resolved that it shall respect to the maximum extent the decision of the Special Committee upon making decisions regarding the Transaction and that it shall not agree to the Transaction if the Special Committee determines that the purpose or transaction terms of the Transaction are inadequate, and also has granted the Special Committee the authority to independently appoint attorneys, valuation institutions, certified public accountants and other advisors as well as the authority to request professional advice to the advisors of the Target Company, at the Target Company’s expense if necessary. As described in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “c. Establishment of independent Special Committee at the Target Company and procurement of a report from the Special Committee” below, based on its authority above, the Special Committee appointed PLUTUS as its own third party valuation institution independent from the Tender Offeror and the Target Company in late March 2024, and MHM as its own legal advisor independent from the Tender Offeror and the Target Company in early April of the same year, respectively. The Special Committee also appointed PLUTUS as its own financial advisor independent from the Tender Offeror and the Target Company in the middle of April 2024.

Furthermore, after the Target Company received the proposal regarding the Transaction from the Tender Offeror on February 21, 2024, the Target Company appointed, in late February, 2024, UBS Securities Japan Co., Ltd. as its own financial advisor and third-party valuation institution independent from the Target Company and the Tender Offeror and U&I as a legal advisor independent from the Target Company and the Tender Offeror in relation to the Transaction to review the proposal.

Furthermore, as described in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “c. Establishment of independent Special Committee at the Target Company and procurement of a report from the Special Committee,” “(i) Background of establishment, etc.” below, the Target Company confirmed with the Special Committee that there are no issues with the independence and expertise of UBS Securities, the financial advisor and

third-party valuation institution of the Target Company, as well as U&I, the legal advisor of the Target Company, and received approval of their appointments.

In addition, as described in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “g. Establishment of Independent Review System at the Target Company below, the Target Company internally established a system to perform reviews, negotiations and decision-makings regarding the Transaction (including the scope and work duties of the officers and employees of the Target Company involved in reviews, negotiations and decision-makings regarding the Transaction) in a position independent from the Tender Offeror, and received approval of the Special Committee that there are no issues with such review system from the perspectives of independence and fairness.

(ii) Review and negotiation process

After organizing the system above, based upon the negotiation policy and the opinions, directions and requests, etc. in important negotiation aspects confirmed in advance by the Special Committee, the Target Company received a report regarding the value calculation results of the Target Company Shares, advice regarding the policy for negotiation with the Tender Offeror, and other advice from financial perspectives from UBS Securities, as well as legal advice regarding such matters as the measures to ensure the fairness of the procedures in the Transaction from U&I, and the Target Company has been carefully reviewing the propriety and appropriateness of the transaction terms, of the Transaction based upon these.

Also based upon the advice from the Special Committee, in late February 2024 and thereafter, the Target Company repeatedly reviewed the rationale of the Transaction and the envisaged synergy based upon discussions with the Tender Offeror through due diligence. In addition, in the middle of April 2024, the Special Committee made inquiries to the Tender Offeror mainly regarding such matters as the rationale of the Transaction and the details of the envisaged synergy. The Special Committee received replies to each of the questions above from the Tender Offeror in early May, 2024. Furthermore, the Special Committee has also been proceeding with discussions regarding such matters as the rationale and purpose of the Transaction, the Target Company’s management tasks of which the Tender Offeror is aware, and the management policy of the Target Company after the Transaction, by implementing an interview to the Tender Offeror regarding the replies to each of the questions above in the middle of May, 2024. For the contents of the replies from the Tender Offeror regarding such matters as the rationale of the Transaction

and the details of the envisaged synergy, please refer to “a. Background, Purpose, and Decision-making Process of the Tender Offer” above.

With respect to the Tender Offer Price, on May 9, 2024, the Target Company received the Initial Proposal from the Tender Offeror to render the Tender Offer Price as 2,300 and all Stock Acquisition Right Purchase Prices as 1 yen. In response to this, the Target Company made a request for a reconsideration on May 13, 2024 on the grounds that the Tender Offer Price cannot be said to have reflected consideration for the interests of the minority shareholders of the Target Company at all, based on the preliminary analysis regarding the share value by the respective financial advisors of the Target Company and the Special Committee, as well as the premium levels in past cases similar to the Transaction.

On May 21, 2024, the Company received the Second Proposal from the Tender Offeror to render the Tender Offer Price as 2,450 yen and the Stock Acquisition Right Purchase Price as 1 yen. In response to this, the Company made a request for a reconsideration on May 24, 2024 on the grounds that the Tender Offer Price cannot be said to have reflected consideration for the interests of the minority shareholders of the Company at all, based on the initial analysis regarding the share value by the respective financial advisors of the Company and the Special Committee, as well as the premium levels in past cases similar to the Transaction.

On May 29, 2024, the Company received the Third Proposal from the Tender Offeror to render the Tender Offer Price as 2,550 yen and the Stock Acquisition Right Purchase Price as 1 yen. In response to this, the Company made a request for a reconsideration on May 31, 2024 on the grounds that the Tender Offer Price cannot be said to have reflected consideration for the interests of the minority shareholders of the Company, based on the initial analysis regarding the share value by the respective financial advisors of the Company and the Special Committee, as well as the premium levels in past cases similar to the Transaction.

On June 4, 2024, the Company received the Fourth Proposal from the Tender Offeror to render the Tender Offer Price as 2,585 yen and the Stock Acquisition Right Purchase Price as 1 yen. Towards this, the Target Company made a request for review once more on June 6, 2024 on the grounds that the Tender Offer Price cannot be said to consider the interests of the minority shareholders of the Target Company at all, given the initial analysis regarding the share value by the respective financial advisors of the Target Company and the Special Committee, as well as the premium levels in past cases similar to the Transaction.

In addition, in light of the circumstances of negotiations between the Target Company and the Tender Offeror, the Special Committee exchanged opinions on the Tender Offer Price with the Tender Offeror twice, on June 7 and June 11, 2024, and informed that the contents of the Tender Offeror's Fourth Proposal could not be said to consider the interests of the minority shareholders of the Target Company at all.

Thereafter, on June 12, 2024, the Target Company received the Fifth Proposal from the Tender Offeror to render the Tender Offer Price as 2,690 yen and the Stock Acquisition Right Purchase Price as 1 yen on June 12, 2024. In response to this, on June 13, 2024, the Target Company replied that it accepts the Fifth Proposal to render the Tender Offer Price as 2,690 yen, with the reservation that the final decision-making of the Target Company shall be determined after the resolution of the Target Company's Board of Directors based upon the report, etc. of the Special Committee.

### (iii) Contents of the Target Company's decision

Under the foregoing processes, at the Target Company's Board of Directors meeting held today, based upon the legal advice received from U&I, the advice from financial perspectives received from UBS Securities and the share valuation report form regarding the valuation results of the Target Company Shares received from UBS Securities on June 13, 2024 (the "Share Valuation Report (UBS Securities)"), as well as the share valuation report regarding the results of the valuation of the Target Company Shares received through the Special Committee (the "Share Valuation Report (PLUTUS)") and the opinion letter stating that the transaction terms related to the Transaction including the Tender Offer Price are fair (the "Fairness Opinion") received through the Special Committee, the Target Company carefully performed discussions and reviews as to whether or not the Transaction including the Tender Offer contributes to the enhancement of the Target Company's corporate value, and as to whether or not the transaction terms related to the Transaction including the Tender Offer Price are adequate, with respect to the maximum extent for the contents of the decision of the Special Committee indicated in the report submitted by the Special Committee to the Target Company's Board of Directors on June 14, 2024 (the "Report").

As a result, the Target Company reached the conclusion that the Transaction contributes to the enhancement of the Target Company's corporate value as below.

Since its foundation, the Target Company has rendered as its basic management policy "create a system to eliminate 'negatives'," and has been developing such things as Mutenka (without using any damaging additives) cosmetics, nutritional supplements, germinated



brown rice and kale juice business.

The Target Company has been endeavoring to provide value related to “beauty” and “health” based upon the “3rd Medium Term Management Plan ‘Forward 2023’” (from the year ended March 31, 2022 to the year ended March 31, 2024) with the initial fiscal year being the year ended March 31, 2022. Based upon its achievements, on May 8, 2024, the Target Company announced the “4th Medium Term Management Plan ‘Revitalize 2026’,” a medium-term management plan with the initial fiscal year being the year ending March 31, 2025 and the final fiscal year as the year ending March 31, 2027 (the “Target Company Management Plan”). The specific contents of endeavors in the Target Company Management Plan are as follows.

(Basic policy)

The FANCL Group will polish its brand, strengthen ties with customers, and realize continuous growth both in and outside of Japan together with the entire company.

(Business strategies)

(i) Cosmetics business

a. FANCL cosmetics

Based upon the absolute value of “safety and security” of Mutenka cosmetics, create and propose new values and evolve into a global brand with a focus on “eliminating bad skin conditions” utilizing the strengths of the brand.

(Product strategies)

- Pursue four plans for the Japan market: “expand basic skin care users”, “expand share in the cleansing/ facial wash market”, “cross-sell to basic skin care users”, and “explore new business areas”.
- Implement proactive new product launches and renewals in the basic skin care and cleansing areas to further strengthen the brand’s customer base, achieve acquisition of new customers and expand sales by treading into new business areas, such as a skin care line for men and kids.

(Overseas strategies)

Promote product development as well as information development and transmission towards the Asia region with a focus on “eliminating bad skin conditions”.

b. Attenir cosmetics

Expand “age group targeting” and “channel development” to further strengthen Attenir as a one and only anti-aging care brand that provides luxury brand quality at a reasonable price.

(Product strategies)

- Strengthen each item of cleansing, face washing, basic skin care and special care which are the major products, and strengthen connections for each product category, thereby aiming for the growth of the entire brand.
- Enhance outreach to and expand lineup of items for consumers in their 30s and 50s other than the core target group (those in their 40s), thereby aiming to acquire new customers.

(Sales strategies)

Domestically, strengthen ties with customers of the company’s online and catalogue sales and direct stores, and expand external online platforms and wholesale to cosmetic select shops and cosmetics exclusive stores, thereby endeavoring to develop new connections between the brand and customers.

(Overseas strategies)

In addition to cross-border EC towards China, commence general trade and EC development towards countries mainly in the Asian region, thereby strengthening global development.

c. BRANCHIC

Aim for growth both in and outside Japan as a pre-stage brand differing from the FANCL brand.

Proceed with strengthening Chinese cross-border EC and development of products in accordance with local needs, thereby endeavoring to expand the brand in China.

(ii) Nutritional supplements business

Based on the three basic policies of “brand development”, “establishment of strong product portfolio for pre-seniors and women”, “expansion of development into China and the Asian region”, determine a product strategy focusing on customers in and outside of Japan, thereby creating firm trust with customers and leading to business growth.

(Product strategies)

- In the pre-senior category, strengthen the preexisting products of “enkin” and “rakuhiza”, and expand the category by renewals and line-up development. Eliminate

“negatives” occurring with age and develop “anti-aging” products corresponding to needs to maintain health, thereby developing new customer layers.

- In the category directed towards women, develop flagship products corresponding to “beauty” needs, thereby expanding sales. Develop products corresponding to the needs of women facing changes in hormone balance, thereby aiming to acquire new customers.

(Overseas strategies)

- Similarly as in Japan, make and organize strategies focusing on customers and nurture the brand in China.
- Establish a team exclusively for overseas strategy and development, and expand developments in countries other than China.

(Sales channel strategies)

- Make maximum use of various resources such as IT and data, and synthesize the strengths of mail order and directly operated stores, thereby reinforcing ties with customers and enhancing LTV.

(i) Online and catalogue sales

- Realize optimum approach matching such targets as mother generations and seniors, thereby acquiring new customers and strengthening engagement.
- Create online events and experiencing opportunities such as counseling and factory observation, thereby enhancing customer experience value.
- Continuously reinforce external mail order as a place for new connections and experiences for customers. In addition to strengthening marketing in major malls, also expand product development and reinforce concurrent selling in the same category, and develop products exclusively for external mail order, thereby aiming to increase sales.

(ii) Direct store sales

- Using smartphone for service to customers uniformly managing customer information, strengthen communications and counseling matching customer needs even if during a short period of time, thereby providing service to customers emphasizing with each customer.
- Renovate stores with equipment and functions matching the region, commercial facility at the store location and customer layers where customers would enjoy going to, thereby

deepening ties with customers.

(iii) Wholesales

- Utilizing the strengths of having many sales locations in customers' circulation paths in their daily lives, transmit the value provided by the brand from sales locations as new connection with customers, thereby promoting understanding and empathy towards the brand by customers.
- In addition to maintenance and expansion of shares of category No. 1 of our main products "mild cleansing series" and "Calolimit series", newly introduce new categories and items, thereby increasing sales.

(Strengthening the management base)

(i) Research

- Uniformly perform material search to basic and applied research and product development all at once, and promote research and development corresponding to social tasks and needs.
- Perform product development in accordance with local demands and laws and regulations overseas, and promote globalization.

(ii) Manufacturing

- Further strengthen the quality control system by transforming consciousness by advance prevention and activities to prevent recurrence, thereby continuously providing safety and security products.
- Consider enhancing the activation ratio of production equipment and expanding production areas, and commence creating a system for sales increase, thereby expanding production capacity.
- Reinforce energy saving activities and implement endeavors to promote energy creation and to protect the ecosystem of the areas of each factory, thereby promoting sustainability.

(iii) IT system

- Build a unique IT basic system further developing the "FIT3" system which collects and analyzes not only customers' purchase history but action information leading to purchase, thereby deepening understanding of customers and taking an optimum approach.
- Commence reconstruction of the ERP system which the Target Company has been

building a business model for integrated manufacturing and sales, thereby realizing data driven management.

(iv) Logistics

- In addition to internalizing the operations of the Kansai Logistics Center and performing uniform management, utilize the new WMS (warehouse management system), thereby realizing quality enhancement, productivity enhancement and cost reduction.
- Reducing carbon dioxide emission by visualizing the carbon dioxide emission volume as well as rendering lighter the packaging by product development assessment (Design for Logistics; packaging design from the perspective of logistics) and enhancing loading efficiency, thereby reducing burden on the environment.

(v) Personnel

- Establish skills which should be strengthened to realize the management strategy such as “management”, “global”, “digital and DX” and “marketing”. Prepare a portfolio for each skill, and perform personnel placement and development in accordance therewith.
- In order to develop overseas business, expand opportunities for education of not only language ability but also understanding of different cultures and management, thereby expanding personnel engaged in global business.

(Promotion of sustainability)

Establish the 3 important themes of “A Prosperous Environment”, “Healthy Living” and “A Thriving Society For All”, and promote such themes towards realizing a future aimed by the FANCL group.

(i) A Prosperous Environment

- With utmost priority for measures towards climate change, appreciate nature in all aspects of corporate activities, thereby contributing to preservation of the rich earth environment.

(ii) Healthy Living

- Through unique products and services, contribute to lengthening the healthy lifespan and enhancing the quality of life of people around the world.

(iii) A Thriving Society For All

- Create a society where each and every person shines at one’s respective places by

respecting each other's differences and mutually respecting each other.

(iv) (Numerical targets)

In order to further promote management conscious of the profitability and investment efficiency of each business, the Target Company establishes ROE (return on equity) and ROIC (return on invested capital) as KPI. For the year ending March 31, 2027, which is the final fiscal year of the Target Company's Management Plan, the Target Company aims to achieve consolidated sales of 133,000 million yen, operating profits of 19,000 million yen, ROE 13.6% and ROIC 13.6%.

After the Transaction Accounted for by the Equity-Method, the Target Company has been proceeding with creating synergy in the areas of "product development" and "channel infrastructure" as the creation of synergy based upon the Capital Business Alliance with the Tender Offeror Group. The contents of the specific endeavors are as follows.

- Since the pandemic of COVID-19, the Target Company performed development and sales of supplements utilizing the unique materials of the Tender Offeror Group in fields such as "sleep" and "brain function" as well as "immunity" for which market demand is increasing.
- The Target Company is developing and commercializing materials which the Tender Offeror Group has been researching as food, as raw materials unique to cosmetics.
- In addition to the materials and other items developed and sold as above, the Target Company has established joint research themes with the Tender Offeror Group and are performing broad joint research.
- In addition to performing entrustment acceptance production and OEM supply of products for B to C of the Tender Offeror Group, the Target Company has been procuring raw materials from the Tender Offeror Group and jointly purchasing electric energy, thereby leading to cost reduction.
- The Target Company is accepting the secondment of personnel with marketing experience or expertise in data utilization from the Tender Offeror Group to the Target Company as personnel exchange. From the Target Company side, the Target Company is seconding personnel with expertise in health food business strategy and CRM to the Tender Offeror Group.
- In the area of resources circulation, the Target Company is engaged in cooperative business such as using reprocessed resin derived from containers of the Tender Offeror Group in the containers of cosmetics of the Target Company.

- In the area of sustainability, the Target Company is receiving high expertise and know-how regarding sustainability from the Tender Offeror Group, and the Target Company are leading it to the enhancement of the Target Company's endeavor levels for sustainability.

On the other hand, at the time of implementation of the Transaction Accounted for by the Equity-Method, the plan was to create synergy in both areas of "product development" and "channel infrastructure", and the Target Company understands that large synergy is being created in "product development" as above; however the Target Company understands that the results achieved in the area of "channel infrastructure" are not as the Target Company initially envisaged. Specifically, although the Target Company planned mutual customer referral to channels held by both companies and sales of products of both companies' groups, the Target Company is of the understanding that the Target Company has not attained the results as the Target Company had initially envisaged.

With respect to this point, although the Target Company is an affiliate accounted for by the equity method of the Tender Offeror, since the Target Company is not a subsidiary of the Tender Offeror, the Target Company is of the understanding that there are limits such as psychological obstructions and limitations to the sharing sales information and know-how among the both groups of companies due to such restrictions as competition related laws and regulations and terms of contracts with third parties which prohibit information disclosure to parties other than group companies in a parent-subsidiary relationship.

In addition, the Target Company understands that, even if the Target Company becomes a subsidiary of the Tender Offeror, under the circumstances where minority shareholders exist in the Target Company, there exists a potential conflict of interest relationship between the Tender Offeror and the minority shareholders of the Target Company, and there exists an aspect that it would be difficult to proactively invest in the Target Company the management resources held by the Tender Offeror Group.

In the event that the Tender Offer is completed and the Transaction is implemented, since the Target Company will become a wholly-owned subsidiary of the Tender Offeror, it will become possible to make maximum use of the various resources held by the Tender Offeror Group, thereby accelerating both business of "beauty" and "health" at once, and realizing maximization of the corporate value of the Target Company Group. Specifically, the Target Company considers that the following synergies can be realized, and since this would lead to resolution of the tasks faced by the Target Company, the Target Company considers that the implementation of the Transaction would contribute to the enhancement of corporate value of the Target Company.

(a) Acceleration of synergy towards attainment of aim common to the group

The Target Company will become a wholly-owned subsidiary of the Tender Offeror by the Transaction and will be clearly positioned as a subsidiary as the center of the health science business of the Tender Offeror Group; thereby the Target Company considers that it will become possible for the Target Company to more flexibly and promptly utilize the management resources of the Tender Offeror under a business strategy unified with the group and to maximize the synergy effect in an even more shorter period of time.

(b) Creation of innovation due to deepening the joint research development activities

The Tender Offeror Group has strengths in basic research from long term perspectives such as by performing raw material development in the areas of fermentation and biotechnology which is a core technology since its foundation, and the Target Company Group is skilled at applied research (product development) based upon the promotion of safety and functionalization research and scientific grounds. The research and development activities by both company groups are mutually supplementary, and are proceeding with joint projects in many research areas such as the development of raw materials of cosmetics, research of intestine environment, research of brain function, even in joint research development in the preexisting Capital Business Alliance.

However, since the Target Company remained an affiliate accounted for by the equity method of the Tender Offeror, the Target Company understood that, with respect to the sharing of know-how and technical information, etc. between both company groups, there were psychological obstructions or limitations due to such restrictions as competition related laws and regulations and terms of contracts with third parties which prohibit information disclosure to parties other than the group companies in a parent-subsidary relationship.

The Target Company considers that these restrictions and obstructions would be eliminated by making the Target Company as a wholly-owned subsidiary of the Tender Offeror, and further deepening of the joint research development activities would be realized, for instance, such as by both companies sharing information at a research stage earlier than currently and accelerating the speed of product development, and furthermore, as a single group it can also project a unified and united direction in research development strategies, thereby leading to creation of further innovation.



(c) Promotion of sales strategy unified as a group

As also described in (b) above, in the current Capital Business Alliance, while product development was making good results, a unified sales strategy of sales among both company groups was not yet projected, for instance, both companies were partially competing at the sales locations of wholesales channels for a part of the products of both companies.

The Target Company considers that the promotion of sales strategy more unified as a Tender Offeror Group would become possible and could lead to sales of products which is more effective and efficient, by the Target Company becoming a wholly-owned subsidiary of the Tender Offeror through the Transaction.

(d) Further reinforcement of the sharing of information and management resources

Information and management resources considered to be further shared by the Target Company becoming a wholly-owned subsidiary of the Tender Offeror are not limited to such items as know-how and technical information in research development activities, but also envisage sales information as well as know-how of marketing and organization management of the Tender Offeror Group, as well as know-how related to venture investment, M&A and ESG at the Tender Offeror Group. In addition, when the Target Company considers global development in the future, by the utilization of the Tender Offeror's overseas bases and by becoming a wholly-owned subsidiary of the Tender Offeror in particular, the Target Company considers that it would become possible to include as options such matters as the construction of a cooperative system with Blackmores Limited, a health food (natural food) company of Australia which is similarly under the Tender Offeror Group, upon eliminating risks under the competition laws between the Tender Offeror Group and the Target Company.

In this manner, the Target Company considers that it would become possible for the Target Company to make maximum use of the information and management resources held by the Tender Offeror Group by the implementation of the Transaction, and that it would become possible to realize such matters as the expansion of sales of the Target Company's products, enhancement of business efficiency, and expansion of business through overseas development and M&A.

In the event that the Target Company becomes a wholly-owned subsidiary of the Tender Offeror and the Target Company Shares are delisted, as general disadvantages

accompanying delisting, the Target Company will not be able to procure funds from the capital market, and the Target Company will not be able to enjoy the advantages of being a listed company such as acquiring social trust from the outside including business acquaintances and maintaining popularity, and there also may be a decline in the brand image. However, since the abundant cash of the Tender Offeror Group (cash and cash equivalent of 151,207 million yen (as of the end of March 2024, consolidated)) may be utilized in terms of procurement of funds, the Target Company does not consider that it would have any impact upon fund procurement. In addition, since the relationship of trust of business acquaintances is already established to a certain degree and the preexisting transactional relationships are not considered to be largely lost due to delisting, and the image of the Tender Offeror which is a company listed on the Prime Market of the TSE is extremely positive and the Target Company's social trust and popularity is expected to be maintained or enhanced by becoming a wholly-owned subsidiary of the Tender Offeror, and the trust accumulated and popularity acquired through previous business operations are not considered to be immediately lost due to delisting, the Target Company considers that the impact of such disadvantages will be limited after the Transaction and that it would not overshadow the advantages of the prospected increase of the Target Company's corporate value above.

In addition, since the Target Company determined that the Tender Offer Price of 2,690 yen per share falls under the following, the Target Company replied to the Tender Offeror that it accepts the proposal of the price above and, on June 14, 2024, the Target Company and the Tender Offeror reached a final agreement on the price terms. (i) As described in "B. Review and negotiation process" above, it is a price agreed upon as a result of engaging in sufficient negotiations repeatedly with the Tender Offeror with the substantial involvement of the Special Committee, upon the Target Company taking the measures to ensure the fairness of the transaction terms related to the Transaction including the Tender Offer Price described in "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest" below; (ii) as described in "(3) Matters related to Calculation" "(i) Procurement of the Share Valuation Report from the Target Company's independent financial advisor and third-party valuation institution" below, according to the Share Valuation Report (UBS Securities) obtained from UBS Securities, a third-party valuation institution independent from the Target Company and the Tender Offeror, from among the calculation results of the share value of the Target Company in the Share Valuation Report (UBS Securities), it exceeds the scope of the calculation results by the market share price method and the comparable company analysis, and it is within the scope of the calculation results by the discounted

cash flow method (the “DCF method”), and at the same time it is a price close to the median of the range; (iii) as described in “(3) Matters related to Calculation” “(iii) Procurement of the Share Valuation Report and the Fairness Opinion from the Special Committee’s independent financial advisor and third-party valuation institution” below, according to the Share Valuation Report (PLUTUS) obtained by the Special Committee from PLUTUS, which is independent from the Target Company and the Tender Offeror, from among the calculation results of the Target Company Shares in the Share Valuation Report (PLUTUS), it exceeds the scope of the calculation results by the market share price method and the comparable company analysis method, and it is within the scope of the calculation results by the DCF method and it is above the median of the range; (iv) as described in “(3) Matters related to Calculation” “(iii) Procurement of the Share Valuation Report and the Fairness Opinion from the Special Committee’s independent financial advisor and third-party valuation institution” below, PLUTUS has issued the Fairness Opinion, which states that the Tender Offer Price which is in amount of 2,690 yen per share is fair from a financial viewpoint for the Target Company’s shareholders excluding the Tender Offeror; (v) while it is a price adding a premium of 42.74% to the closing price of 1,884.5 yen of the Target Company’s common stock in the prime market of the TSE on June 13, 2024, and a price adding a premium of 36.27% to the closing price simple average value of 1,974 yen of the immediately preceding one (1) month, and a price adding a premium of 37.17% to the closing price simple average value of 1,961 yen of the immediately preceding three (3) months, and a price adding a premium of 28.16% to the closing price simple average value of 2,099 yen of the immediately preceding six (6) months, even in comparison with the 29 cases (the average values/medians of the premium level are as follows: 43.0%/40.5% immediately prior to the announcement date, 45.4%/43.1% in the immediately preceding one (1) month, 48.9%/46.1% in the immediately preceding three (3) months, and 49.9%/50.3% in the immediately preceding six (6) months) of tender offer transactions with conflict of interest relationship (management buyout transactions, or transactions with the purpose of making consolidated subsidiaries or affiliated companies accounted for by the equity method wholly-owned subsidiaries of a listed parent company) of a total transaction amount of 50 billion yen or more completed during the period from June 28, the date on which “Fair M&A Guidelines – Raising Corporate Value and Ensuring Shareholders’ Interests” was announced by the Ministry of Economy, Trade and Industry, until May 31, 2024, it can be evaluated as being a reasonable level attached with a premium comparable in relation to the market share value immediately prior to the announcement date (although, with respect to the respective premiums for the closing price simple average value in the immediately preceding three (3) months and the closing price simple average value in the

immediately preceding six (6) months, it is lower than the premium level above, it is judged to be a reasonable level, upon determining that the market share value of the Target Company Shares in the immediately preceding one (1) month formed after the announcement of the Target Company's Summary of Consolidated Financial Results and the Target Company's Management Plan most reflects the corporate value of the Target Company and due to the fact that sufficient premium is ensured in relation to the market share value in such period).

Furthermore, with respect to the Stock Acquisition Right Purchase Price, the Stock Acquisition Rights are granted to the Directors and Executive Officers of the Target Company as well as the directors of the Target Company's subsidiary as compensation upon resignation linked to the stock price, and as the conditions for the exercise of such rights, the rights are only exercisable for all the Stock Acquisition Rights at once, only during the period from the day following the day on which the positions of the Director or Executive Officer of the Target Company was lost till the day on which ten (10) days have elapsed in relation to the Stock Acquisition Rights receiving allocation based on the positions of the Director or Executive Director of the Target Company, and only during the period from the day following the day on which the position of the director of the Target Company's subsidiary was lost till the day on which ten (10) days have elapsed in relation to the Stock Acquisition Rights receiving allocation based on the position of the director of the Target Company's subsidiary, within the period during which the Stock Acquisition Rights are exercisable, and considering such matters as that such rights cannot be exercised even if the Tender Offeror obtained the Stock Acquisition Rights, the Target Company determined that it was reasonable to render all the Stock Acquisition Right Purchase Price as 1 yen.

As per "(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)" below, (i) if the Tender Offeror is unable to obtain all the Stock Acquisition Rights even in the Tender Offer even though the Tender Offer was completed, and the Stock Acquisition Rights remain without being exercised, the Tender Offeror plans to make the Target Company to perform the procedures reasonably required to implement the Transaction such as recommending the Stock Acquisition Rights Holders (in the event that a Prospected Stock Acquisition Rights Exerciser exercises Stock Acquisition Right, then, excluding such Prospected Stock Acquisition Rights Exerciser) to perform the procedures reasonably required to implement the Transaction such as recommending to waive the Stock Acquisition Rights, and (ii) in order for the economic interests which should be enjoyed by the Stock Acquisition Rights Holders not to be impaired and for no excessive interests to be granted to the Stock Acquisition Rights

Holders, the Tender Offeror intends to make determinations regarding the introduction and implementation of the new officer compensation plan, which makes allowance for economic interests substantially equivalent to such economic interests, upon discussion with the Target Company and the Stock Acquisition Rights Holders after the completion of the Tender Offer. Given these, although the Tender Offer provides a reasonable opportunity to the Stock Acquisition Rights Holders to sell the Stock Acquisition Rights, the Target Company determined that it would be appropriate to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender their Stock Acquisition Rights in the Tender Offer.

As per the above, the Target Company determined that the Transaction contributes to the enhancement of the Target Company's corporate value, and that the Tender Offer Price and the Stock Acquisition Right Purchase Price are adequate prices securing the interests which should be enjoyed by the Target Company's shareholders and Stock Acquisition Rights Holders, and that the Tender Offer provides a reasonable opportunity for the Target Company's shareholders and Stock Acquisition Rights Holders to sell the shares and Stock Acquisition Rights, and at the Target Company's Board of Directors meeting held on June 14, 2024, the Target Company resolved to express its affirmative opinion regarding the Tender Offer, and to recommend its shareholders to tender their shares in the Tender Offer, and to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender their Stock Acquisition Rights in the Tender Offer. For the details of such Board of Director's decision-making process, please refer to "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest," "h. Unanimous Approval by All of the Non-Interested Directors and No Dissenting Opinion of the Non-Interested Board of Company Auditors Members at the Target Company" below.

c. Management Policy after the Tender Offer

After making the Target Company a wholly-owned subsidiary of the Tender Offeror through the Transaction, the Tender Offeror believes that it is desirable to implement, upon holding another round of discussions with the Target Company, the measures to maximize the synergies described in "a. Background, Purpose, and Decision-making Process of the Tender Offer" above and to maximize the corporate value of the Target Company Group. In implementing such measures, while maintaining the founding philosophies, corporate philosophies, corporate names, product names and brands, etc., of the Target Company Group, the Tender Offeror will strive to accelerate the profitable growth of the Tender Offeror Group as a whole and enhance corporate value by promoting businesses in close

cooperation with the Target Company Group based on the common understanding shared with the Target Company that, in “areas ranging from Food & Beverages to Pharmaceuticals” and in the “Beauty” and “Health” business domains, connecting with each and every customer through communication both supports and complements each other’s customer bases, which will enable one another to further enhance the power of customer relationships.

With respect to the initial management structure of the Target Company after the Transaction, for the purpose of conducting flexible and speedy business operations under the Tender Offeror’s Health Science Business Division, under the Tender Offer Agreement, as stated in “(3) Matters Concerning Material Agreements Related to Tender Offer” below, the Tender Offeror and the Target Company agreed that (i) the Board of Directors of the Target Company shall be abolished and the number of directors shall be three (of which one shall be the full-time director and the other two shall be part-time directors, and such two part-time directors shall be appointed by the Tender Offeror), (ii) the Board of Company Auditors of the Target Company shall be abolished and the number of Company Auditor shall be limited to one (the Company Auditor shall be appointed by the Tender Offeror) and (iii) the one full-time director stated in (i) above shall be appointed as the Representative Director. The Tender Offeror has a policy to maintain the employment of the Target Company’s employees even after the completion of the Transaction, and is also considering providing highly motivated employees with opportunities and environments to play an active role in the Tender Offeror Group as a whole. No other matters have been determined at this time and the other matters will be determined in consultation between the Tender Offeror and the Target Company.

In addition, since, with regard to the Stock Acquisition Rights, (i) the Stock Acquisition Right Purchase Price is 1 yen and (ii), as stated in “(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)” below, if, though the Tender Offer is completed, the Tender Offeror cannot acquire all of the Stock Acquisition Rights through the Tender Offer and the Stock Acquisition Rights remain unexercised, the Tender Offeror plans to request the Target Company to carry out procedures reasonably necessary for the execution of the Transaction, such as recommendation to the Stock Acquisition Rights Holders (excluding the Parties Exercising Stock Acquisition Rights, if the Parties Exercising Stock Acquisition Rights have exercised their Stock Acquisition Rights.) to abandon the Stock Acquisition Rights and since the Performance-Linked Stock Compensation Plan for Directors and Executive Officers, etc., of the Target Company is scheduled to be abolished after the Transaction, under the Tender Offer Agreement, as stated in “(3) Matters Concerning Material Agreements Related to

Tender Offer” below, the Tender Offeror and the Target Company agreed that they shall discuss and examine the introduction and implementation of a new executive compensation plan to cover the economic benefits to be enjoyed by the Stock Acquisition Rights Holders and the economic benefits to be enjoyed by the Directors and Executive Officers, etc., of the Target Company under the Performance-Linked Stock Compensation Plan so that those economic benefits will not be impaired. The Tender Offeror will decide details of the executive compensation plan, in consultation with the Target Company, after the completion of the Tender Offer and promptly on and after the commencement date of settlement for the Tender Offer. Since the Tender Offeror will decide such executive compensation plan, in consultation, after the completion of the Tender Offer, with the Target Company, not to condition the tender of their Stock Acquisition Rights in the Tender Offer by the Stock Acquisition Rights Holders, and independently from whether or not the Stock Acquisition Rights Holders tender their Stock Acquisition Rights in the Tender Offer, so that the economic benefits to be enjoyed by the Stock Acquisition Rights Holders will not be substantially impaired and no excessive interests will be granted to the Stock Acquisition Rights Holders, in light of the background that the Stock Acquisition Rights were granted as remuneration that corresponds to a retirement allowance, the Tender Offeror believes that such executive compensation plan will not conflict with the purpose of the regulation on uniformity of tender offer prices.

### **(3) Matters Concerning Material Agreements Related to Tender Offer**

The Tender Offeror and the Target Company entered into a tender offer agreement (the “Tender Offer Agreement”) regarding the Transaction as of the date hereof. The outline of the Tender Offer Agreement is as follows.

- (a) On the execution date of the Tender Offer Agreement, the Target Company shall express and publicly announce an opinion (the “Affirmative Opinion”) to the effect that it supports the Tender Offer, recommends that the shareholders of the Target Company tender their shares in the Tender Offer and leaves to the Stock Acquisition Rights Holders the decision regarding whether or not they will tender their Stock Acquisition Rights in the Tender Offer. The Tender Offer Agreement provides that the Target Company’s expression of the Affirmative Opinion is conditioned on the following: (i) the Tender Offeror’s representations and warranties (Note 1) are true and correct in all material respects as of the execution date of the Tender Offer Agreement and the commencement date of the Tender Offer (the “Commencement Date”); (ii) the Tender Offeror’s obligations (Note 2) to be performed or observed by the Tender Offeror under the Tender Offer Agreement by the Commencement Date

have been performed or observed in all material respects; (iii) the Special Committee issued a report in favor of the Board of Directors of the Target Company expressing the Affirmative Opinion and such report has not been withdrawn or changed, (iv) there are no lawsuits or other proceedings pending against the Tender Offeror seeking to restrict or prohibit the Tender Offer or the application for the Tender Offer, and there are no laws and regulations, etc., or decisions, etc., by judicial or administrative agencies, etc., that restrict or prohibit the Tender Offer or the application for the Tender Offer; and (v) with respect to the Tender Offer, in all countries or regions where the licenses and permits, etc., under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the “Anti-Monopoly Act”) and other competition laws are required, such licenses and permits, etc., have been obtained and implemented and (if there is any waiting period therefor) the waiting period has passed (including receipt of notice that the Cease and Desist Order (as defined in “6. Licenses Concerning Acquisition of Shares, etc.,” “(2) Governing Laws and Regulations” below) will not be issued), or it is reasonably expected that such obtainment and implementation will be completed during the period of the Tender Offer (the “Tender Offer Period”) the Tender Offer Period and it is reasonably expected that the fair trade commission or other judicial or administrative agencies relating to competition laws in such countries or regions will not take any measures or procedures to prevent the Tender Offer from being executed.

Note 1: Under the Tender Offer Agreement, the Tender Offeror represents and warrants, in substance, (i) the validity of its incorporation, existence and authority, (ii) the power and capacity necessary for the execution and performance of the Tender Offer Agreement, (iii) the validity and enforceability of the Tender Offer Agreement, (iv) the non-existence of conflict with laws and regulations, etc., in connection with the execution and performance of the Tender Offer Agreement, (v) the acquisition of licenses and permits, etc., necessary for the execution and performance of the Tender Offer Agreement, (vi) the non-existence of its bankruptcy procedures, etc., and (vii) the non-existence of its transactions or involvement with anti-social forces.

Note 2: Under the Tender Offer Agreement, the Tender Offeror assumes, in substance, (i) the obligation to implement the Tender Offer, (ii) the obligation of confidentiality, and (iii) the obligation to prohibit the



transfer of contractual positions or rights and obligations under the Tender Offer Agreement.

- (b) It is provided that (i) the Target Company shall not change or withdraw the Affirmative Opinion during the period from the execution date of the Tender Offer Agreement to the expiration date of the Tender Offer Period, unless the prior written consent of the Tender Offeror is obtained; (ii) during the period from the execution date of the Tender Offer Agreement to the expiration date of the Tender Offer Period, the Target Company shall not directly or indirectly (x) induce or solicit any third party to make an offer for any transaction that may prevent the execution of the Transaction in whole or in part or make it difficult to execute the Transaction in whole or in part (including a tender offer by a third party for all or part of the Target Company Shares, etc.; collectively, the “Competitive Transaction”) and (y) engage in any discussions, information exchange (including the acceptance of due diligence by a third party), negotiations or execution of agreements, etc., with a third party regarding the Competitive Transaction (collectively, the “Competitive Transaction Negotiations, etc.”); (iii) if the Target Company receives a proposal for the Competitive Transaction during the above period, the Target Company shall immediately notify the Tender Offeror of such fact and the details thereof, and upon requested by the Tender Offeror, discuss with the Tender Offeror in good faith how to address such proposal; (iv) if a third party submits a proposal to the Target Company for the Competitive Transaction or commences the Competitive Transaction and then the Board of Directors of the Target Company, upon comparing such Competitive Transaction with the Transaction, reasonably determines that there is a risk that the Target Company’s failure to conduct the Competitive Transaction Negotiations, etc. regarding such Competitive Transaction would constitute a breach of the fiduciary duties of the Directors of the Target Company, the Target Company may, notwithstanding (ii) above, conduct the Competitive Transaction Negotiations, etc. with such third party with respect to such Competitive Transaction; (v) if the Target Company conducts the Competitive Transaction Negotiations, etc. with such third party based on (iv) above and then the Board of Directors of the Target Company, upon comparing such Competitive Transaction with the Transaction by taking into consideration various factors including the price, timing, concreteness of the proposal, identity and past transaction records of such third party, certainty of the funding by such third party, certainty of the execution of the Competitive Transaction, and other circumstances, reasonably determines that such Competitive Transaction will further enhance the Target Company’s corporate value and further contribute to

the common interests of shareholders, and the Target Company notifies the Tender Offeror in writing to that effect and of all of the material terms of the Competitive Transaction and gives the Tender Offeror an opportunity to amend the terms of the Tender Offer or any other terms of the Transaction and submit the amended terms to the Target Company within 5 business days from the day following the date on which Tender Offeror receives such notice, and, even after considering such amended terms (or if the Tender Offeror did not amend the terms, based on the unamended terms), the Board of Directors of the Target Company, upon comparing such Competitive Transaction with the Transaction, reasonably determines that the Competitive Transaction will further enhance the corporate value of the Target Company and further contribute to the common interests of shareholders, and there is a risk that the failure to change or withdraw the Affirmative Opinion would constitute a breach of the fiduciary duties of the Target Company's directors and the Target Company obtains a written opinion to the same effect from its own counsel or the Special Committee issues in writing an opinion in favor of the Target Company's change or withdrawal of the Affirmative Opinion, the Target Company may change or withdraw the Affirmative Opinion.

- (c) With respect to the initial management structure of the Target Company after the Transaction, it is provided that (i) the Board of Directors of the Target Company shall be abolished and the number of directors shall be three (of which one shall be the full-time director and the other two shall be part-time directors, and such two part-time directors shall be appointed by the Tender Offeror), (ii) the Board of Company Auditors of the Target Company shall be abolished and the number of Company Auditor shall be limited to one (the Company Auditor shall be appointed by the Tender Offeror), and (iii) the one full-time director stated in (i) above shall be appointed as the Representative Director.
- (d) It is provided that since the Stock Acquisition Right Purchase Price is 1 yen and the Performance-Linked Stock Compensation Plan is scheduled to be abolished after the Transaction, the Tender Offeror and the Target Company shall, after the completion of the Tender Offer and promptly on and after the commencement date of settlement for the Tender Offer, discuss and examine the introduction and implementation of a new executive compensation plan to cover the economic benefits to be enjoyed by the Stock Acquisition Rights Holders and the economic benefits to be enjoyed by the Directors and Executive Officers, etc., of the Target Company under the Performance-Linked Stock Compensation Plan so that those economic benefits will not be impaired.

- (e) Under the Tender Offer Agreement, the Target Company represents and warrants certain matters (Note 3). However, it is provided in the Tender Offer Agreement that, even in the event of a breach of any of the said representations and warranties of the Target Company (excluding, however, the representations and warranties relating to (i) through (viii) in Note 3 below), indemnification for any damage incurred by the Tender Offeror arising out of or in connection with such breach may not in principle, be claimed against the Target Company.

Note 3: Under the Tender Offer Agreement, the Target Company represents and warrants, in substance, (i) the validity of its incorporation, existence and authority, (ii) the power and capacity necessary for the execution and performance of the Tender Offer Agreement, (iii) the validity and enforceability of the Tender Offer Agreement, (iv) the non-existence of conflict with laws and regulations, etc., in connection with the execution and performance of the Tender Offer Agreement, (v) the acquisition of licenses and permits, etc., necessary for the execution and performance of the Tender Offer Agreement, (vi) the non-existence of its bankruptcy procedures, etc., (vii) the non-existence of its transactions or involvement with anti-social forces, (viii) its holding, etc., of the shares, etc., of the Target Company Group companies, (ix) the non-existence of transactions, etc., that compete with the Transaction, (x) the non-existence of material facts, etc., that have not been published by the Target Company, (xi) the accuracy of its information disclosures, (xii) the accuracy, etc., of its financial statements, etc., (xiii) the timely payment, etc., of its taxes, (xiv) its compliance, etc., with labor-related laws and regulations, etc., (xv) its ownership, etc., of the rights related to its assets, (xvi) its ownership, etc., of its intellectual property rights, etc., (xvii) the validity, etc., of its business contracts, etc., (xviii) its compliance with applicable laws and regulations, etc., and its acquisition, etc., of licenses and permits, etc., necessary for its business operations, (xix) the non-existence, etc., of defects or deficiencies in its products for sale, etc., (xx) its compliance with environmental laws and regulations, etc., and (xxi) the non-existence, etc., of lawsuits, etc., against the Target Company.

**(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest**

As of the date hereof, the Target Company is not a subsidiary of the Tender Offeror and the Tender Offer does not constitute a tender offer by a controlling shareholder. However, taking into consideration that (i) the Target Company is considered an affiliate of the Tender Offeror accounted for by the equity method based on the Tender Offeror's holding 39,540,400 shares of the Target Company Shares (ownership ratio: 32.52%), (ii) of 9 Directors of the Target Company, 1 Director (i.e., Ms. Junko Tsuboi) also currently serves as a Director of the Tender Offeror and 1 Director (i.e., Mr. Shinro Fujita) once served as an Executive Officer of the Tender Offeror, and of 5 Board of Company Auditors members of the Target Company, 1 Director (i.e., Mr. Naoya Maruo) once served as an Executive Officer of the Tender Offeror, and, (iii) if the Tender Offer becomes a controlling shareholder of the Target Company after the completion of the Tender Offer, the Squeeze-Out Procedures (please refer below to “(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)”) will constitute the “Significant Transactions, etc. with Controlling Shareholder” set forth in the Code of Corporate Conduct of the TSE, and the Tender Offeror will implement the Transaction as a series of transactions, the Tender Offeror and the Target Company implemented the following measures to ensure the fairness of the Tender Offer at the stage of implementation of the Tender Offer, to eliminate arbitrary decision-making related to the Transaction, to ensure the fairness, transparency and objectivity of the decision-making process at the Target Company and to avoid suspicion of conflicts of interest, the Tender Offeror have implemented the following measures. Of the following statements, the statements regarding the measures implemented by the Target Company are based on the explanation provided by the Target Company.

a. Procurement by the Tender Offeror of a Share Valuation Report from an Independent Financial Advisor and Third-Party Valuation Institution

The Tender Offeror obtained a share valuation report dated June 13, 2024 (“Share Valuation Report (Nomura Securities)”) from Nomura Securities, a financial advisor and a third-party valuation institution that is independent from the Tender Offeror and the Target Company. Nomura Securities is not a related party of the Tender Offeror or the Target Company, and has no material interest in the Transaction including the Tender Offer. For the details of the Share Valuation Report (Nomura Securities), please refer below to “2. Outline of Purchase, Etc.,” “(4) Bases, Etc. of Calculation of Price for Purchase, Etc.,” “(A) Basis of Calculation.”

b. Procurement by the Target Company of a Share Valuation Report from an Independent Financial Advisor and Third-Party Valuation Institution

(i). Name of the valuation institution and relationship with the Target Company and the Tender Offeror

In expressing its opinion related to the Tender Offer, in order to ensure the fairness of the decision-making process for the Tender Offer Price presented by the Tender Offeror, the Target Company requested UBS Securities, which is the Target Company's financial advisor and third-party valuation institution independent from the Tender Offeror and the Target Company, to calculate the share value of the Target Company Shares and, on June 13, 2024, obtained the Share Valuation Report (UBS Securities) which is subject to the conditions precedent set forth in (Note 1) to B. below and other certain conditions. UBS Securities does not fall under a related party of the Target Company or the Tender Offeror, and has no material interest in the Transaction including the Tender Offer. The Target Company has not obtained from UBS Securities an opinion letter (fairness opinion) related to the fairness of the Tender Offer Price based upon other measures to ensure the fairness of the Tender Offer Price implemented in relation to the Transaction or measures to avoid conflicts of interest. The remuneration to UBS Securities in connection with the Transaction consists of solely contingency fees payable subject to conditions such as the successful completion of the Transaction. The Target Company understands that, as a general theory, adoption of contingency fees would incentivize the service provider complete the transaction and may affect its independence, however, in light of UBS Securities' achievements as financial advisor in similar transactions and its social reputation among other factors, the Target Company determined that it would be able to receive fair and objective advice even under such compensation structure of solely contingency fees, and considering such matters as the general practices in similar transactions and the appropriateness of the compensation structure in which the Target Company would bear corresponding monetary burden in the event that the Transaction is not successfully completed, the Target Company decided that the independence would not be negated due to the compensation being contingency fees paid subject to the successful completion of the Tender Offer and appointed UBS Securities as the Target Company's financial advisor and third-party valuation institution under the compensation structure above.

(ii) Summary of calculation

Upon reviewing the calculation method which should be used in the calculation of the share value of the Target Company from among multiple share value calculation methods, on the premise that the Target Company is a going concern, based on the idea that it is appropriate

to evaluate the share value of the Target Company from multiple aspects, UBS Securities analyzes the share value of the Target Company under the conditions and other certain terms described in (Note 1) below by using the market share price method due to the fact that the Target Company is listed on the Prime Market of the TSE and share price exists, the comparable company analysis due to the fact that there exist multiple listed companies comparable to the Target Company and it is possible to analogize the share value of the Target Company by the comparable company analysis, and the DCF method in order to reflect the future business activity circumstances in the valuation.

According to UBS Securities, the scopes of the share value per one (1) Target Company Share based upon each method above are as follows. For the conditions precedent and considerations in relation to the preparation of the Share Valuation Report (UBS Securities) by UBS Securities and the valuation analysis that serves as a basis therefor, please refer below to (Note 1).

Market share price method:	from 1,884.5 yen to 2,099 yen
Comparable company analysis:	from 1,915 yen to 2,598 yen
DCF method:	from 2,356 yen to 3,205 yen

Under the market share price method, with the calculation base date being June 13, 2024, based upon the base date closing price of 1,884.5 yen of the Target Company Shares in the Prime Market of the TSE, the closing price simple average value of 1,974 yen of the immediately preceding one (1) month (from May 14, 2024 to June 13, 2024), the closing price simple average value of 1,961 yen of the immediately preceding three (3) months (from March 14, 2024 to June 13, 2024), and the closing price simple average value of 2,099 yen of the immediately preceding six (6) months (from December 14, 2023 to June 13, 2024), the scope of the value per share of the Target Company Shares is calculated as from 1,884.5 yen to 2,099 yen.

Under the Comparable company analysis, the share value of the Target Company is valued using the ratio of EBITDA to the corporate value and the ratio of net profit to the market capitalization upon selecting Shiseido Company, Limited, KOSE Corporation, POLA ORBIS HOLDING INC. and ROHTO Pharmaceutical Co., Ltd. as comparable listed companies deemed comparable with the Target Company, and the scope of the value per share of the Target Company Shares is calculated (Note 2) as from 1,915 yen to 2,598 yen.

Under the DCF method, based on the financial forecast of the Target Company considering various factors such as the business plan from the year ending March 31,

2025 to the year ending March 31, 2029 prepared by the Target Company (the “Business Plan”) and publicly announced information, the corporate value and share value of the Target Company are evaluated by discounting the Target Company’s free cash flow to the current value at a certain discount rate, and the scope of the share value per share of the Target Company’s Shares is calculated (Note 2) as from 2,356 yen to 3,205 yen. A discount rate from 7.0% to 7.5% is adopted, and permanent growth rate method and multiple method is adopted in the calculation of the terminal value, and calculation is made using a permanent growth rate method from 1.5% to 2.0% and a ratio of EBITDA to the corporate value from 11.5 times to 15.5 times. The Business Plan does not include business years in which substantial increase or decrease of profit is prospected. Also, the Business Plan is not premised upon the implementation of the Tender Offer. Therefore, the synergy effect expected to be realized by the completion of the Tender Offer is not added to the Business Plan or the valuation.

The figures of the Target Company’s financial forecast which are the premises of the calculation under the DCF method are as follows.

(Unit: billions of yen)

	Year ending March 31, 2025	Year ending March 31, 2026	Year ending March 31, 2027	Year ending March 31, 2028	Year ending March 31, 2029
Sales	118.5	125.0	133.0	140.0	148.0
Operating profit	14.5	17.0	19.0	21.0	23.0
EBITDA	18.3	20.8	22.8	24.8	26.8
Free cash flow	11.4	11.8	12.5	14.1	15.4

As described in “c. Establishment of Independent Special Committee at the Target Company and Procurement of a Report from the Special Committee” below, the Special Committee has confirmed that the Business Plan is not unreasonable upon confirming such matters as its contents, the important conditions precedent and the reasonability of its preparation process.

(Note 1) The Share Valuation Report (UBS Securities) has been delivered solely for the Board of Directors of the Target Company to examine, in its capacity, the Tender Offer Price from a financial point of view. The Share Valuation Report (UBS Securities) does not express any opinion or view on the consideration to be received by holders of any kind of securities (including the Stock Acquisition Rights), creditors, or other stakeholders of the Target Company in connection with the Transaction. The Share

Valuation Report (UBS Securities) does not express any opinion or view on the following: (a) the terms of, or other aspects of, the Transaction (including, without limitation, the manner or structure of the Transaction or other elements) or (b) the relative advantage of the Transaction compared with other strategies or transactions that may be adopted or implemented by the Target Company, or business decision-making related to promoting or implementing the Transaction. Furthermore, the Share Valuation Report (UBS Securities) does not express any opinion or make any recommendations in connection with the Transaction or any matters related thereto, as to whether the Target Company's shareholders should tender their shares in the Transaction, or how they should exercise their voting rights or conduct themselves. The Share Valuation Report (UBS Securities) also does not express any opinion or view on the fairness (whether financial or otherwise), as compared with the Tender Offer Price in the Transaction, of the amount, nature, or other aspects of any remuneration for officers, directors, or employees of any party to the Transaction. The Share Valuation Report (UBS Securities) does not express any opinion on the price at which the Target Company Shares should be transacted at any time, including after the Transaction is publicly announced or commences.

In preparing the Share Valuation Report (UBS Securities), UBS Securities has assumed and relied upon the accuracy and completeness of the assumptions and information that were publicly available or were furnished to UBS Securities by the Target Company or its other advisors or were otherwise reviewed by UBS Securities for the purposes of preparing the Share Valuation Report (UBS Securities). The content of the assumptions and information has not been independently verified by UBS Securities or any of its directors, officers, employees, agents, representatives and/or, advisers, or any other person.

No representation, warranty, or undertaking, express or implied, is or will be given by UBS Securities or its directors, officers, employees, agents, representatives, or advisors in relation to the accuracy, completeness, reliability, or sufficiency of the information contained in the Share Valuation Report (UBS Securities) or the reasonableness of any assumption contained in the Share Valuation Report (UBS Securities).



The Share Valuation Report (UBS Securities) is provided solely for the benefit of the Board of Directors of the Target Company, and the Target Company's shareholders and other persons should not rely upon the Share Valuation Report (UBS Securities) and will not be conferred any interests, rights, or remedies by the Share Valuation Report (UBS Securities).

By receiving the Share Valuation Report (UBS Securities), the Target Company acknowledges and agrees that to the maximum extent permitted by law, except in the case of fraud and save as provided in the engagement letter, UBS Securities and its directors, officers, employees, agents, representatives and advisors expressly disclaim any liability which may arise from the Share Valuation Report (UBS Securities), or any other written or oral information provided in connection with the Share Valuation Report (UBS Securities), and any errors contained therein or omissions therefrom.

The Share Valuation Report (UBS Securities) may also contain forward-looking statements, projections, estimates, forecasts, targets, and/or opinions (collectively, the "Forecasts") provided to UBS Securities by the Target Company, and UBS Securities has relied upon the opinion of the Target Company as to the reasonableness and achievability of the Forecasts (and the assumptions and bases thereof). UBS Securities has assumed that the Forecasts represent the best assessments and judgments of the management the Target Company which were available at the time of the Share Valuation Report (UBS Securities) and that the Forecasts will be realized in the amounts and time periods contemplated by the management of the Target Company. All assumptions contained in the Share Valuation Report (UBS Securities) have been discussed and agreed with the Target Company. The Forecasts involve significant assumptions and subjective judgments which may or may not prove to be correct, and there can be no assurance that any Forecasts are a reliable indicator of future performance, nor that they are attainable or will be realized. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any Forecasts contained in the Share Valuation Report (UBS Securities).

The Share Valuation Report (UBS Securities) was prepared based on the economic, regulatory, market, and other conditions as in effect on the

date thereof and the information made available to UBS Securities as of the same date. Subsequent changes in these conditions may affect the information contained in the Share Valuation Report (UBS Securities). The Share Valuation Report (UBS Securities) speaks as at the date thereof (unless an earlier date is otherwise indicated therein), and in furnishing the Share Valuation Report (UBS Securities), no obligation is undertaken, nor is any representation or undertaking given, by any person: (i) to provide the Target Company with any additional information, (ii) to update, revise, or re-affirm any information in the Share Valuation Report (UBS Securities), including any Forecasts, or (iii) to correct any inaccuracies therein which may become apparent.

The analyses conducted by UBS Securities described in the Share Valuation Report (UBS Securities) are summaries of the material financial analyses presented by UBS Securities to the Board of Directors of the Target Company in connection with the Share Valuation Report (UBS Securities) and are not comprehensive descriptions of all analyses undertaken or information referred to by UBS Securities in connection with the Share Valuation Report (UBS Securities). The preparation of the Share Valuation Report (UBS Securities) and its underlying analysis are a complex analytical process involving various judgments about the appropriateness and relevance of methods of financial analysis and the application of those methods to the particular circumstances; therefore, a part or summary of the analysis results do not necessarily accurately present all aspects of the analyses. UBS Securities' analysis results must be considered holistically, and reference to a part or summary thereof, without considering all of such analysis results as a whole, may give rise to failure to obtain a correct understanding of the processes underlying UBS Securities' analyses. None of the companies reviewed in UBS Securities' analyses as a comparable company is identical to any business units or subsidiaries of the Target Company, and these companies were selected because they were publicly traded companies with businesses that, for purposes of UBS Securities' analyses, could be considered similar to those of the Target Company. The analyses made by UBS Securities necessarily involve complex considerations and judgments concerning differences in financial and business characteristics of the companies reviewed for comparison with the

Target Company and other factors that could affect these companies.

In preparing the Share Valuation Report (UBS Securities), UBS Securities has: (i) not made any independent valuation or appraisal of the physical assets and liabilities of the Target Company or any other company referred to in the Share Valuation Report (UBS Securities), nor been furnished with any such valuation or appraisal; (ii) not carried out any assessment as to the commercial merits of the Transaction; (iii) not conducted any legal, tax, accounting, or other analysis in respect of the Transaction, and where relevant, has relied solely upon the judgments of the relevant professional advisors in these areas; and (iv) assumed that in the course of obtaining any regulatory or third party approvals, consents, and releases for the Transaction, no delay, limitation, restriction, or condition would be imposed that would have an adverse effect on the Target Company, any other company referred to in the Share Valuation Report (UBS Securities), or the Transaction.

UBS Securities is acting as financial advisor of the Target Company in connection with the Transaction and receives remuneration for its services as financial advisor, and such remuneration consists of solely contingency fees payable subject to the successful completion of the Transaction. In addition, the Target Company has agreed to indemnify UBS Securities for all costs borne by UBS Securities in relation to UBS Securities' involvement and certain liabilities arising out of UBS Securities' engagement.

(Note 2) The number of the shares used in calculating of the value per share of the Target Company Shares is the Total Number of Shares After Accounting Diluted Shares (121,591,800 shares).

(iii) Summary of calculation of the Stock Acquisition Rights

The Target Company has not obtained a valuation report or Fairness Opinion from a third-party valuation institution regarding the Stock Acquisition Right Purchase Price. The Stock Acquisition Rights have been granted to the Target Company's Directors and Executive Officers as well as the Directors of the Target Company's subsidiaries as compensation upon resignation linked to the stock price, and as the terms of the exercise of such rights, the rights are only exercisable for all the Stock Acquisition Rights at once, only during the period from the day following the day on which the positions of the Target Company's Director or Executive Officer was lost till the day on which ten (10) days have elapsed in relation to the Stock Acquisition Rights receiving allocation based on the

positions of the Target Company's Director or Executive Director, and only during the period from the day following the day on which the position of the director of the Target Company's subsidiary was lost till the day on which ten (10) days have elapsed in relation to the Stock Acquisition Rights receiving allocation based on the position of the director of the Target Company's subsidiary, within the period during which the Stock Acquisition Rights are exercisable, and considering such matters as that such rights cannot be exercised even if the Tender Offeror obtained the Stock Acquisition Rights, all the Stock Acquisition Right Purchase Prices have been rendered as 1 yen.

c. Establishment of independent Special Committee at the Target Company and procurement of a report from the Special Committee

(i) Background of establishment, etc.

After receiving a proposal related to the Transaction from the Tender Offeror on February 21, 2024, since although the Tender Offeror does not fall under the Target Company's controlling shareholder, etc., it is the Target Company's largest shareholder which is a major shareholder and other related company and the Transaction falls under a transaction in which there typologically exist structural conflict of interest issues and information asymmetry issues, similarly as for transactions with controlling shareholders, etc., for the purposes of taking care for the Target Company's decision-making related to the Transaction, and excluding arbitrariness and the likelihood of conflict of interest in the decision-making process of the Target Company's Board of Directors, and ensuring the fairness of the decision-making process, as well as confirming that the decision-making by the Target Company's Board of Directors is not disadvantageous to the minority shareholders of the Target Company, based on advice from U&I, by the Board of Directors meeting dated February 22, 2024, the Target Company established, as a system to perform review, negotiations and decision-making related to the Transaction from the perspectives of enhancing the Target Company's corporate value and ensuring the interests of the minority shareholders of the Target Company from a position independent from the Tender Offeror, the Special Committee comprised of 3 persons, namely, Keiichiro Hashimoto (independent director of the Target Company, outside director as well as chairperson of the board and the audit committee of INFRONEER Holdings Inc., as well as former representative director chairman and CEO of Metropolitan Expressway Company Limited) ("Committee Head Hashimoto"), Mitsuaki Nakakubo (independent director of the Target Company, attorney, partner at Asahi Law Offices) ("Committee Member Nakakubo") and Akira

Matsumoto (independent director of the Target Company, certified public accountant, representative director and president of MIT Corporate Advisory Services Co., Ltd.) (Committee Member Matsumoto”), and the Target Company inquired the Special Committee (i) whether the purposes of the Transaction is reasonable (including whether the Transaction contributes to enhancement of the Target Company’s corporate value), (ii) whether the appropriateness of the transaction terms in the Transaction (including the Tender Offer Price in the Transaction) is ensured, (iii) whether sufficient care is taken for the interests of the minority shareholders of the Target Company through fair procedures in the Transaction, (iv) on the premises of (i) through (iii) and other matters, whether the Transaction can be considered as not being disadvantageous for the minority shareholders of the Target Company, (v) the appropriateness of the Target Company’s Board of Directors to express an affirmative opinion for the Tender Offer for the Target Company Shares and to recommend the Target Company’s shareholders to tender in the Tender Offer (these shall hereinafter be collectively referred to as the “Consultation Matters”).,

In addition, upon the establishment of the Special Committee, the Board of Directors meeting of the Target Company resolved that (i) the Target Company’s Board of Directors shall respect to the maximum extent the decision of the Special Committee upon making decisions regarding the Transaction and that (ii) the Target Company’s Board of Directors shall not agree to the Transaction if the Special Committee determines that the purpose or transaction terms of the Transaction are inadequate, and also resolved to grant the Special Committee the following authorities: (a) authority to perform examination related to the Transaction (including making inquiries and requesting explanations regarding the matters necessary for reviewing the Consultation Matters to the Target Company’s officers and employees related to the Transaction as well as the Target Company’s advisors related to the Transaction) at the Target Company’s expense, (b) authority to approve the Target Company’s review system (including attorneys, valuation institutions, certified public accountants and other advisors), (c) authority to request for a timely report of the circumstances, and to express its opinion, give instructions and make requests under material situations when the Target Company negotiates such matters as the transaction terms with the Tender Offeror, and (d) authority to independently appoint attorneys, valuation institutions, certified public accountants and other advisors at the Target Company’s expense as well as to request professional advice to the Target Company’s advisors as necessary.

(ii) Process of the review

During the period from March 14, 2024, to June 13, 2024, the Special Committee held a total of 13 meetings for a total of approximately 14 hours as formal meetings. In addition, the Special Committee carefully held discussions and reviews of the Consultation Matters by gathering, reporting, information sharing, deliberations, and decision-making, through e-mail, telephone calls and other methods, between each meeting day as appropriate.

- The Special Committee approved the appointment of U&I as the Target Company's legal advisor at the 1st Special Committee meeting held on March 14, 2024, after confirming that the independence and expertise of U&I were not an issue. In addition, at the 1st Special Committee meeting, the Special Committee approved the appointment by the Target Company of UBS Securities as the Target Company's financial advisor and third-party valuation institution after confirming that its independence and expertise were not an issue. After the 1st Special Committee meeting, the Special Committee further reviewed the independence of UBS Securities based on the remuneration of UBS Securities for the Transaction and confirmed that there were no differences from the above conclusions.
- At the 2nd Special Committee meeting held on March 29, 2024, the Special Committee reviewed the independence, expertise, and achievements of the candidates of multiple third-party valuation institutions, and then appointed PLUTUS as an independent third-party valuation institution unique to the Special Committee in consideration of its expertise and achievements, and at the 4th Special Committee meeting held on April 12, 2024, it was confirmed that there were no issues with the independence of PLUTUS. The Special Committee also appointed PLUTUS as the Special Committee's own unique financial advisor at the 5th Special Committee meeting held on April 16, 2024, after confirming once more that there were no issues with its independence and expertise.
- At the 3rd Special Committee meeting held on April 5, 2024, the Special Committee, after confirming that there were no issues with the independence and its expertise, appointed MHM as its own unique legal advisor, and received legal advice considered reasonably necessary to make a report on the Consultation Matters, including advice on measures to be taken to ensure fairness of procedures in the Transaction, as well as advice on the review and deliberations of the Consultation Matters at the Special Committee.
- The Special Committee asked the Target Company in advance in writing about

such matters as the significance, purpose, and effects of the Transaction, the effect of the Target Company becoming a wholly-owned subsidiary of the Tender Offeror and delisting under the Transaction, and the group governance after the Transaction. At the 6th Special Committee meeting held on April 25, 2024 and the 12th Special Committee meeting held on June 10, 2024, the Special Committee had a question-and-answer session with Kazuyuki Shimada, the President & CEO, Representative Director of the Target Company, in person.

- The Special Committee also asked the Tender Offeror in writing about such matters as the significance, purpose, and effects of the Transaction, the effect of the Transaction making the Target Company a wholly-owned subsidiary of the Tender Offeror and delisting through the Transaction, and the group governance after the Transaction. The Special Committee received a written response dated May 7, 2024, and at the 8th Special Committee meeting held on May 17, 2024, the Special Committee conducted a question-and-answer session with Yoshinori Isozaki, Representative Director of the Board & CEO of the Tender Offeror, and Takeshi Minakata, Representative Director of the Board, President and COO of the Tender Offeror, and other persons, in person.
- At the 4th Special Committee meeting held on April 12, 2024, and the 5th Special Committee meeting held on April 16, 2024, the Special Committee received an explanation from the Target Company regarding the Target Company's Business Plan as a business plan that the Target Company should assume as the premise for negotiating the tender offer price under the Tender Offer, and held a question-and-answer session with the Target Company's Executive Officers. Subsequently, at the 7th Special Committee meeting held on May 8, 2024, the Special Committee confirmed the reasonableness of the Business Plan, and that the Business Plan would be shared with the Tender Offeror.
- The Special Committee asked PLUTUS, its own unique independent financial advisor and third-party valuation institution, to provide advice from a financial point of view, including the policy for negotiating the Tender Offer Price with the Tender Offeror. The Special Committee also asked PLUTUS to calculate the value of the Target Company Shares. The Special Committee received advice from PLUTUS on such matters as the reasons for choosing the calculation method, the reasons for the selection of similar companies under the comparable company analysis, the major assumptions for the calculation

by the DCF Method, the calculation process in each calculation method, and the analytical of the calculation results using each calculation method. After a question-and-answer session, deliberations and discussions with PLUTUS, the Special Committee confirmed the reasonableness of such matters. The Special Committee received the share valuation report dated June 13, 2024 (the “Share Valuation Report (PLUTUS)” from PLUTUS. In addition, the Special Committee received the Fairness Opinion from PLUTUS stating that the terms and conditions of the Transaction, including the tender offer price of the Tender Offer, are fair.

- The Special Committee received from UBS Securities, the Target Company’s financial advisor and third-party valuation institution, explanations on such matters as the Target Company’s method of calculating the value of the Target Company Shares, the reason for choosing such calculation method, the reason for selecting similar companies under the comparable company analysis, the main assumptions for calculating using the DCF method, the results of calculating using the respective methods, and the level of premiums in the recent similar cases. The Special Committee confirmed the reasonableness of such matters after conducting a question- and-answer session, discussions and deliberations with UBS Securities and also obtaining advice from PLUTUS from time to time. The Special Committee received the Share Valuation Report (UBS Securities) from UBS Securities, as a consequence of the final calculation.
- The Special Committee has received legal advice and explanations from U&I, the Target Company’s legal advisor, on such matters as the measures to be taken to ensure the fairness of the procedures in the Transaction, the method and process of deliberations at the Special Committee, and the contents of the contractual negotiations with the Tender Offeror.
- Upon receiving reports from the Target Company and the Target Company’s advisors from time to time on negotiations with the Tender Offeror regarding the terms and conditions of the Transaction, including the Tender Offer Price, the Special Committee reviewed and deliberated the negotiation policy based on the advice from the Target Company’s advisors, as well as PLUTUS and MHM, stated the required views on our negotiation policy as follows, conducted negotiations with the Tender Offeror, directly to the extent deemed necessary by the Special Committee, through UBS Securities, and reached an agreement on the tender offer price of 2,690 yen per Target Company Share



(the “Tender Offer Price”). Specifically, it is substantially as follows.

- (a) At the 7th Special Committee meeting held on May 8, 2024, the Special Committee expressed its opinion that, if the initial proposal of the tender offer price that the Target Company receives from the Offeror is the level less than 2,500 yen, it would be appropriate to strongly request an increase in the tender offer price immediately without further consultation with the Special Committee because it cannot be said at all the interest of the minority shareholders of the Target Company is taken into consideration given the initial analysis of the value of the shares by the Target Company and the Special Committee’s respective financial advisors and the premium level in the past cases similar to the Transaction.
- (b) Between the meeting dates, the Special Committee received a report from UBS Securities that UBS Securities had received a proposal from the Tender Offeror on May 9, 2024 to increase the tender offer price to 2,300 yen and that on May 13, 2024 UBS had strongly requested the Tender Offeror to consider an increase of the tender offer price and to make a proposal again in accordance with the opinion of the Special Committee set forth in above (a).
- (c) At the 9th Special Committee meeting held on May 23, 2024, the Special Committee received a report from UBS Securities that UBS Securities had received a proposal from the Tender Offeror on May 21, 2024 to render the tender offer price as 2,450 yen, and expressed its opinion that it would be appropriate to strongly request an increase in the tender offer price.
- (d) Between the meeting dates, the Special Committee received a report from UBS Securities that on May 24, 2024, UBS Securities had strongly requested the Tender Offeror to consider an increase of the tender offer price and to make a proposal again, in accordance with the opinion of the Special Committee in above (c)).
- (e) At the 10th Special Committee meeting held on May 31, 2024, the Special Committee received a report form UBS Securities that UBS Securities had received a proposal from the Tender Offeror on May 29, 2024 to render the tender offer price as 2,550 yen, and expressed its opinion that it would be appropriate to request an increase in the tender offer price.

- (f) Between the meeting dates, the Special Committee received a report from UBS Securities that on May 31, 2024, UBS Securities had requested the Tender Offeror to consider an increase of the tender offer price and to make a proposal again in accordance with the opinion of the Special Committee in above (e).
  - (g) At the 11th Special Committee meeting held on June 6, 2024, the Special Committee received a report from UBS Securities that UBS Securities had received a proposal from the Tender Offeror on June 4, to render the tender offer price as 2,585 yen, and expressed its opinion that it would be appropriate to request an increase in the tender offer price.
  - (h) After the 11th Special Committee meeting held on June 6, 2024, the Special Committee received a report from UBS Securities that on June 6, 2024, UBS Securities had requested the Tender Offeror to consider an increase of the tender offer price and to make a proposal again in accordance with the opinion of the Special Committee in above (g).
  - (i) Upon the receiving the report of above (h), in light of the circumstances of negotiations between the Target Company and the Tender Offeror, the Special Committee exchanged opinions on the tender offer price with the Tender Offeror twice, on June 7 and June 11, 2024, and informed that the contents of the Tender Offeror's proposal date June 4, 2024 could not be said to consider the interests of the Target Company's minority shareholders at all.
  - (j) Between the opinion exchange as above (i) and the 13th Special Committee meeting held on June 13, 2024, the Special Committee received a report from UBS Securities that UBS Securities had received a proposal from the Tender Offeror on June 12, 2024 to render the tender offer price as 2,690 yen and the stock acquisition rights purchase price as 1 yen.
  - (k) The Special Committee approved the said tender offer price as the Tender Offer Price at the 13th Special Committee meeting held on June 13, 2024.
- At the 9th Special Committee meeting held on May 23, 2024, the Special Committee received explanation from UBS Securities and U&I on the contents of the Tender Offer Agreement submitted by the Tender Offeror as well as the contents of the Target Company's comments planned to be made to it, and the

Special Committee made indications regarding the provisions, etc. which the Special Committee considered that it was necessary to consider. After that, the Special Committee approved the submission of reconsidered comments in accordance with the indications made by the Special Committee. Regarding the subsequent status of negotiations of the Tender Offer Agreement, the Special Committee received reports and information sharing, from time to time, by emails between the meeting dates and at the 10th Special Committee meeting held on May 31, 2023, the 11th Special Committee meeting held on June 6, 2024, and the 13th Special Committee meeting held on June 13, 2024 from UBS Securities and U&I, and discussed the Target Company's policy for negotiation. Finally, at the 13th Special Committee meeting held on June 13, 2024, the Special Committee approved the contents of the Tender Offer Agreement.

- At the 11th Special Committee meeting held on June 6, 2024 and the 13th Special Committee meeting held on June 13, 2024, the Special Committee received an explanation from UBS Securities and U&I on the content of the draft of the Target Company's Press Release scheduled to be announced on June 14, 2024, held a question-and-answer session, and confirmed that complete information disclosure was planned to be made.

(iii) Details of the decision

Under the process above, based on legal advice received from MHM, advice received from PLUTUS, the Share Valuation Report (PLUTUS) and the Fairness Opinion received on June 13, 2024, the Special Committee submitted to the Company's Board of Directors on June 14 2024 a Report with substantially the following contents under the unanimous agreement of all the committee members as a result of performing careful discussion and review regarding the Consultation Matters.

(a) Contents of the report

1. It is recognized that the Transaction contributes to the enhancement of the Target Company's corporate value and that the purposes of the Transaction are reasonable.
2. It is recognized that the appropriateness of the Tender Offer Price and the other transaction terms in the Transaction is ensured.
3. It is recognized that sufficient care for the interests of the minority shareholders of the Target Company is made through fair procedures in the Transaction.

4. It is recognized that the determination of the Transaction (including the Squeeze-Out Procedures) by the Target Company's Board of Directors is not disadvantageous to the minority shareholders of the Target Company.
5. The Company's Board of Directors should resolve to express its affirmative opinion to the Tender Offer. With respect to whether or not to tender in the Tender Offer, the Target Company's Board of Directors should resolve to recommend its shareholders to tender their shares in the Tender Offer and to leave the decision up to the Stock Acquisition Rights Holders.

(b) Reasons for the report

1. Review of whether the Transaction contributes to the enhancement of the corporate value of the Target Company

- (i) The Target Company's business environment and management issues, etc.

Since its foundation, the Target Company has rendered as its basic management policy "create a system to eliminate 'negatives'", and has been developing such things as Mutenka cosmetics, nutritional supplements, germinated brown rice and kale juice business. The Target Company has been endeavoring to provide value related to "beauty" and "health" based upon the "3rd Medium Term Management Plan 'Forward 2023'" (from the year ended March 31, 2022 to the year ended March 31, 2024) with the initial fiscal year being the year ended March 31, 2022. Based upon its achievements, on May 8, 2024, the Target Company just announced the "4th Medium Term Management Plan 'Revitalize 2026'", a medium-term management plan with the initial fiscal year being the year ending March 31, 2025 and the final fiscal year as the year ending March 31, 2027 (the "Company Management Plan").

Since becoming an affiliate accounted for by the equity method of the Tender Offeror in September 2019, the Target Company has been proceeding with creating synergy in the areas of "product development" and "channel infrastructure" with the Tender Offeror Group as the creation of synergy based upon the capital and business alliance (the "Capital and Business Alliance") under the capital and business alliance agreement dated August 6, 2019 between the Target Company and the Tender Offeror. The Target Company understands that large synergy is being created in "product development" as above; however the Target Company understands that the results achieved in the area of "channel infrastructure" are not as the Target Company initially envisaged. Specifically, although the Target Company planned mutual customer

referral to channels held by both companies and sales of products of both companies' groups, the Target Company is of the understanding that the Target Company has not attained the results as the Target Company had initially envisaged. The Target Company acknowledges that, with regard to the sharing of the business information and know-how, etc. between the Tender Offeror Group and the Target Company Group, there are limits such as psychological obstructions and limitations due to such restrictions as competition related laws and regulations and terms of contracts with third parties which prohibit information disclosure to parties other than group companies in a parent-subsiary relationship.

In addition, the Target Company understands that, even if the Target Company becomes a subsidiary of the Tender Offeror, under the circumstances where minority shareholders exist in the Target Company, there exists a potential conflict of interest relationship between the Tender Offeror and the minority shareholders of the Target Company, and there exists an aspect that it would be difficult to proactively invest in the Company the management resources held by the Tender Offeror Group.

- (ii) Measures to increase corporate value after the Transaction and synergies from the Transaction
  - A. The synergies from the Transaction anticipated by the Tender Offeror

The Tender Offeror has determined that, after it makes the Target Company its wholly-owned subsidiary, it is possible to build a business model like no other by the mutual supplementary relationship of the unique strengths held by both and to aim to establish a position advantageous in terms of competition which contributes to the solution of health issues. Specifically, the Tender Offeror has strengths in marketing abilities and sales abilities nurtured through material development, and alcohol and drinking business utilizing fermentation and biotechnology, and health food business in the Asia Pacific region excluding Japan obtained through the acquisition of Blackmore Limited. The Tender Offeror considers that the Target Company has strengths in superb customer relations ability polished through directly operated channels (mail order, directly operated stores) occupying 70% of the sales even in the fiscal year ended March 31, 2024, technology to commercialize utilizing insights gained from the voices of customers in applied research, as well as the strengths of the brand built due to these, in order to eliminate “negatives” in society such as “anxiety”, “complaints” and “inconvenience” which it has sought consistently since its foundation. It considers that it is possible to further strengthen the relationship with customers by building a business model utilizing the respective strengths of the Tender Offeror Group and the Target

Company Group, and commercializing the materials produced by the natural method of fermentation utilizing the insights gained from strong relations with customers, and delivering to consumers in broad channels and regions including Direct to Customer (D to C) and overseas. It is confident that it can lead to continuous growth and realize maximization of the brand value and corporate value due to this.

As for other matters, it considers that various synergy is anticipated as below by the Tender Offeror making the Target Company a wholly-owned subsidiary. This synergy includes items prospected to occur to a certain extent even in the current Capital and Business Alliance framework; however, since there are items which may be realized only by making the Target Company a wholly-owned subsidiary of the Tender Offeror by the Transaction and it would become possible to inject more resources of the Tender Offeror Group, it is of the understanding that the synergy effect can be maximized.

(a) Channel synergy

- Product development utilizing the broad domestic sales network of both companies;
- Promotion of integrated sales strategy by elimination of the competitive relationship accompanying making the Target Company a wholly-owned subsidiary;
- Proposal of values to skin care needs not satisfied in not only “food”, “health science” but also “medical” from among the business areas of the Tender Offeror Group.

(b) Synergy by sharing best practices

- Utilization of the research marketing abilities, product development abilities and organizational management know-how of the Tender Offeror Group;
- Strengthening and optimizing purchase data utilization functions by sharing EC and communications sales infrastructure

(c) Overseas development synergy

- Acceleration of overseas development of the Target Company utilizing the Tender Offeror Group’s global business base (sales routes, regulation expertise, personnel) throughout the Asia Pacific

(d) Technology synergy

- Development of highly differentiated products and further promotion of market creation by deepening joint research which has already produced certain results, such as developing the Tender Offeror Group’s immunity research results and unique materials

to the Target Company Group's cosmetics and supplements and expanding the utilization scope;

- Utilization of the Target Company Group's internal absorption efficiency technology to the products of the Tender Offeror Group
- (e) Synergy by communalizing and sharing functions
  - Communalization and alliance reinforcement of locations manufacturing supplements and logistic networks, as well as managerial divisions such as planning, IT, general affairs and finance
- (f) ESG synergy
  - Reinforcement of endeavors for ESG by horizontal development of environment technology and packaging technology

B. The synergies from the Transaction anticipated by the Target Company

The Target Company believes that in the event that the Tender Offer is completed and the Transaction is implemented and the Target Company becomes a wholly-owned subsidiary of the Tender Offeror, it will become possible to make maximum use of the various resources held by the Tender Offeror Group, thereby accelerating both businesses of "beauty" and "health" at once, and realizing maximization of the corporate value of the Target Company Group. Specifically, the Target Company considers that the following synergies can be realized, and since this would lead to resolution of the tasks faced by the Target Company, the Target Company considers that the implementation of the Transaction would contribute to the enhancement of corporate value of the Target Company.

(a) Acceleration of synergy towards attainment of aim common to the group

The Target Company will become a wholly owned subsidiary of the Tender Offeror by the Transaction and will be clearly positioned as a subsidiary as the center of the health science business of the Tender Offeror Group; thereby the Target Company considers that it will become possible for the Target Company to more flexibly and promptly utilize the management resources of the Tender Offeror under a business strategy unified with the group and to maximize the synergy effect in an even more shorter period of time.

(b) Creation of innovation due to deepening the joint research development activities

The Tender Offeror Group has strengths in basic research from long term perspectives such as by performing raw material development in the areas of fermentation and biotechnology which is a core technology since its foundation, and the Target Company Group is skilled at applied research (product development) based upon the promotion of safety and functionalization research and scientific grounds. The research and development activities by both groups are mutually supplementary, and are proceeding with joint projects in many research areas such as the development of raw materials of cosmetics, research of intestine environment, research of brain function, even in joint research development in the preexisting capital and business alliance.

However, since the Target Company remained an affiliate accounted for by the equity method of the Tender Offeror, the Target Company understood that there were psychological obstructions or limitations due to such restrictions as competition related laws and regulations and terms of contracts with third parties which prohibit information disclosure to parties other than the group companies in a parent-subsidary relationship.

The Target Company considers that these restrictions and obstructions would be eliminated by making the Target Company a wholly-owned subsidiary of the Tender Offeror, and further deepening of the joint research development activities would be realized, for instance, such as by both companies sharing information at a research stage earlier than currently and accelerating the speed of product development, and furthermore, as a single group it can also project a unified and united direction in research development strategies, thereby leading to creation of further innovation.

(c) Promotion of sales strategy unified as a group

As also described in (b) above, in the current capital and business alliance, while product development was making good results, a unified sales strategy of sales among both groups was not yet projected, for instance, both companies were partially competing at the sales locations of wholesales channels for a part of the products of both companies.

The Target Company considers that the promotion of sales strategy more unified as the Tender Offeror Group would become possible and could lead to sales of products which is more effective and efficient, by the Company becoming a wholly-owned subsidiary of the Tender Offeror through the Transaction.

(d) Further reinforcement of the sharing of information and management resources



Information and management resources considered to be further shared by the Target Company becoming a wholly owned subsidiary of the Tender Offeror are not limited to such items as know-how and technical information in research development activities, but also envisage sales information as well as know-how of marketing and organization management of the Tender Offeror Group, as well as know-how related to venture investment, M&A and ESG at the Tender Offeror Group. Moreover, when the Target Company considers global development in the future, in addition to utilizing the overseas bases of the Tender Offeror Group, in particular, by becoming a wholly-owned subsidiary of the Tender Offeror, the Target Company considers that, upon eliminating the risks related to competition laws between the Tender Offeror Group and the Target Company, it would become possible to include as options such matters as the construction of a cooperative system with Blackmores Limited, a health food (natural food) company of Australia which is similarly under the Tender Offeror Group.

In this manner, the Target Company considers that it would become possible for the Target Company to make maximum use of the information and management resources held by the Tender Offeror Group by the implementation of the Transaction, and that it would become possible to realize such matters as the expansion of sales of the Target Company's products, enhancement of business efficiency, and expansion of business through overseas development and M&A.

#### C. Summary

The Special Committee has analyzed and reviewed, and recognized that the Tender Offeror and the Target Company have generally the same understanding, and the Special Committee has no objections to, the measures to increase corporate value by the Target Company Group after the Transaction, and synergies from the Transaction, and regards these as important measures that contribute to the enhancement of the Target Company's corporate value, including the implementation of the Transaction.

#### (iii) Dyssynergies from the Transaction

In the event that the Target Company becomes a wholly-owned subsidiary of the Tender Offeror and the Target Company Shares are delisted, as general disadvantages accompanying delisting, it may become impossible to procure funds from the capital market, and it may become impossible to enjoy the advantages of being a listed company such as acquiring social trust from the outside including business acquaintances and

maintaining popularity, and there also may be degradation of the brand image. However, since the abundant cash of the Tender Offeror Group (cash and cash equivalent of 151,207 yen million (end of March 2024, consolidated)) may be utilized in terms of procurement of funds, the Target Company does not consider that it would have any impact upon fund procurement. In addition, since the relationship of trust of business acquaintances is already established to a certain degree and the preexisting transactional relationships are not considered to be largely lost due to delisting, and the image of the Tender Offeror which is a company listed on the prime market of the TSE is extremely high and the Target Company's social trust and popularity is expected to be maintained or enhanced due to becoming a wholly owned subsidiary of the Tender Offeror, and the trust accumulated and popularity acquired due to previous business operations are not considered to be immediately lost due to delisting, the Target Company considers that the impact due to such disadvantages will be small even after the Transaction and that it would not overshadow the advantages of the prospected increase of the Target Company's corporate value above.

The Tender Offeror also considered the issues which may be generally affected due to the delisting of the Target Company from such perspectives as the Target Company's fund procurement, social trust or trust from business acquaintances, and motivation of employees, as well as the possibility of decrease of loyalty of the individual shareholders who are favorite uses of the Target Company's products; however, the Tender Offeror considers that the effects from the perspectives above are limited due to such matters as the alternative measures which would become possible for the Tender Offeror to provide to the Target Company by the Target Company becoming a wholly owned subsidiary of the Tender Offeror and by the fact that the Target Company would be a member of the listed company group called the Tender Offeror Group even after the Transaction.

(iv) The Company's management policy after the Transaction

After the Tender Offeror makes the Target Company its wholly-owned subsidiary, the Tender Offeror is said to be desiring to discuss with the Target Company again and to implement the measures to maximize the synergy and to maximize the corporate value of the Target Company group. In the implementation of such measures, the Tender Offeror is said to endeavor to enhance the corporate value by accelerating the profit growth of the entire Tender Offeror Group by maintaining such matters as the founding ideal, management ideal, corporate name, product name and brand of the Target Company Group and sharing between the Tender Offeror and the Target Company the

common understanding that connecting with each individual customer through communications in the “domains from Food & Beverages to Pharmaceuticals”, and the domains of “Beauty” and “Health”, supports the customer base and supplements each other, thereby further enhancing the customer relations capacity, and promoting business in close alliance with the Target Company Group.

With respect to the initial management policy of the Target Company after the Transaction, for the purposes of such matters as flexibly and speedily operating business under the Health Science Business Department of the Tender Offeror, the Tender Offeror and the Target Company have agreed to (i) abolish the Target Company’s Board of Directors and to render the number of directors as three (3) (from among which 1 shall be full-time and two (2) shall be part-time, and the two (2) part-time directors shall be designated by the Tender Offeror), (ii) abolish the Target Company’s Board of Company Auditors and to render the number of Company Auditors as one (1) (the Company Auditor shall be designated by the Tender Offeror), (iii) render the full-time director in (i) above as the Representative Director, in the tender offer agreement that is scheduled to be executed as of June 14, 2024 between the Tender Offeror and the Target Company. In addition, the policy of the Tender Offeror to maintain the employment of the Target Company’s employees even after the completion of the Tender Offer, and it is also considering to provide highly motivated employees with opportunities and environments to play an active part in the entire Tender Offeror Group. There are no other matters which have been determined as of the present, and are scheduled to be determined in accordance with discussions between the Tender Offeror and the Target Company.

In addition, with respect to the Stock Acquisition Rights, since the Stock Acquisition Right Purchase Price is one (1) yen, and in the event that although the Tender Offer is completed the Tender Offeror cannot obtain all of the Stock Acquisition Rights in the Tender Offer and Stock Acquisition Rights remain without being exercised, the Tender Offeror plans to request the Target Company to perform procedures reasonably required for the implementation of the Transaction such as recommending the Stock Acquisition Rights Holders (if the Prospected Stock Acquisition Rights Exerciser (currently as of today, this means collectively, from among the four (4) current Directors, ten (10) current Executive Officers and 1 Deputy Executive Officer of the Company and the current two (2) Directors of the Target Company’s subsidiary who are Stock Acquisition Rights Exercisers, one (1) current Deputy Executive Officer and one (1) current Director of the Target Company’s subsidiary) exercises the Stock Acquisition Right, then, excluding such Prospected Stock Acquisition Rights Exerciser) to waive the Stock

Acquisition Rights, and the Performance-Linked Stock Compensation Plan targeting the Target Company's Directors (excluding outside directors and non-resident) and Executive Officers, etc. is scheduled to be abolished after the Transaction, the Tender Offeror and the Target Company have agreed, in order for the economic interests which should be enjoyed by the Stock Acquisition Rights Holders as well as the economic interests which should be enjoyed by the Target Company's Directors and Executive Officers, etc. under the Performance-Linked Stock Compensation Plan not to be impaired, to engage in discussion and perform review towards the introduction and implementation of a new officer compensation plan which makes allowance for such economic interests.

The specific contents of the officer compensation plan are said to be scheduled to be determined upon discussion with the Target Company promptly after the date of commencement of settlement related to the Tender Offer after the completion of the Tender Offer. The Tender Offeror is said to be considering that such officer compensation plan does not contravene with the intent of uniformity regulations of the Tender Offer Price since such officer compensation plan is scheduled to be determined upon discussion with the Target Company after the completion of the Tender Offer independently from tender in the Tender Offer by the Stock Acquisition Rights Holders without being subject to the condition that tender in the Tender Offer by the Stock Acquisition Rights Holders is implemented, so that the economic interests which should be enjoyed by the Stock Acquisition Rights Holders are not impaired and no excessive interests are granted to the Stock Acquisition Rights Holders, in light of the process under which the Stock Acquisition Rights were granted as compensation equivalent to retirement benefits.

(v) Summary

From the above, the Special Committee does not have any objections to the understanding of such matters as the management environment and managerial tasks of the Target Company above, and evaluates that the implementation of both the Transaction and the measures for enhancing corporate value after the Transaction would contribute to the enhancement of the corporate value of the Target Company as above. On the other hand, the Special Committee also does not have any objections to the point that the dyssynergy by the Transaction is considered to be relatively small in comparison with the merit of prospective enhancement of corporate value of the Target Company. In addition, regarding the management policy of the Target Company after the

Transaction, there are no particular differences of opinion between the Tender Offeror and the Target Company, and there are no particular concerns. Therefore, the Transaction can be recognized to ultimately contribute to the enhancement of corporate value of the Target Company.

2. Review of the appropriateness of the terms of the Transaction

(i) Appropriateness of the Tender Offer Price

A. Formulation procedures and contents of the business plans

The Target Company obtained the Share Valuation Report (UBS Securities) on June 13, 2024 from UBS Securities which is independent from the Tender Offeror and the Target Company and a third-party valuation institution of the Target Company, and the Special Committee obtained the Share Valuation Report (PLUTUS) on June 13, 2024 from PLUTUS which is independent from the Tender Offeror and the Target Company and a third-party valuation institution unique to the Special Committee. Both the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS) presuppose the Business Plan prepared by the Target Company based on the Target Company's Business Plan announced on May 8, 2024 (The Business Plan does not include a business year in which a substantial increase or decrease in profits is expected. The Business Plan does not presuppose the implementation of the Tender Offer. The synergies expected to be realized through the completion of the Tender Offer are not added to the Business Plan and the value calculation. Provided, however, in the value calculation by PLUTUS, only the effect of reducing listing maintenance costs is taken into account.).As the period that the Target Company is able to reasonably estimate, the Business Plan uses the period up to the fiscal year ending March 31, 2029, in which two (2) business years are added to the period ending March 31, 2027 which is the last fiscal year of the publicly announced management plan of the Target Company. In addition, the seconded from the Tender Offeror, officers who concurrently hold positions with the Tender Offeror, and other persons related to the Tender Offeror, including persons from the Tender Offeror, were not involved in the formulation procedures of the Business Plan. There is no reason to doubt the fairness of the procedures of formulating the Business Plan, and there are no unreasonable points in the contents of the Business Plan.

B. Review of the results of calculation of UBS Securities

● Selection of Calculation Method

Upon reviewing the calculation method which should be used in the calculation of the share value of the Target Company from among multiple share value calculation methods, on the premise that the Target Company is a going concern, based on the idea that it is appropriate to evaluate the share value of the Target Company from multiple aspects, UBS Securities analyzes the share value of the Target Company, under certain conditions, by using the market share price method due to the fact that the Target Company is listed on the prime market of the TSE and share price exists, and the comparable company analysis due to the fact that there exist multiple listed companies comparable to the Target Company and it is possible to analogize the share value of the Target Company by the comparable company analysis, and the DCF method in order to reflect the future business activity circumstances in the valuation. These methods adopted by UBS Securities are generally used in the calculation of the value of shares in transactions similar to the Transaction, and there are no unreasonable grounds for the use of such calculation methods by UBS Securities.

- Summary of the Calculation

The ranges of values per share of Target Company Shares calculated by UBS Securities in the above methods are as follows:

Calculation method	Calculation results (yen)
Market share price method:	from 1,884.5 yen to 2,099 yen
Comparable company analysis:	from 1,915 yen to 2,598 yen
DCF method:	from 2,356 yen to 3,205 yen

- Rationality of the Contents of the Calculation

- a. Market share price analysis

With the calculation base date being June 13, 2024, based upon the base date closing price of 1,884.5 yen of the Target Company Shares in the prime market of the TSE, the closing price simple average value of 1,974 yen of the immediately preceding one (1) month, the closing price simple average value of 1,961 yen of the immediately preceding three (3) months, and the closing price simple average value of 2,099 yen of the immediately preceding six (6) months, UBS Securities calculates the share value of the

Target Company. It is common to calculate the value based on these values in the market share price method, and there are no unreasonable points in the calculation by the said market share price analysis.

b. Comparable company analysis

UBS Securities makes calculations using the ratio of EBITDA to the enterprise value and the ratio of net profit to the market capitalization upon selecting Shiseido Company, Limited, KOSE Corporation, POLA ORBIS HOLDING INC. and ROHTO Pharmaceutical Co., Ltd. as comparable listed companies deemed comparable with the Target Company, and calculates the scope of the value per share of the Target Company Shares, and there are no unreasonable points.

In addition, UBS Securities uses the enterprise value/EBITDA ratio and PER as comparative indicators. In comparative analyses of comparable companies in M&A transactions, it is common to adopt the enterprise value /EBITDA ratio and PER, and there are no particularly unreasonable points.

c. DCF analysis

In DCF analyses, based on the Target Company's financial forecasts that take into account various factors, such as the Business Plan and publicly available information, etc., UBS Securities calculates the share value of the Target Company by discounting at a fixed discount rate the free cash flows of the Target Company to the present value. A discount rate from 7.0% to 7.5% is adopted, and permanent growth rate method and multiple method is adopted in the calculation of the terminal value, and calculation is made using a permanent growth rate method from 1.5% to 2.0% and a ratio of EBITDA to the corporate value from 11.5 times to 15.5 times.

UBS Securities uses a weighted-average cost of capital (WACC) for the discount rate, which is the weighted average of the cost of equity capital and the cost of debt calculated based on CAPM theories commonly used in stock value calculation practices, and uses 7.0% to 7.5% as the range. There is no particular unreasonable point in explaining the basis for calculating the figures and the calculation methods used by UBS Securities.

In addition, UBS Securities uses the permanent growth rate method and the multiple method commonly used in the share value calculation practice (enterprise value /EBITDA ratio) in calculating the going-concern value, referring to Nominal GDP growth rate in countries where the Target Company sells as the scope of the permanent growth rate method, uses 1.5% to 2.0% , and referring to the historical EBITDA multiple level of the Company and comparable listing companies as the range of that multiple,

uses 11.5 times to 15.5 times. Therefore, there is no particular unreasonable point in explaining the basis and methods of calculating the values based on UBS Securities, though the multiple range is wide.

Based on the above, no unreasonable points can be found with regard to the content of DCF analyses conducted by UBS Securities

C. Review of the results of the calculation of PLUTUS

(a) Selection of Calculation Method

Upon reviewing the calculation method which should be used in the calculation of the share value of the Target Company from among multiple share value calculation methods, on the premise that the Target Company is a going concern, based on the idea that it is appropriate to evaluate the share value of the Target Company from multiple aspects, PLUTUS evaluates the share price of the Target Company by using the market share price method due to the fact that the Target Company is listed on the prime market of the TSE and share price exists, and the comparable company analysis due to the fact that there exist multiple listed companies comparable to the Target Company and it is possible to analogize the share value of the Target Company by the comparable company analysis, and the DCF method in order to reflect the future business activity circumstances in the valuation.

(b) Summary of the Results of the Calculation

The ranges of values per share of Target Company Shares calculated by PLUTUS in the above methods are as follows:

Calculation method	Calculation results (yen)
Market share price method:	from 1,884.5 yen to 2,099 yen
Comparable company analysis:	from 1,953 yen to 2,171 yen
DCF method:	from 2,149 yen to 3,067 yen

(c) Rationality of the Contents of the Calculation

a. Market share price analysis

With the calculation base date being June 13, 2024, based upon the base date closing price of 1,884.5 yen of the Target Company Shares in the prime market of the TSE, the



closing price simple average value of 1,974 yen of the immediately preceding one (1) month, the closing price simple average value of 1,961 yen of the immediately preceding three (3) months, and the closing price simple average value of 2,099 yen of the immediately preceding six (6) months, PLUTUS calculates the share value of the Target Company. It is common to calculate the value based on these values in the market share price method, and there are no unreasonable points in the calculation by the market share price analysis.

b. Comparable company analysis

PLUTUS calculates the Target Company's share value through comparisons with financial indicators that indicate the market price and profitability of publicly traded companies engaged in businesses that are determined to be relatively similar to the Target Company.

PLUTUS has selected Shiseido Company, Limited, KOSE Corporation, POLA ORBIS HOLDINGS INC., Noevir Holdings Co., Ltd., RHOTO Pharmaceutical Co., Ltd., and Otsuka Holdings Co., Ltd., and there are no unreasonable points.

In addition, PLUTUS uses the enterprise value /EBIT ratio and enterprise value/EBITDA ratio as comparative indicators. In comparative analyses of comparable companies in M&A transactions, it is common to adopt the enterprise value /EBIT ratio and enterprise value/EBITDA ratio, and there are no particularly unreasonable points.

c. DCF analysis

In DCF analysis, based on the Target Company's financial forecasts that take into account various factors, such as the Business Plan, publicly available information, etc., PLUTUS calculates the share value of the Target Company by discounting at a fixed discount rate the free cash flows that the Target Company expects to create after the year ending March 31, 2025 to the present value.

PLUTUS uses a weighted-average cost of capital (WACC) for the discount rate, which is the weighted average of the cost of equity capital and the cost of debt calculated based on CAPM theories commonly used in stock value calculation practices, and uses 6.1% to 7.0% as the range. There is no particular unreasonable point in explaining the basis for calculating the figures and the calculation methods used by PLUTUS.

In addition, PLUTUS uses the permanent growth rate method and the multiples method (enterprise value/EBIT ratio and enterprise value /EBITDA ratio), which are commonly used in the stock value calculation practice, and uses 0% for the permanent growth rate,

and also uses 16.0 times for the enterprise value /EBIT ratio and 11.3 times for the enterprise value /EBITDA ratio, referring to similar companies.

Based on the above, no unreasonable points can be found with respect to the calculation based on DCF analyses conducted by PLUTUS.

#### D. Premium Analysis

According to UBS Securities, the level of premiums for all 29 tender offers completed on and after June 28, 2019 when the Ministry of Economy, Trade and Industry announced the M&A Guidelines till May 31, 2024, in which the total value of the transactions is 50 billion yen or more and the target is an equity-method affiliate or a subsidiary of the tender offeror or a MBO transaction prior to the transaction is as follows.

	<b>Business Day Prior to Publication</b>	<b>1-month average</b>	<b>3-month average</b>	<b>6-month average</b>
Mean	43.0%	45.4%	48.9%	49.9%
Median	40.5%	43.1%	46.1%	50.3%

#### E. Summary

As described above, there do not exist any circumstances to doubt the fairness of the process of preparation of the Business Plan which forms the premise of the calculations in the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), and there are no unreasonable points in the contents of the Business Plan.

The calculation methods adopted by UBS Securities and PLUTUS are calculation methods generally used in share valuations in transactions of types similar to the Transaction, and there are no unreasonable points in the reasons for UBS Securities and PLUTUS to adopt each calculation method. There are also no unreasonable points in the calculation contents of the market share price analysis, comparable company analysis or DCF analysis by UBS Securities and PLUTUS.

The Tender Offer Price exceeds the maximum of the valuation range in the market share price analysis and the comparable company analysis of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), and due to the fact that both are within the scope of valuation range of DCF analysis (In particular, in the DCF analysis of the Share Valuation Report (PLUTUS), it is above the median of the valuation range),

the fact that it is a premium level of the previous day's closing price of 42.7%, and the fact that premium comparable to the referenced transactions as above D. (upon determining that the market share value of the Target Company Shares in the immediately preceding one (1) month formed after the announcement of the Target Company's Summary of Consolidated Financial Results and the Target Company's Management Plan most reflects the corporate value of the Target Company and due to the fact that sufficient premium is ensured in relation to the market share value in such period), it is considered appropriate.

Considering that the Tender Offer Price is appropriate, the consideration given to the Target Company's shareholders in the Squeeze-Out Procedures which is an equivalent amount, is also considered appropriate.

(ii) Appropriateness of the Stock Acquisition Purchase Price

With respect to the Stock Acquisition Rights Purchase Price, the Target Company and the Special Committee has not obtained the valuation report and the fairness opinion from a third-party valuation institution, and has not independently verified whether the Stock Acquisition Rights Purchase Price appropriately reflects the Target Company's corporate value.

The Stock Acquisition Rights were granted to the Target Company's Directors and the Executive Officers as well as the Directors of the Target Company's subsidiaries as price-linked remuneration at the time of retirement. It is not unreasonable that the Target Company did not conduct the above verification in light of the fact that after the completion of the Tender Offer, in order for the economic interests which should be enjoyed by the Stock Acquisition Rights Holders not to be impaired, the Target Company and the Tender Offeror agree to engage in discussion and perform reviews towards the introduction and implementation of the new officer compensation plan which makes allowance for such economic interests, and the Tender Offeror also plans to determine upon discussion with the Target Company the specific contents of the officer compensation plan promptly after the commencement date of settlement related to the Tender Offer after the completion of the Tender Offer.

(iii) Appropriateness of the Other Transaction Terms

It is envisaged that the Transaction will be effected by way of a two-stage acquisition through a tender offer and subsequent implementation of the Squeeze-Out Procedures (Demand for Shares, etc. Cash-Out or Share Consolidation).

The first step is to make a tender offer, and the second step is to make a Demand for Shares, etc. Cash-Out or Share Consolidation. This is the method generally adopted in transactions of making the company into a wholly-owned subsidiary, and it is possible to apply to the court for the decision of the price. In addition, as described in (5) (viii) below, consideration is given to the pressure.

Therefore, there are no unreasonable points in the method of the Transaction and it is considered appropriate.

(iv) Summary

As described above, the Tender Offer Price and the consideration and other terms and conditions of the Transaction in the Squeeze-Out Procedures are considered to be reasonable.

3. Review of the fairness of the procedures of the Transaction

(i) Procurement of the Share Valuation Report from the Target Company's independent financial advisor and third-party valuation institution

The Target Company obtained the Share Valuation Report (UBS Securities) from UBS Securities which is the Target Company's third-party valuation institution and financial advisor and independent from the Tender Offeror and the Target Company. UBS Securities has been involved in the Transaction after receiving an inquiry from the Target Company to assume the position of the advisor through the internal procedures for conflict clearance, and the cases of UBS Securities with the Tender Offeror in the past had been completed. In addition, neither of these quantitatively raises concerns about UBS Securities' independence from the Tender Offeror, and there are no ongoing cases currently being requested by the Tender Offeror. Therefore, it is recognized that the independence of the Tender Offeror and the Target Company has been ensured. UBS is involved in a wide range of industries, and although there are teams involved in sales activities, etc. to the Tender Offeror within UBS Securities, there is no relationship with the Tender Offeror with regard to the parties involved in the Transaction, and the Tender Offeror has taken measures to block access to materials and folders related to the Transaction with regard to the Tender Offeror, and this also does not deny its independence. In addition, the remuneration to UBS Securities in connection with the Transaction consists of solely contingency fees payable subject to the successful completion of the Transaction. As a general theory, the establishment of such contingency fees would give rise to an incentive to complete the transaction and it may have an effect upon independence;

however, judging that the Target Company would be able to receive fair and objective advice even under such compensation system of solely contingency fee based upon UBS Securities' achievements of providing advice in similar transactions and its social evaluation, etc., and upon taking into account such matters as the general practices in similar transactions and the appropriateness of the compensation structure in which the Target Company would bear corresponding monetary burden in the event that the Transaction is not successfully completed, it can be recognized that its independence would not be negated due to the compensation being solely contingency fees payable subject to the successful completion of the Tender Offer.

Accordingly, the Target Company obtained a share valuation report from an independent, specialized third-party valuation institution as the basis for the Target Company's judgment on the Transaction.

(ii) Establishment of the Independent Special Committee in the Target Company

In order to eliminate arbitrariness in the Target Company's decision-making regarding the Transaction and to ensure the fairness, transparency, and objectivity of the decision-making process, promptly after the receipt of the proposal for the Transaction from the Tender Offeror on February 21, 2024, based on the advice from U&I, by the resolution of the Target Company's Board of Directors meeting held on February 22, 2024, the Target Company established the Special Committee comprised of 3 persons, Committee Head Hashimoto, Committee Member Nakakubo and Committee Member Matsumoto, all members are independent from the Tender Offer. (The members of the Special Committee have not changed since the time of the establishment of the Special Committee. The remuneration of the members of the Special Committee is calculated by multiplying the fixed amount and the working time by the time unit regardless of the contents of the Report, and it does not adopt a contingency fee subject to the condition of the completion of the Transaction.)

In addition, upon the establishment of the Special Committee, the Board of Directors of the Target Company resolved that it shall respect to the maximum extent the decision of the Special Committee upon making decisions regarding the Transaction and that it shall not agree to the Transaction if the Special Committee determines that the purpose or transaction terms of the Transaction are inadequate, and also has granted the Special Committee (a) the authority to perform examination related to the Transaction (including making inquiries and requesting explanations regarding the matters necessary for reviewing the Inquiries to the Target Company's officers and employees related to the Transaction as well as the Target Company's advisors related

to the Transaction) at the Target Company's expense; (b) authority to approve the Target Company's review system (including attorneys, valuation institutions, certified public accountants and other advisors); (c) authority to request for a timely report of the circumstances, and to express its opinion, give instructions and make requests under material situations when the Target Company negotiates such matters as the transaction terms with the Tender Offeror; and (d) authority to independently appoint attorneys, valuation institutions, certified public accountants and other advisors at the Target Company's expense as well as to request professional advice to the Target Company's advisors as necessary.

All the members of the Special Committee have been notified as independent directors of the Target Company. There are no cases where the member is an Executive Officer of the Target Company's parent company or sister company, an executive officer of the Target Company's main business partner, a consultant who receives a large amount of money or property from the Target Company in addition to executive compensation, or a close relative (second degree of kinship) thereof, and there is no other interest. In addition, none of the members has any material interested relationship with the Tender Offeror and does not have any material interest in the Transaction that differs from that of the minority shareholders. In addition, Committee Head Hashimoto has a wealth of management experience and expertise as the head of an organization and entity, and as an outside director of the Target Company, he has considerable knowledge of the Target Company's business and other affairs. Committee Member Nakakubo has a wealth of experience and expertise as an attorney at a law firm and as an outside director of the Target Company, he has considerable knowledge of the Target Company's business and other affairs. As a certified public accountant, Committee Member Matsumoto has expertise and expertise in finance and accounting as well as management experience and expertise as a company leader, and as an outside director of the Target Company, he has considerable knowledge of the Target Company's business and other affairs and other matters. Therefore, all members are deemed to be qualified to examine and judge these advisory matters.

The Special Committee confirmed that there are no issues regarding UBS Securities and U&I with their independence from the Tender Offeror and the Target Company and their expertise, and approved the Target Company's appointment of them as the Target Company's financial advisor and legal advisor respectively. In addition, the Special Committee has confirmed and approved that there are no problems with the

system for considering the Transaction, which the Target Company has established internally, from the viewpoint of independence.

In addition, the Special Committee confirmed that there are no issues regarding PLUTUS and MHM with their independence from the Tender Offeror and the Target Company and their expertise, and appoints each of them as the Special Committee's own financial advisor and legal advisor. Based on the advice of MHM, the Special Committee reviewed such matters as the contents of the security measures for fairness in the Transactions, and confirmed that proper security measures for fairness have been taken and are functioning effectively in the Transactions.

The Special Committee then reviewed (i) the materials and documents submitted by the Tender Offeror and the Target Company, and (ii) the Special Committee's written inquiries and questions and answers to the Tender Offeror and the Target Company. In addition, the Special Committee was substantially involved in the overall process of negotiations with the Tender Offeror by holding meetings of the Special Committee to discuss such matters as the policy of discussions and negotiations, and by expressing its opinions on multiple occasions after receiving timely reports from the Target Company and its advisors on the details of discussions and negotiations concerning the Transaction between the Tender Offeror and the Target Company. The Special Committee also exchanged opinions regarding the Tender Offer Price with the Tender Offeror, directly to the extent deemed necessary by the Special Committee.

Therefore, in the Transaction, since the mechanism by which the Board of Directors of the Target Company makes decisions with the maximum respect for the contents of the judgment of the Special Committee is secured, and the authorities necessary for the effective functioning of the Special Committee were granted, it is considered that the Special Committee functioned effectively.

(iii) Procurement of the Share Valuation Report and the Fairness Opinion from the Special Committee's independent financial advisor and third-party valuation institution

The Special Committee has obtained PLUTUS Valuation Report from PLUTUS which is a financial advisor and third-party valuation institution unique to the Special Committee and is independent from the Tender Offeror and the Target Company. The Special Committee also obtained the Fairness Opinion on the Tender Offer Price from PLUTUS as of June 13, 2024. In addition, there are no ongoing contractual relationships or matters between PLUTUS and the Tender Offeror and the Target Company, and in light of the recent business relationship with both companies,

PLUTUS is recognized to be independent from the Tender Offeror and the Target Company, and the remuneration for PLUTUS in this case is assumed to be a fixed amount of remuneration to be paid regardless of the completion or non-completion of the Transaction plus the number of hours worked multiplied by the hourly charge, and since such remuneration does not include contingency fees payable subject to the condition of such matters as the completion of the Transaction, independence from the completion of the Tender Offer is also recognized.

Accordingly, it can be said that the Special Committee obtained a share valuation report from an independent, specialized third-party valuation institution as a basis for judgment on the consideration of the Transaction.

(iv) Advice from the independent law firm in the Special Committee

The Board has appointed MHM as its own unique legal advisor and has received legal advice, including advice on measures to be taken to ensure the fairness of the processes in the Transaction, as well as on the review and deliberation of the Consultation Matters at the Special Committee. In the light of the fact that there is no advisory contract between MHM and the Tender Offeror and the Target Company, and that no cases of MHM with the Tender Offeror and the Target Company in the past quantitatively give rise to concern about the independence from the Tender Offeror and the Target Company, the independence of MHM from the Tender Offeror and the Target Company is recognized, and the remuneration for MHM in this case is assumed to be a time charge, and therefore, the independence from the completion of the Transaction is also recognized.

(v) Acquisition of professional advice, etc. from independent external professionals

The Target Company has appointed U&I on February 22, 2024 as a legal advisor independent from the Tender Offeror and the Target Company to obtain professional advice on the fairness and appropriateness of the Target Company's Board of Directors in the decision-making process for the Tender Offer, and has received legal advice from U&I as to the manner and process of the Target Company's Board of Directors' decision-making, including the various procedures relating to the Tender Offer, and other points of concern. U&I has not executed an advisory contract, etc. with the Tender Offeror, and there are no cases which are currently requested to be handled. On the other hand, U&I has executed an advisory contract with the Target Company, and there are cases which U&I is actually requested to handle. However, in March 2023, the transaction amount was less than 0.1% of the consolidated sales amount of



the Target Company, and about 0.2% in the preceding fiscal year. It is substantially the same as these in relation to cases other than the Transaction which U&I is currently being requested to handle. Therefore, it is recognized that U&I's independence from the Tender Offeror and the Target Company is secured. Also, as the fee for U&I for the Transaction is time charged, independence from the completion or non-completion of the Transaction is also be recognized.

The Target Company appointed UBS Securities as of February 22, 2024, as a financial advisor independent from the Tender Offeror and the Target Company, and has been advised by UBS on the negotiation policy for the Transaction in order to obtain professional advice on the negotiations relating to the Transaction. The independence of UBS Securities is described in (i) above.

Accordingly, the Target Company is deemed to have obtained independent professional advice from external professionals.

(vi) Establishment of an independent review system in the Target Company

The Target Company has internally established within the Target Company a system to review, negotiate and make decisions on the Transaction in a position independent from the Tender Offeror, from the perspectives of excluding structural conflict of interest issues. Specifically, on and after the time that the Target Company received a proposal regarding the Tender Offer from the Tender Offeror on February 21, 2024, the Target Company decided not to cause the Target Company's officers and employees who concurrently serve or concurrently act as the officers and employees of each of the group companies of the Tender Offeror, or who are seconded from or formerly belonged to such group (such officers and employees include Shinro Fujita ("Mr. Fujita") and Junko Tsuboi ("Ms. Tsuboi") who are the Directors of the Target Company as well as Naoya Maruo ("Mr. Maruo") who is the Corporate Auditor of the Target Company) to become involved in the negotiation process regarding the transaction terms related to the Transaction including the Tender Offer Price between the Target Company and the Tender Offeror, from the perspectives of excluding structural conflict of interest issues. The Target Company has obtained approval from the Special Committee that there are no issues regarding the review system of the Transaction built internally within the Target Company including the handlings above, from the perspectives of independence and fairness.

In addition, in the resolution of the Board of Directors dated February 22, 2024, the Target Company decided not to participate in the deliberations and resolutions of Mr.

Fujita who is a Director of the Target Company and formerly belonged to the Tender Offeror, and Ms. Tsuboi who is a Director of the Target Company concurrently serving as a director of the Tender Offeror, from the viewpoint of eliminating as much as possible the risk of structural conflicts of interest and information asymmetry problems in the Transaction. All seven Directors of the Target Company, excluding the above-mentioned directors, have deliberated and made such resolutions unanimously. In addition, Mr. Maruo, the Target Company's Corporate Auditor, who formerly belonged to the Tender Offeror, did not attend the Board of Directors meeting from the same viewpoint, and all the 4 Corporate Auditors of the Company other than Mr. Maruo attended the Board of Directors meeting above and expressed their opinion of having no objection to the resolution above.

In the future too, Mr. Fujita and Mr. Tsuboi will not participate in the deliberations and resolutions of the Board of Directors, and Mr. Maruo will not attend the Board of Directors meetings and will not express his opinions.

Based on the above, it can be deemed that the Target Company has established a system to exclude relevant directors from the process of reviewing and negotiating the Transaction, and to conduct examinations and negotiations independently from the Tender Offeror.

(vii) Establishment of measures to ensure purchase opportunities from other purchasers

While the shortest period provided by laws and regulations in relation to the Tender Offer Period is twenty (20) business days, the Tender Offeror is said to have set the period as thirty (30) business days. By setting the Tender Offer Period for a long period of time in light of the shortest period provided in laws and regulations, it is said that the Tender Offeror is contemplating to ensure an appropriate decision-making opportunity for the Target Company's shareholders and Stock Acquisition Rights Holders as to whether to tender in the Tender Offer, and also to ensure an opportunity for parties other than the Tender Offeror to purchase, etc. the Target Company Shares, thereby ensuring the appropriateness of the Tender Offer Price.

In addition, the Tender Offer Agreement provides that, in the case where a transaction which may obstruct or render difficult the implementation of all or a part of the Transaction (including a tender offer targeting all or a part of the Target Company Shares by a third party; "Competitive Transaction") is commenced, the Target Company shall be entitled to change or revoke the expression of its affirmative opinion to the Tender Offer in the event that (i) upon the taking into account the transaction

price, transaction timing, specificity of the proposal contents, attributes of such third party, past transaction achievements and definiteness of fund procurement, definiteness of transaction implementation and other circumstances, the Target Company's Board of Directors reasonably determines that such Competitive Transaction enhances the Target Company's corporate value and contributes to the common interests of the shareholders more than the Transaction in comparison, (ii) the Target Company gives written notice to the Tender Offeror to such effect and all the material terms of such Competitive Transaction and grants an opportunity to amend the terms of the Transaction or the other terms of the Transaction and to submit to the Target Company the amended terms within five (5) business days calculating from the day following the day on which the Tender Offer receives such notice, and (iii) even upon taking into account such amended terms (if the Tender Offeror did not make any amendments, then based on the terms prior to making amendments), the Target Company's Board of Directors reasonably determines that such Competitive Transaction enhances the Target Company's corporate value and contributes to the common interests of the shareholders more than the Transaction in comparison, and that not changing or revoking its resolution of expressing its affirmative opinion to the Tender Offer may constitute a breach of the obligation of due care of a prudent manager of the Target Company's directors, and at the same time, the Company obtains a written opinion to the same effect from the Company's lawyers or the Special Committee gives a written opinion which is in favor of the Company's changing or revoking the resolution of the affirmative opinion. No agreement has been made to the effect that the Target Company would make payment of the Tender Offeror of monies such as breakup fee (indemnity) in the event that the Target Company decides to change or revoke its affirmative opinion in accordance with the agreement above.

Accordingly, it is recognized that there is an environment in which other potential purchasers can make counter-proposals and that so-called indirect market checks are conducted, which secures the appropriateness of the Tender Offer Price.

(viii) Establishment of measures to ensure opportunity for the Target Company's shareholders to make an appropriate decision on whether to tender their shares in the Tender Offer

(i) The Tender Offeror is said to be planning to make Demand for Shares, etc. Cash-Out or to request the Target Company to hold the extraordinary general shareholders meeting which includes as its agenda making partial amendments to the articles of incorporation for abolishing the provisions of the number of unit shares on the

condition of the Share Consolidation or the effectuation of the Share Consolidation, in accordance with the number of shares which the Tender Offeror shall obtain by the completion of the Tender Offer, promptly after the completion of settlement of the Tender Offer, and the Tender Offeror is said not to adopt a method under which the right of claim to purchase shares or the right of claim to determine the price is not ensured to the Target Company's shareholders, and (ii) since the Tender Offeror is clarifying that, upon making Demand for Shares, etc. Cash-Out or performing the Share Consolidation, the money delivered as consideration to the Target Company's shareholders shall be calculated so that it would be the same as the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares owned by each such shareholder (excluding the Target Company and the Tender Offeror), and the money delivered as consideration to the Stock Acquisition Rights Holders shall be calculated so that it would be the same as the amount obtained by multiplying the Stock Acquisition Right Purchase Price by the number of Stock Acquisition Rights respectively owned by each such Stock Acquisition Rights Holder, the Tender Offeror is said to be taking care to ensure that the Target Company's shareholders have the opportunity to appropriately decide whether or not to tender in the Tender Offer and that there would not occur any pressure thereby.

In addition, while the shortest period provided by laws and regulations for the purchase related to the Tender Offer Period is twenty (20) business days, the Tender Offeror is said to have set the period as thirty (30) business days. By setting the Tender Offer Period for a relatively long period of time, it is said that the Tender Offeror is contemplating to ensure an appropriate decision-making opportunity for the Target Company's shareholders and Stock Acquisition Rights Holders as to whether to tender in the Tender Offer, thereby ensuring the appropriateness of the Tender Offer Price.

Accordingly, it is recognized that the M&A Guidance provides for practical measures that are desirable and eliminates the pressure.

- (ix) Establishment of the minimum number of tendered shares to be purchased attaining "majority of minority"

The Tender Offeror has set a minimum number of tendered shares to be purchased in the Tender Offer, and the Tender Offeror is said not to perform purchase, etc. of the entire Tendered Shares, Etc. if the total number of tendered shares, etc. falls short of the minimum number of tendered shares to be purchased (41,117,700). On the other hand, the Tender Offeror has not set a maximum number of tendered shares to be

purchased in the Tender Offer, and therefore the Tender Offeror is said to perform purchase, etc. of the entire Tendered Shares, Etc. if the total number of tendered shares, etc. is not less than the minimum number of tendered shares to be purchased.

In addition, the minimum number of tendered shares to be purchased is said to exceed the number of the Target Company Shares (40,723,400 shares; the number of shares equivalent to so-called “majority of minority”) equivalent to the number equivalent to the majority (407,234) of the number of voting rights (814,467) related to the number of shares (81,446,766 shares) which is (i) the total number of issued shares of the Target Company (130,353,200 shares) current as of March 31, 2024 described in the Target Company’s Summary of Financial Reports, plus (ii) the number of the Target Company Shares (10,600 shares) which is the subject of 78 of the Stock Acquisition Rights which is the total of 12 of the Eighteenth Series Stock Acquisition Rights, 16 of the Nineteenth Series Stock Acquisition Rights, 27 of the Twentieth Series Stock Acquisition Rights, 23 of the Twenty-First Stock Acquisition Rights which are prospecting to become exercisable during the period after March 31, 2024 till around August 2024 which is scheduled to become the record date for the Extraordinary Shareholders’ Meeting, from among the Stock Acquisition Rights (130,363,800 shares), minus (iii) treasury shares held by the Target Company currently as of the same date described in the Target Company’s Summary of Financial Reports (provided, however, that this does not include the number of the Target Company Shares (206,039 shares) possessed by the BIP Trust currently as of the same date) (9,193,800, minus (iv) the number of the Target Company Shares (206,039 shares) held by the BIP Trust currently as of the same date (120,963,961 shares), plus (v) the total number of the Target Company Shares (23,205 shares) scheduled to be sold in the market or delivered to the trust beneficiaries by the BIP Trust during the period after March 31, 2024 till around August 2024 which is scheduled to become the record date for the Extraordinary Shareholders’ Meeting (120,987,166 shares, minus (vi) the number of the Target Company Shares (39,540,400 shares) held currently as of today by the Tender Offeror (81,446,766 shares).

In this manner, the Tender Offeror is said not to perform the Transaction including the Tender Offer in the event that majority agreement of the Target Company’s disinterested shareholders and Tender Offeror cannot be obtained, and the Tender Offeror is said to have set the minimum number of tendered shares to be purchased placing importance upon the intent of the Target Company’s shareholders and Stock Acquisition Rights Holders.

As a result, it can be said that an appropriate minimum number of tendered shares to be purchased is set, and it is recognized that the fairness of the procedures is ensured in the Transaction.

(x) Full disclosure of information to minority shareholders

As for the information on the Special Committee, full information disclosure is planned with regard to (a) the process of the Special Committee's reviews and (b) the grounds and reasons for the Special Committee's determination on the pros and cons of the Transaction, the validity of the transaction terms, and the fairness of the procedures.

In addition, full information disclosure is also planned with regard to (c) the process that led to the implementation of the Transaction, etc., (d) the specific contents of the interests held by the directors, etc. of the Target Company in relation to the Transaction, whether or not such Directors, etc. were involved in the process of forming the transaction terms, and (e) the share value calculation report and fairness opinion obtained by the Target Company's Board of Directors and the Special Committee.

Therefore, in the Transaction, it is deemed that the Target Company plans to make full information disclosure that will contribute to the judgment of minority shareholders.

(xi) Summary

Based on the above, in light of the fact that sufficient fairness security measures have been taken in the Transaction, it is deemed that fair procedures have been implemented from the viewpoint of promoting the interests of minority shareholders and that due consideration has been given to the interests of minority shareholders through fair procedures.

4. Conclusion

From the above, as described in 1. above, the Transaction is considered to contribute to the enhancement of the Target Company's corporate value, and the purpose of the Transaction is considered to be reasonable. As described in 2. above, the appropriateness of the transaction terms of the Transaction is considered to be ensured. As described in 3. above, fair procedures are implemented in the Transaction from the perspective of ensuring the interests of the minority shareholders of the Target Company, and sufficient consideration is given to the interests of the minority shareholders of the Target Company. Accordingly, it is appropriate for the Target Company's Board of Directors to resolve to express an affirmative opinion for the

Tender Offer and to recommend the Target Company's shareholders to tender in the Tender Offer.

However, as described in 2.(ii) above, the Target Company has not independently verified whether or not the Stock Acquisition Rights Purchase Price for the Stock Acquisition Rights appropriately reflects the Target Company's corporate value, and it is appropriate to resolve that the decision on whether or not to tender in the Tender Offer shall be left to the judgment of the Stock Acquisition Rights Holders.

Therefore, it is not detrimental to the minority shareholders of the Target Company for the Target Company's Board of Directors to decide to implement the Transaction, including the Squeeze-Out Procedure.

- d. Procurement of the Share Valuation Report and the Fairness Opinion from the Special Committee's independent financial advisor and third-party valuation institution
- A. Name of the valuation institution and relationship with the Target Company and the Tender Offeror

As described in "c. Establishment of Independent Special Committee at the Target Company and Procurement of a Report from the Special Committee" above the Special Committee appointed PLUTUS as a unique financial advisor and third-party valuation institution independent from the Target Company and the Tender Offeror, and obtained a Share Valuation Report (PLUTUS) on June 13, 2024. In addition, the Special Committee requested PLUTUS to submit a Fairness Opinion, and obtained it on June 13, 2024.

PLUTUS does not fall under a related party of the Target Company or the Tender Offeror, and does not have any material interest in relation to the Transaction including the Tender Offer. PLUTUS's compensation related to the Transaction is said to be calculated by adding the fixed compensation to be paid regardless of the completion or non-completion of the Transaction to the number of hours worked multiplied by the hourly charge, and does not include any contingency fee to be paid on such terms as the completion or non-completion of the Transaction.

- B. Summary of the calculation related to the Target Company Shares

Upon reviewing the calculation method which should be adopted in the calculation of the share value of the Target Company from among multiple share value calculation methods, on the premise that the Target Company is a going concern, based on the idea that it is appropriate to evaluate the share value of the Target Company from multiple

aspects, PLUTUS evaluates the share price of the Target Company by using the market share price method due to the fact that the Target Company is listed on the prime market of the TSE and share price exists, the comparable company analysis due to the fact that there exist multiple listed companies comparable to the Target Company and it is possible to analogize the share value of the Target Company by the comparable company analysis, and the DCF method in order to reflect the future business activity circumstances in the valuation. The scopes of the value per share of the Target Company Shares valued by PLUTUS based upon each method above are as follows.

Market share price method:	from 1,884.5 yen to 2,099 yen
Comparable company analysis method:	from 1,953 yen to 2,171 yen
DCF method:	from 2,149 yen to 3,067 yen

Under the market share price method, with the calculation base date being June 13, 2024, based upon the base date closing price of 1,884.5 yen of the Target Company Shares in the prime market of the TSE, the closing price simple average value of 1,974 yen of the immediately preceding one (1) month (from May 14, 2024 to June 13, 2024), the closing price simple average value of 1,961 yen of the immediately preceding three (3) months (from March 14, 2024 to June 13, 2024), and the closing price simple average value of 2,099 yen of the immediately preceding six (6) months (from December 14, 2023 to June 13, 2024), the scope of the value per share of the Target Company Shares is calculated as from 1,884.5 yen to 2,099 yen.

Under the comparable company analysis, the share value of the Target Company is valued using the ratio of EBITDA to the corporate value and the ratio of EBITDA upon selecting Shiseido Company, Limited, KOSE Corporation, POLA ORBIS HOLDING INC. and ROHTO Pharmaceutical Co., Ltd. as comparable listed companies deemed comparable with to the Target Company, and the scope of the value per share of the Target Company Shares is calculated as from 1,953 yen to 2,171 yen.

Under the DCF method, on the premise of various factors such as the Business Plan prepared by the Target Company and publicly announced information, the corporate value and share value of the Target Company are evaluated by discounting the free cash flow prospected to be created by the Target Company on and after the year ending March 31, 2025 to the current value at a certain discount rate, and the scope of the share value per share of the Target Company Shares is calculated as from 2,149 yen to 3,067 yen. The discount rate is the Weighted Average Cost of Capital, and a rate from 6.1% to 7.0% is adopted. Permanent growth rate method and multiple method is adopted in the



calculation of the terminal value, and calculation of the value of the Target Company Shares is made using a permanent growth rate method of 0%, a ratio of EBITDA to the corporate value of 16.0 times, and a ratio of EBITDA of 11.3 times.

The Business Plan does not include business years in which substantial increase or decrease of profit is prospected. Also, the Business Plan is not premised upon the implementation of the Tender Offer. Therefore, the synergy effect expected to be realized by the completion of the Tender Offer is not added to the Business Plan or the valuation except for the effect of reduction of the cost for maintaining the listing.

The figures of the financial forecast of the Target Company which are the premises of calculation under the DCF method are as follows (numbers less than 100,000,000,000 yen are rounded off).

(Unit: billions of yen)

	Year ending March 31, 2025	Year ending March 31, 2026	Year ending March 31, 2027	Year ending March 31, 2028	Year ending March 31, 2029
Sales	118.5	125.0	133.0	140.0	148.0
Operating profit	14.5	17.0	19.0	21.0	23.0
EBITDA	18.3	20.8	22.8	24.8	26.8
Free cash flow	11.6	12.1	12.8	14.4	15.7

Upon calculating the share value of the Target Company Shares, PLUTUS has adopted the information provided by the Target Company and publicly announced information, etc. as they are, and is premised upon the fact that these materials and information, etc. are entirely accurate and complete, and has not performed any independent verification regarding such accuracy or completeness. PLUTUS has not performed any independent valuation or appraisal in relation to the Target Company's assets or debts (including off-the-book assets or debts, or other contingent debts), and has not requested appraisal or evaluation to any third-party institution. It is based on the premise that the information related to the Target Company's financial forecast has been reasonably prepared based on the best judgment obtainable at the time of calculation by the Target Company's management. Provided, however, that with respect to the Target Company's business plan on which it based its calculation, PLUTUS has performed interviews multiple times and has analyzed and reviewed its contents. In addition, as

described in “c. Establishment of Independent Special Committee at the Target Company and Procurement of a Report from the Special Committee” above, the Special Committee has confirmed that the Business Plan is not unreasonable upon confirming such matters as its contents, the important conditions precedent and the reasonability of its preparation process.

C. Summary of the valuation of the Stock Acquisition Rights

The Special Committee has not obtained a valuation report or Fairness Opinion from a third-party valuation institution regarding the Stock Acquisition Right Purchase Price. The Stock Acquisition Rights have been granted to the Target Company’s Directors and Executive Officers as well as the Directors of the Target Company’s subsidiaries as compensation upon resignation linked to the stock price, and as the terms of the exercise of such rights, the rights are only exercisable for all the Stock Acquisition Rights at once, only during the period from the day following the day on which the positions of the Target Company’s Director or Executive Officer was lost till the day on which ten (10) days have elapsed in relation to the Stock Acquisition Rights receiving allocation based on the positions of the Target Company’s Director or Executive Director, and only during the period from the day following the day on which the position of the Director of the Target Company’s subsidiary was lost till the day on which ten (10) days have elapsed in relation to the Stock Acquisition Rights receiving allocation based on the position of the Director of the Target Company’ subsidiary, within the period during which the Stock Acquisition Rights are exercisable, and considering such matters as that such rights cannot be exercised even if the Tender Offeror obtained the Stock Acquisition Rights, all the Stock Acquisition Right Purchase Prices have been rendered as 1 yen.

D. Summary of Fairness Opinion

On June 13, 2024, the Special Committee has obtained a Fairness Opinion from PLUTUS to the effect that the Tender Offer Price of 2,690 yen per share is fair from the financial perspectives of the Target Company’s shareholders excluding the Tender Offeror. The Fairness Opinion expresses the opinion that the Tender Offer Price of 2,690 yen per share is fair from the financial perspectives of the Target Company’s shareholders in light of such matters as the results of the valuation of the Target

Company Shares based upon the Business Plan prepared by the Target Company. The Fairness Opinion has been issued by PLUTUS upon receiving disclosure from the Target Company of such matters as the current business circumstances and future business plans, as well as the results of calculation of the share value of the Target Company Shares implemented upon receiving explanation of such matters, and in addition, undergoing review of such matters as the Target Company's business environment, economic, market and financial circumstances to the extent deemed necessary by PLUTUS, as well as procedures for review at an examination meeting independent from PLUTUS's engagement team.

(Note) Upon preparing the Fairness Opinion, PLUTUS is based upon the premise that the basic materials provided by the Target Company and generally publicized materials, as well as the information heard from the Target Company are accurate and complete. PLUTUS has not implemented any independent investigation or verification of the accuracy or completeness thereof, and does not have such obligation. Therefore, PLUTUS does not bear any liability arising from any deficiency of such materials or non-disclosure of material facts.

PLUTUS is based upon the premise that the Business Plan and other materials which it used as basic materials for the Fairness Opinion have been reasonably prepared based upon the best prospects and decisions at the time of the preparation of such materials. PLUTUS does not guarantee its feasibility, and does not express any opinion in relation to the analysis or prospects forming the premises of the preparation of such materials or the conditions precedent forming the basis thereof.

PLUTUS is not a professional legal, accounting or tax agency. Therefore, PLUTUS does not express any opinion on any legal, accounting or tax issues regarding the Tender Offer, and does not have any such obligation.

PLUTUS has not performed any independent valuation or appraisal in relation to the Target Company's assets or debts (including off-the-book assets or debts, or other contingent debts), including analysis or valuation of individual assets or debts, and has not been provided with any valuation reports or appraisal reports in relation therewith. Therefore, PLUTUS has not performed any valuation on the Target Company's solvency either.

The Fairness Opinion expresses an opinion regarding the fairness of the Tender Offer Price from financial perspectives for the purposes of being used as reference materials when the Target Company reviews the fairness of the Transaction including the Tender Offer. Therefore, the Fairness Opinion does not express any

opinion on the superiority or inferiority with transactions which may be options alternate to the Transaction, the benefits occurring due to the implementation of the Transaction, or the appropriateness of the implementation of the Transaction.

The Fairness Opinion does not state any opinion to any person holding the negotiable securities issued by the Target Company, any creditors or any other related persons. Therefore, PLUTUS is not liable to any shareholders or third parties relying on the Fairness Opinion.

The Fairness Opinion states an opinion regarding whether or not the Tender Offer Price is fair from financial perspectives for the minority shareholders of the Target Company, on the premise of the financial, capital market and economic and other circumstances current as of the date of submission of the Fairness Opinion, based upon the information provided to or obtained by PLUTUS on or before such date, as of such date. PLUTUS shall not have the obligation to amend, change or supplement its opinion even if these premises change due to future changes in the circumstances.

The Fairness Opinion does not deduce or indicate any opinion other than the matters expressly described in the Fairness Opinion or in relation to any time on and after the date of submission of the Fairness Opinion.

e. Advice from an independent law firm at the Special Committee

As described in “c. Establishment of Independent Special Committee at the Target Company and Procurement of a Report from the Special Committee” above, the Special Committee has appointed MHM as a legal advisor independent from the Target Company and the Tender Offeror, and has received legal advice including advice on such matters as the measures which should be taken to ensure the fairness of the procedures in the Transaction, the Target Company’s decision-making method and its process regarding the Transaction.

MHM does not fall under a related party of the Target Company or the Tender Offeror, and does not have any material interest in relation to the Transaction including the Tender Offer. Compensation to MHM is said to be calculated by multiplying the number of hours worked by the hourly charge regardless of the completion or non-completion of the Transaction, and does not include any contingency fee paid on the terms of the completion or non-completion of the Transaction.

f. Advice from an independent law firm at the Target Company

In order to ensure the fairness and appropriateness of the decision-making of the

Target Company's Board of Directors regarding the Transaction, the Special Committee has appointed U&I as a legal advisor independent from the Target Company and the Tender Offeror, and has received legal advice including advice on such matters as the measures which should be taken to ensure the fairness of the procedures in the Transaction, the Company's decision-making method and its process regarding the Transaction.

U&I does not fall under a related party of the Target Company or the Tender Offeror, and does not have any material interest in relation to the Transaction including the Tender Offer. Compensation to U&I is said to be calculated by multiplying the number of hours worked by the hourly charge regardless of the completion or non-completion of the Transaction, and does not include any contingency fee paid on the terms of the completion of the Transaction.

g. Establishment of Independent Review System at the Target Company

As described in "(2) Background, Purpose, and Decision-making Process of the Tender Offer, and Management Policy after the Tender Offer," "b. Process Leading to and Reasons for Decision of Target Company in Favor of the Tender Offer," "(i) Background leading to the proposals from the Tender Offeror and the establishment of an examination framework" above, the Target Company has internally built within the Target Company a system to review, negotiate and make decisions on the Transaction in a position independent from the Tender Offeror, from the perspectives of excluding structural conflict of interest issues.

Specifically, on and after the time when the Target Company received a proposal regarding the Tender Offer from the Tender Offeror on February 21, 2024, the Target Company decided not to cause the Target Company's officers and employees who concurrently serve or concurrently act as the officers and employees of each of the group companies of the Tender Offeror, or who are seconded from or formerly belonged to such group (such officers and employees include Shinrou Fujita and Junko Tsuboi who are the Directors of the Target Company as well as Naoya Maruo who is the auditor of the Target Company) to become involved in the negotiation process regarding the transaction terms related to the Transaction including the Tender Offer Price between the Target Company and the Tender Offeror, from the perspectives of excluding structural conflict of interest issues.

The Target Company has obtained approval from the Special Committee that there are no issues regarding the review system of the Transaction (including the scope and work duties of the officers and employees of the Target Company involved in reviews,

negotiations and decision-makings regarding the Transaction) built internally within the Target Company including the handlings above, from the perspectives of independence and fairness.

h. Receipt of Unanimous Approval of All Disinterested Directors of the Target Company and the Opinion of All Disinterested Board of Company Auditors members of the Target Company that They Have No Objection

Based on the Share Valuation Report (UBS Securities) obtained from UBS Securities and the legal advice from U&I, with respect to a maximum extent for the contents of the Report submitted by the Special Committee, the Target Company has carefully discussed and reviewed the terms and conditions of the Tender Offer. As a result, as described in“(2)Background, Purpose, and Decision-making Process of the Tender Offer, and Management Policy after the Tender Offer,” “b. Process Leading to and Reasons for Decision of Target Company in Favor of the Tender Offer” above, at the Target Company’s Board of Directors meeting held on June 14, 2024, the Target Company resolved to express its opinion in favor of the Tender Offer, and to recommend its shareholders to tender their shares in the Tender Offer, and to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender their Stock Acquisition Rights in the Tender Offer.

In the resolution of the Board of Directors above, from among nine (9) Directors, seven (7) Directors excluding Shinro Fujita and Junko Tsuboi participated, and the resolution was unanimously adopted by all the Directors who participated. Since, from among the Target Company’s Directors, Shinro Fujita formerly belonged to the Tender Offeror and Junko Tsuboi concurrently serves as the Tender Offeror’s Director, they did not participate in the deliberation and resolution in the Board of Directors meeting above from the perspectives of excluding to the extent possible any likelihood of the deliberation and resolution at the Board of Directors meeting above being impacted by structural conflict of interest issues and information asymmetry issues regarding the Transaction, and did not participate in the discussion and negotiation with the Tender Offeror regarding the Tender Offer from the Target Company’s position.

From among the five (5) Board of Company Auditors members of the Target Company, all four (4) excluding Naoya Maruo attended the Board of Directors meeting above and all of the attending Audit & Supervisory Board members expressed their opinion that they have no objection to the resolution above. Since Naoya Maruo formerly belonged to the Tender Offeror, he did not attend the Board of Directors meeting above, and refrained from expressing his opinion, from the perspectives of excluding to the extent

possible any likelihood of the deliberation and resolution at the Board of Directors meeting being impacted by structural conflict of interest issues and information asymmetry issues regarding the Transaction.

i. Measures to Ensure Purchase Opportunities for Other Purchasers

The Tender Offeror sets the Tender Offer Period at 30 business days, while the statutory minimum period is 20 business days. By setting the Tender Offer Period for a period longer than the statutory minimum, the Tender Offeror intends to secure an appropriate opportunity for the shareholders of the Target Company and the Stock Acquisition Rights Holders to make a decision as to whether to tender their shares in the Tender Offer and create an opportunity for persons other than the Tender Offeror to make purchase offers, etc. with respect to the Target Company Stock, and thereby ensure the fairness of the Tender Offer Price.

In addition, in accordance with the Tender Offer Agreement, if the Competitive Transaction is commenced and then (i) the Board of Directors of the Target Company, upon comparing such Competitive Transaction with the Transaction by taking into consideration various factors including the price, timing, concreteness of the proposal, identity and past transaction records of such third party, certainty of the funding by such third party, certainty of the execution of the Competitive Transaction, and other circumstances, reasonably determines that such Competitive Transaction will further enhance the Target Company's corporate value and further contribute to the common interests of shareholders, and (ii) the Target Company notifies the Tender Offeror in writing to that effect and of all of the material terms of the Competitive Transaction and gives the Tender Offeror an opportunity to amend the terms of the Tender Offer or any other terms of the Transaction and submit the amended terms to the Target Company within 5 business days from the day following the date on which the Tender Offeror receives such notice, and, (iii) even after considering such amended terms (or if the Tender Offeror did not amend the terms, based on the unamended terms), the Board of Directors of the Target Company, upon comparing such Competitive Transaction with the Transaction, reasonably determines that the Competitive Transaction will further enhance the corporate value of the Target Company and further contribute to the common interests of shareholders, and there is a risk that the failure to change or withdraw the Affirmative Opinion regarding the Tender Offer would constitute a breach of the fiduciary duties of the Target Company's Directors and the Target Company obtains a written opinion to the same effect from its own counsel or the Special Committee issues in writing a positive opinion regarding the Target Company's change or withdrawal of the Affirmative Opinion regarding the Tender Offer, the Target Company may change

or withdraw the Affirmative Opinion. There is no agreement to the effect that, if the Target Company determines to change or withdraw the Affirmative Opinion in accordance with the above agreement, the Target Company will pay a breakup fee or other amount to the Tender Offeror. For details of the Tender Offer Agreement, please refer above to “(3) Matters Concerning Material Agreements Related to Tender Offer”.

j. Measures to Ensure Appropriate Opportunity for Shareholders and Stock Acquisition Rights Holders of Target Company to Make Decision as to Whether to Tender Shares in Tender Offer

As stated in “(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)” below, the Tender Offeror has clarified that (i) the Target Company intends (a) to make the Demand for Share, etc. Cash-Out (as defined in “(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover),” “a. Demand for Share, etc. Cash-Out” below; hereinafter the same) promptly after the settlement of the Tender Offer and in accordance with the number of shares to be acquired by the Tender Offeror as a result of the Tender Offer or (b) to request the Target Company hold the Extraordinary Shareholders’ Meeting at which the Target Company will present proposals to implement the Share Consolidation and to partially amend the Articles of Incorporation to abolish the provision concerning the number of shares constituting one unit subject to the Share Consolidation becoming effective, and will not adopt a method by which the Target Company shareholders’ appraisal rights or the right to file a petition for price determination cannot be ensured, and that, (ii) at the time of the Demand for Shares, etc. Cash-Out or the Share Consolidation, the amount of money to be delivered to the shareholders of the Target Company as consideration will be calculated to match the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by such shareholders of the Target Company (excluding the Tender Offeror and the Target Company) and the amount of money to be delivered to the Stock Acquisition Rights Holders at the time of the Demand for Share, etc. Cash-Out as consideration will be calculated to match the amount obtained by multiplying the Stock Acquisition Right Purchase Price by the number of the Stock Acquisition Rights held by such Stock Acquisition Rights Holders. Accordingly, Tender Offeror ensures an appropriate opportunity for shareholders of the Target Company and Stock Acquisition Rights Holders to make appropriate decisions as to whether to tender their shares in the Tender Offer, and the Tender Offeror is giving proper consideration so as not to give rise to any forcefulness.



In addition, the Tender Offeror sets the Tender Offer Period at 30 business days, while the statutory minimum period is 20 business days. By setting the Tender Offer Period for a period longer than the statutory minimum, the Tender Offeror intends to secure an appropriate opportunity for the shareholders of the Target Company and the Stock Acquisition Rights Holders to make a decision as to whether to tender their shares in the Tender Offer, and thereby ensure the fairness of the Tender Offer Price.

k. Setting of Minimum Number of Shares to be Purchased to Achieve Majority of Minority

The Tender Offeror sets the minimum number of shares to be purchased in the Tender Offer, and will not purchase any of the Tendered Shares, Etc. if the aggregate number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (i.e., 41,117,700 shares). On the other hand, the maximum number of shares to be purchased is not set in the Tender Offer, and if the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased, the Tender Offeror will purchase all of the Tendered Shares, Etc.

The minimum number of shares to be purchased exceeds the number of shares that constitutes a so-called “majority of minority,” which is the number of Target Company Shares (i.e., 40,723,400 shares) equivalent to the majority (i.e., 407,234 units) of the number of voting rights (i.e., 814,467 units) that is related to the number of shares (i.e., 81,446,766 shares) calculated by the following formula: (i) the total number of issued shares as of March 31, 2024 (i.e., 130,353,200 shares), as set forth in the Target Company’s Summary of Financial Results, plus (ii) the number of Target Company Shares (i.e., 10,600 shares) subject to 78 units of the Stock Acquisition Rights that were reported by the Target Company to be exercisable during the period from the day following March 31, 2024 to the record date for the Extraordinary Shareholders’ Meeting, which will be a date in or around August 2024, which is the sum of 12 units of the Eighteenth Series Stock Acquisition Rights, 16 units of the Nineteenth Series Stock Acquisition Rights, 27 units of the Twentieth Series Stock Acquisition Rights and 23 units of the Twenty-First Series Stock Acquisition Rights (the total of (i) and (ii) is 130,363,800 shares), minus (iii) the number of treasury shares held by the Target Company as of March 31, 2024 (i.e., 9,193,800 shares), as set forth in the Target Company’s Summary of Financial Results (excluding the Target Company Shares (i.e., 206,039 shares) held by the BIP Trust as of the same date) , minus (iv) the number of Target Company Shares (i.e., 206,039 shares) held by the BIP Trust as of the same date (the number after deduction of (iii) and (iv) is 120,963,961 shares), plus (v) the total number of Target Company Shares (i.e., 23,205 shares) to be delivered from the BIP Trust to the trust beneficiaries or sold in the market during the period from the day following

March 31, 2024 to the record date for the Extraordinary Shareholders' Meeting, which will be a date in or around August 2024 (the number after the addition of (v) is 120,987,166 shares), minus (vi) the number of the Target Company Shares (i.e., 39,540,400 shares) held by the Tender Offeror as of the date hereof.

In this way, the Tender Offeror will not to implement the Transaction, including the Tender Offer, unless the Tender Offer obtains the support of a majority of the shareholders of the Target Company who do not have an interest in the Tender Offeror, and, accordingly, the Tender Offer has set in the Tender Offer the minimum number of shares to be purchased that emphasizes the intention of the Target Company's shareholders and the Stock Acquisition Rights Holders.

**(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)**

As stated in "(1) Overview of the Tender Offer" above, in the event that in the Tender Offer, the Tender Offeror does not purchase all of the Target Company Shares and the Stock Acquisition Rights (excluding the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company), the Tender Offeror plans to undertake the Squeeze-Out Procedures after the completion of the Tender Offer in order for the Tender Offeror to become the sole shareholder of the Target Company:

a. Demand for Share, etc. Cash-Out

If, upon completion of the Tender Offer, the total number of voting rights of the Target Company held by the Tender Offeror amounts to 90% or more of the voting rights of all shareholders of the Target Company and the Tender Offeror becomes a special controlling shareholder, as provided in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to demand, promptly after the completion of the settlement of the Tender Offer, and in accordance with the provisions of Part 2, Chapter 2, Section 4-2 of the Companies Act, that all shareholders of the Target Company (excluding the Tender Offeror and the Target Company) who do not tender their shares in the Tender Offer (the "Shareholders Subject to Cash-Out") sell all of their Target Company Shares (the "Demand for Share Cash-Out") and plans to demand that all of the Stock Acquisition Rights Holders (the "Stock Acquisition Rights Holders Subject to Cash-Out") sell all of their Stock Acquisition Rights (the "Demand for Stock Acquisition Rights Cash-Out"; and together with the "Demand for Share Cash-Out," the "Demand for Share, etc. Cash-Out"). When exercising the Demand for Share, etc. Cash-Out, the Tender Offeror will set a cash amount equal to the Tender Offer Price to be paid to the Shareholders Subject to Cash-Out seat as the per-share consideration for the Target Company Shares. In addition, when exercising

the Demand for Stock Acquisition Rights Cash-Out, the Tender Offeror will set a cash amount equal to the Stock Acquisition Right Purchase Price to be paid to the Stock Acquisition Rights Holders Subject to Cash-Out as the per-unit consideration for the Stock Acquisition Rights. In that case, the Tender Offeror will notify the Target Company of such intention and ask the Target Company to approve the Demand for Share, etc. Cash-Out. Provided the Target Company approves the Demand for Share, etc. Cash-Out through a Board of Directors' resolution, the Tender Offeror will, as of the date specified in the Demand for Share, etc. Cash-Out, purchase all of the Target Company Shares held by the Shareholders Subject to Cash-Out and all of the Stock Acquisition Rights held by the Stock Acquisition Rights Holders Subject to Cash-Out, by following the procedures set forth in the relevant laws and regulations, without obtaining the consent of individual Shareholders Subject to Cash-Out and Stock Acquisition Rights Holders Subject to Cash-Out. The Tender Offeror will then pay cash to the Shareholders Subject to Cash-Out in an amount equal to the Tender Offer Price as the per-share consideration for the number of Target Company Shares they hold. In addition, the Tender Offeror will pay cash to the Stock Acquisition Rights Holders Subject to Cash-Out in an amount equal to the Stock Acquisition Right Purchase Price, as the per-unit consideration for the number of the Stock Acquisition Rights they hold.

According to the Target Company's Press Release, the Target Company intends to approve the Demand for Share, etc. Cash-Out at the Board of Directors of the Target Company if it receives a notice from the Tender Offeror that it intends to make the Demand for Share, etc. Cash-Out and the matters set out in each item of Article 179-2, Paragraph 1 of the Companies Act.

The Companies Act has a provision which intends to protect the rights of minority shareholders relating to the Demand for Share, etc. Cash-Out, Article 179-8 of the Companies Act and other relevant laws and regulations provide that the Shareholders Subject to Cash-Out may file a motion with the court to determine the sale/purchase price of the Target Company Shares they hold and the Stock Acquisition Rights Holders Subject to Cash-Out may file a motion with the court to determine the sale/purchase price of the Stock Acquisition Rights they hold. The sale/purchase price of the Target Company Shares and the Stock Acquisition Rights under this procedure will be ultimately determined by the court.

#### b. Share Consolidation

If the total number of voting rights of the Target Company held by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Target Company after the

Tender Offer is completed, the Tender Offeror plans to request, promptly after the completion of the settlement of the Tender Offer, and in accordance with Article 180 of the Companies Act, that the Target Company hold an extraordinary meeting of shareholders (the “Extraordinary Shareholders’ Meeting”) at which the Target Company will present proposals to approve the consolidation of the Target Company Shares (the “Share Consolidation”) and, subject to the Share Consolidation becoming effective, abolish the article in the Articles of Incorporation concerning the number of shares constituting one unit. In addition, the Tender Offeror plans to request that the record date for the Extraordinary Shareholders’ Meeting be a date that is after and close to the commencement date of the settlement of the Tender Offer. The Tender Offeror will vote in favor of these proposals at the Extraordinary Shareholders’ Meeting. According to the Target Company’s Press Release, the Target Company intends to hold the Extraordinary Shareholders’ Meeting at the request of the Tender Offeror and the Extraordinary Shareholders’ Meeting is scheduled to be held around September, 2024. The Tender Offeror will vote in favor of these proposals at the Extraordinary Shareholders’ Meeting.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Target Company will hold a proportionate number of the Target Company Shares in accordance with the Share Consolidation ratio approved by the Extraordinary Shareholders’ Meeting. The shareholders of the Target Company will be paid for the fractional shares that they will be allocated as a result of the Share Consolidation, if any, with the cash to be paid for the sale of the Target Company Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter) to the Target Company or the Tender Offeror, in accordance with the procedure prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Target Company Shares for a number equivalent to the total number of such fractional shares, the Tender Offeror plans to request that the Target Company file a motion with the court to permit a voluntary sale, after setting the amount to be paid to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) at the amount obtained by multiplying the Tender Offer Price by the number of the Target Company Shares they hold respectively. While the ratio of the Share Consolidation has not yet been determined as of the date hereof, the Tender Offeror plans to request that the number of the Target Company Shares to be held by the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) be less than one share so that only the Tender Offeror will hold all of the Target Company

Shares (excluding the treasury shares held by the Target Company) after the Share Consolidation.

The Companies Act has a provision which intends to protect the rights of minority shareholders relating to the Share Consolidation, Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations provide that, in the event of the Share Consolidation, and if there are any fractional shares resulting from the Share Consolidation, the shareholders of the Target Company may demand that the Target Company purchase all of their fractional shares at fair prices and may file a motion with the court to determine the fair price of the Target Company Shares, if the prescribed conditions are satisfied. The purchase price per share under this procedure will be ultimately determined by the court.

If the Tender Offer is completed, the Tender Offeror cannot acquire all of the Stock Acquisition Rights through the Tender Offer and the Stock Acquisition Rights remain unexercised, the Tender Offeror plans to request the Target Company to carry out procedures reasonably necessary for the execution of the Transaction, such as recommendation to the Stock Acquisition Rights Holders (excluding the Parties Exercising Stock Acquisition Rights, if the Parties Exercising Stock Acquisition Rights have exercised their Stock Acquisition Rights.) to abandon the Stock Acquisition Rights. According to the Target Company, the Target Company intends to promptly cooperate on and after the date of commencement of settlement related to the Tender Offer if it receives such request.

Depending on the relevant matters such as the revisions and enforcement of the relevant laws and regulations and their interpretation by the authorities, the above procedures may require a longer time or the method to implement the procedures may be changed. However, even in such cases, if the Tender Offer is completed, the Tender Offeror intends to take a measure to eventually pay cash to shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company). The amount of cash to be paid to the respective shareholders of the Target Company in that event is planned to be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Target Company Shares each shareholder of the Target Company holds. In addition, if cash is to be paid to the respective Stock Acquisition Rights Holders who do not tender their Stock Acquisition Rights in the Tender Offer, the amount of such cash is planned to be equal to the amount calculated by multiplying the Stock Acquisition Right Purchase Price by the number of the Stock Acquisition Rights each Stock Acquisition Rights Holders holds.

Specific procedures and the schedule thereof in the above cases shall be determined upon consultation between the Tender Offeror and the Target Company and announced by the Target Company as soon as they are determined.

Please note that the Tender Offer is not at all intended to solicit votes or support from the shareholders of the Target Company for the proposals in the Extraordinary Shareholders' Meeting. In addition, the shareholders of the Target Company and the Stock Acquisition Rights Holders are advised to consult with your certified tax accountants and other experts on your own responsibility regarding the tax treatment in respect of the Tender Offer or any of the above procedures.

#### **(6) Possibility of and Reasons for Delisting**

The Target Company Shares are presently listed on the Prime Market of the TSE as of the date hereof, but the Tender Offeror has not set the maximum number of shares to be purchased through the Tender Offer. Accordingly, depending on the results of the Tender Offer, the Target Company Shares may be delisted after the prescribed procedures are completed, in accordance with the delisting criteria of the TSE.

Even if the requirements of the delisting criteria are not met as of the time of completion of the Tender Offer, the Tender Offeror plans to implement the Squeeze-Out Procedures after the completion of the Tender Offer. If each of such procedures are implemented, the Target Company Shares will be delisted through prescribed procedures in accordance with the delisting criteria of the TSE. The Target Company Shares cannot be traded on the Prime Market of the TSE after they are delisted.

## **2. Outline of Purchase, Etc.**

### **(1) Outline of Target Company**

(1) Name	FANCL Corporation
(2) Location	89-1 Yamashita-cho, Naka-ku, Yokohama-shi, Kanagawa Prefecture
(3) Name and Title of Representative	Kazuyuki Shimada, President & CEO, Representative Director
(4) Contents of Business	R&D, manufacturing and sale of cosmetics and health food
(5) Capital	10,795 million yen (as of March 31, 2024)
(6) Date of Incorporation	August 18, 1981

(7) Major Shareholders and Shareholding Ratios (as of September 30, 2023) (Note)		Kirin Holdings Company	32.63%
		The Master Trust Bank of Japan, Ltd. (Trust account)	11.63%
		Custody Bank of Japan, Ltd. (Trust account)	4.33%
		BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	3.16%
		(Standing proxy: MUFG Bank, Ltd.)	
		JPMorgan Securities Japan Co., Ltd.	1.54%
		BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT	
		ACCTS MILM FE	1.29%
		(Standing proxy: MUFG Bank, Ltd.)	
		FANCL Employee Stock Ownership Plan	1.08%
	CLEARSTREAM BANKING S.A.	0.97%	
	(Standing proxy: The Hongkong & Shanghai Banking Corporation Limited, Tokyo Branch)		
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.91%	
	Nomura Securities Co., Ltd.	0.88%	
(8) Relationship between the Listed Company and the Target Company			
Capital Relationship	The Tender Offeror holds 39,540,400 shares of the Target Company Shares (ownership ratio: 32.52%) as of the date hereof, and the Target Company is an affiliate of the Tender Offeror that is accounted for by the equity method.		
Personnel Relationship	Of 9 Directors of the Target Company, 1 Director also currently serves as a Director of the Tender Offeror and 1 Director once served as an Executive Officer of the Tender Offeror, and of 5 Board of Company Auditors members of the Target Company, 1 Director once served as an Executive Officer of the Tender Offeror. In addition to the above, as of April 1, 2024, 12 employees of the Tender Offeror have been seconded to the Target Company, and 4 employees of the Target Company have been seconded to the Tender Offeror.		
Business Relationship	The Tender Offeror and the Target Company have an alliance under a capital and business alliance agreement. There is also a business relationship between the Tender Offeror and the Target Company in terms of sale and purchase of raw materials and products.		
Status as Related Party	Since the Target Company is an affiliate of the Tender Offeror that is accounted for by the equity method, the Target Company is a		

		related party of the Tender Offeror.
--	--	--------------------------------------

(Note) “(7) Major Shareholders and Shareholding Ratios (as of September 30, 2023)” is cited from the “Status of Major Shareholders” in the Target Company’s 44th Business Period Second Quarterly Report, which was filed by the Target Company on November 13, 2023.

## (2) Schedule, Etc.

### a. Schedule

Date of Resolution of Board of Directors	Friday, June 14 2024
Date of Notice of Commencement of Tender Offer	Monday, June 17, 2024 The public disclosure will be made electronically, and a notice of such disclosure will be published in the <i>Nihon Keizai Shimbun</i> . EDINET (Electronic Disclosure for Investors’ NETwork): ( <a href="https://disclosure2.edinet-fsa.go.jp/">https://disclosure2.edinet-fsa.go.jp/</a> )
Filing Date of Tender Offer Registration Statement	Monday, June 17, 2024

b. Period for Purchase, etc. as of the Filing Date of the Tender Offer Registration Statement  
From Monday, June 17, 2024 to Monday, July 29, 2024 (30 business days)

c. Possible Extension of the Tender Offer Period Based on the Target Company’s Request  
Not applicable

## (3) Tender Offer Price

a. 2,690 yen per share of common stock

b. Stock acquisition rights

(a) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on November 12, 2007 (the “Fifth Series Stock Acquisition Rights”) (The exercise period is from December 4, 2007 to December 3, 2037.)

(b) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on November 14,



- 2008 (the “Sixth Series Stock Acquisition Rights”) (The exercise period is from December 2, 2008 to December 1, 2038.)
- (c) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on November 12, 2009 (the “Seventh Series Stock Acquisition Rights”) (The exercise period is from December 2, 2009 to December 1, 2039.)
  - (d) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on November 15, 2010 (the “Eighth Series Stock Acquisition Rights”) (The exercise period is from December 2, 2010 to December 1, 2040.)
  - (e) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on November 14, 2011 (the “Tenth Series Stock Acquisition Rights”) (The exercise period is from December 2, 2011 to December 1, 2041.)
  - (f) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on November 12, 2012 (the “ Twelfth Series Stock Acquisition Rights”) (The exercise period is from December 4, 2012 to December 3, 2042.)
  - (g) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on November 14, 2013 (the “Thirteenth Series Stock Acquisition Rights”) (The exercise period is from December 3, 2013 to December 2, 2043.)
  - (h) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on October 30, 2014 (the “Fifteenth Series Stock Acquisition Rights”) (The exercise period is from December 2, 2014 to December 1, 2044.)
  - (i) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on October 29, 2015 (the “Sixteenth Series Stock Acquisition Rights”) (The exercise period is from December 2, 2015 to December 1, 2045.)
  - (j) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on October 28, 2016 (the “Seventeenth Series Stock Acquisition Rights”) (The exercise period is from December 2, 2016 to December 1, 2046.)

- (k) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on October 30, 2017 (the “Eighteenth Series Stock Acquisition Rights”) (The exercise period is from December 2, 2017 to December 1, 2047.)
- (l) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on October 30, 2018 (the “Nineteenth Series Stock Acquisition Rights”) (The exercise period is from December 4, 2018 to December 3, 2048.)
- (m) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on October 30, 2019 (the “Twentieth Series Stock Acquisition Rights”) (The exercise period is from December 3, 2019 to December 2, 2049.)
- (n) 1 yen per unit of the stock acquisition rights that were issued pursuant to the resolution of the Board of Directors of the Target Company held on November 4, 2020 (the “Twenty-First Series Stock Acquisition Rights”) (The exercise period is from December 2, 2020 to December 1, 2050.) (each of the stock acquisition rights listed above, collectively, “Stock Acquisition Rights”)

#### **(4) Bases, Etc. of Calculation of Price for Purchase, Etc.**

##### **(A) Basis of Calculation**

###### **a. Common Stock**

In order to ensure the fairness of the Tender Offer Price, and in determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial advisor, as a third-party valuation institution independent of the Tender Offeror Group, to calculate the value of the Target Company Share. Nomura Securities is not a related party of the Tender Offeror Group and has no material interest in the Transaction, including the Tender Offer.

Nomura Securities reviewed the method of evaluation in the Tender Offer and carried out the calculation by using the market share price method given that the Target Company Shares is listed on the Prime Market of the TSE, the comparable multiple valuation method due to the fact that there exist listed companies comparable to the Target Company and it is possible to analogize the share value of the Target Company by comparable multiple valuation, and the DCF method in order to reflect the future business activity circumstances in the valuation. The Tender Offeror received the Share Valuation Report (Nomura Securities) (Note 1) from Nomura Securities on June 13, 2024. The Tender Offeror has not obtained a fairness opinion from Nomura Securities with regard to the appropriateness of the Tender Offer Price since the Tender Offer judged and determined the Tender Offer Price by taking various measures as described in “1. Purpose of Tender Offer,” “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest” above and since engaging in consultation and negotiation with the Target Company.

Nomura Securities’ valuation result of the value per share of the Target Company Shares is as follows:

Market share price method:	From 1,884.5 yen to 2,099 yen
Comparable multiple valuation method:	From 1,571 yen to 2,075 yen
DCF method:	From 2,391 yen to 3,529 yen

Under the market share price method, with the calculation base date being June 13, 2024, based upon the calculation base date closing price of 1,884.5 yen of the Target Company Shares in the Prime Market of the TSE, the closing price simple average value of 1,927 yen of the immediately preceding five (5) business days (from June 7, 2024 to June 13, 2024 (inclusive)), the closing price simple average value of 1,974 yen of the immediately preceding one (1) month (from May 14, 2024 to June 13, 2024 (inclusive)), the closing price simple average value of 1,961 yen of the immediately preceding three (3) months (from

March 14, 2024 to June 13, 2024 (inclusive)), and the closing price simple average value of 2,099 yen of the immediately preceding six (6) months (from December 14, 2023 to June 13, 2024 (inclusive)), the scope of the value per share of the Target Company Shares is calculated as from 1,884.5 yen to 2,099 yen.

Under the comparable multiple valuation method, the value of the Target Company Shares is calculated through comparisons with the financial index indicating such matters as the market price and profitability of the listed companies engaging in businesses relatively similar to the Target Company, and the scope of the value per share of the Target Company Shares is calculated as from 1,571 yen to 2,075 yen.

Under the DCF method, based on various factors such as the business plan confirmed by the Target Company and publicly announced information, the corporate value and share value of the Target Company are analyzed by discounting the free cash flow prospected to be created by the Target Company on and after the year ending March 31, 2025 to the current value at a certain discount rate, and the scope of the value per share of the Target Company Shares is calculated as from 2,391 yen to 3,529 yen.

(Note 1) In evaluating the value of the Target Company Shares, Nomura Securities assumed that the existing public information and all information provided to Nomura Securities were accurate and complete, and did not independently verify the accuracy and completeness of such information. Nomura Securities did not independently conduct evaluation, appraisal or assessment of the assets or liabilities (including derivative financial instruments, off-balance-sheet assets and liabilities, and other contingent liabilities) of the Target Company or its affiliates, including analysis and evaluation of their individual assets and liabilities, nor did it make any request to a third party institution for appraisal or assessment of such assets or liabilities. Nomura Securities assumed that the management of the Tender Offeror reasonably reviewed and prepared information regarding the financial forecasts (including profit planning and other information) of the Target Company based on the best and sincere estimates and judgment currently available. The calculation by Nomura Securities reflected information and economic conditions obtained by Nomura Securities by June 13, 2024. The sole purpose of Nomura Securities' calculation is to serve as a reference for the Board of Directors of the Tender Offeror in its consideration of the value of the Target Company Shares.

In addition to the valuation result of the Target Company Shares stated in the Share Valuation Report (Nomura Securities) received from Nomura Securities, the Tender Offeror

comprehensively took into consideration factors such as the results of due diligence implemented during the period from early April 2024 to the middle of May 2024, the financial condition of the Target Company, whether the Board of Directors of the Target Company supports the Tender Offer, trends in the market price of the Target Company Shares, and the estimated number of shares to be tendered in the Tender Offer, referring to the outcome of the consultation and negotiation with the Target Company. The Tender Offeror finally determined on the Tender Offer Price of 2,690 yen by a resolution of the Board of Directors as of the date hereof.

The Tender Offer Price, 2,690yen per share, is a price with each of the following premiums: a) a 42.74% premium on the closing price of the Target Company Shares on the Prime Market of the TSE on June 13, 2024 (1,884.5 yen) (which is the business day immediately preceding the announcement date of the Tender Offer), b) a 36.27 % premium on the simple average of the closing prices for a one (1) month period (from May 14, 2024 to June 13, 2024) (1,974 yen), c) a 37.17% premium on the simple average of the closing prices for a three (3) month period (from March 14, 2024 to June 13, 2024) (1,961 yen), and d) a 28.16% premium on the simple average of the closing prices for a six (6) month period (from December 14, 2023 to June 13, 2024) (2,099 yen).

b. Stock Acquisition Rights

The Tender Offeror determined that the Stock Acquisition Right Purchase Price would be 1 yen per unit after consideration of several factors, among other things, such as that of the Stock Acquisition Rights being granted to Directors and Executive Officers of the Target Company, and Directors of the subsidiaries of the Target Company as executive compensation equivalent to retirement allowance, and that of, as a condition to exercise, it being provided that the Stock Acquisition Rights Holders may exercise their Stock Acquisition Rights only in a lump sum and only if the Condition for Exercise Regarding Loss of Position is satisfied, and, therefore, the Tender Offeror may not exercise the Stock Acquisition Rights even if it acquires the Stock Acquisition Rights.

As the Tender Offeror determined the Stock Acquisition Right Purchase Price as stated above, the Tender Offeror has not obtained a share valuation report and fairness opinion from a third-party valuation institution.

(B) Background of Calculation

(Background of the determination of the Tender Offer Price)

As stated in “1. Purpose of Tender Offer,” “(2) Background, Purpose, and Decision-making Process of the Tender Offer, and Management Policy after the Tender Offer,” “a.

Background, Purpose, and Decision-making Process of the Tender Offer” above, in late August 2023, the Tender Offeror appointed Nagashima Ohno & Tsunematsu as its legal advisor independent of the Tender Offeror and the Target Company, and in late October 2023, the Tender Offeror appointed Nomura Securities as its financial advisor independent of the Tender Offeror and the Target Company. From early December 2023, the Tender Offeror examined specific measures to enhance the Target Company’s corporate value, in addition to basic matters such as the Transaction structure and schedule, and on February 21, 2024, the Tender Offeror made a proposal to the Target Company regarding the Transaction, including making the Target Company a wholly-owned subsidiary of the Tender Offeror.

To this, after receiving the proposal regarding the Transaction from the Tender Offeror on February 21, 2024, in light of the fact that although the Tender Offeror does not fall under the Target Company’s controlling shareholder, etc., it is the Target Company’s largest shareholder which is a major shareholder and other related company and the Transaction falls under a transaction in which there typologically exist structural conflict of interest issues and information asymmetry issues, the Target Company immediately established a system for performing review, negotiations and decision-making related to the Transaction from the perspectives of enhancing the Target Company’s corporate value and ensuring the interests of the minority shareholders of the Target Company in a position independent from the Tender Offeror in order to ensure fairness of the Transaction similarly as transactions with controlling shareholders, etc.

Specifically, as described in “1. Purpose of Tender Offer,” “(2) Background, Purpose, and Decision-making Process of the Tender Offer, and Management Policy after the Tender Offer,” “b. Process Leading to and Reasons for Decision of Target Company in Favor of the Tender Offer” above, the Target Company established a Special Committee by a resolution of the Target Company’s Board of Directors meeting held on February 22, 2024, and inquired the Special Committee about such matters as the fairness of procedures and appropriateness of transaction terms in the Transaction (for such matters as the specific inquiry matters to the Special Committee, review process and decision-making contents, please refer to “1. Purpose of Tender Offer,” “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “c. Establishment of Independent Special Committee at the Target Company and Procurement of a Report from the Special Committee” above). In addition, upon the establishment of the Special Committee, the Board of Directors meeting of the Target Company resolved that it shall respect to the maximum extent the decision of the Special Committee upon making decisions regarding the Transaction and that it shall not

agree to the Transaction if the Special Committee determines that the purpose or transaction terms of the Transaction are inadequate, and also has granted the Special Committee the authority to independently appoint attorneys, valuation institutions, certified public accountants and other advisors as well as the authority to request professional advice to the advisors of the Target Company, at the Target Company's expense if necessary. As described in "1. Purpose of Tender Offer," "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest," "c. Establishment of Independent Special Committee at the Target Company and Procurement of a Report from the Special Committee" above, based on its authority above, the Special Committee appointed PLUTUS as its own third-party valuation institution independent from the Tender Offeror and the Target Company in late March 2024, and MHM as its own legal advisor independent from the Tender Offeror and the Target Company in early April of the same year, respectively. The Special Committee also appointed PLUTUS as its own financial advisor independent from the Tender Offeror and the Target Company in the middle of April 2024.

Furthermore, after the Target Company received the proposal regarding the Transaction from the Tender Offeror on February 21, 2024, in order to review its contents, in late February, 2024, the Target Company appointed UBS Securities as a financial advisor and third-party valuation institution independent from the Target Company and the Tender Offeror, as well as U&I as a legal advisor independent from the Target Company and the Tender Offeror, respectively, in relation to the Transaction.

In addition, as described in "1. Purpose of Tender Offer," "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest," "c. Establishment of Independent Special Committee at the Target Company and Procurement of a Report from the Special Committee," "(i) Background of establishment, etc." above, the Target Company confirmed with the Special Committee that there are no issues with the independence and professionalism of UBS Securities, the financial advisor and third-party valuation institution of the Target Company, as well as U&I, the legal advisor of the Target Company, and received approval of their appointments.

Furthermore, as described in "1. Purpose of Tender Offer," "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest," "g. Establishment of Independent Review System at the Target Company" above, the Target Company internally established a system to perform reviews, negotiations and decision-makings regarding the Transaction (including

the scope and work duties of the officers and employees of the Target Company involved in reviews, negotiations and decision-makings regarding the Transaction) in a position independent from the Tender Offeror, and received approval of the Special Committee that there are no issues with such review system from the perspectives of independence and fairness.

Subsequently, based on, among others, the results of the due diligence on the Target Company conducted by the Tender Offeror during the period from early April 2024 to the middle of May 2024, the Tender Offeror made the Initial Proposal in writing to the Target Company on May 9, 2024, setting the Tender Offer Price at 2,300 yen (2,300 yen is the amount obtained by adding up each of the following premiums: a premium of 25.24% on 1,836.5 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on May 8, 2024, the business day immediately preceding the date on which such proposal was made, i.e., May 9, 2024; a premium of 22.73% on 1,874 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 14.71% on 2,005 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 6.48% on 2,160 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Initial Proposal, on May 13, 2024, the Tender Offeror received a request from the Target Company to consider reviewing the Tender Offer Price from the viewpoint of giving consideration to the interests of minority shareholders of the Target Company in light of the initial analysis of the value of the shares by the financial advisors of the Target Company and the Special Committee, respectively.

In response to such request from the Target Company, on May 21, 2024, the Tender Offeror submitted to the Target Company the Second Proposal in writing, setting the Tender Offer Price at 2,450 yen (2,450 yen is the amount obtained by adding up each of the following premiums: a premium of 21.95% on 2,009.0 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on May 20, 2024, the business day immediately preceding the date on which such proposal was made, i.e., May 21, 2024; a premium of 27.54% on 1,921 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 23.12% on 1,990 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 14.17% on 2,146 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Second Proposal, on May 24, 2024, the Tender Offeror received a request from the Target Company to



consider reviewing the Tender Offer Price again from the viewpoint of giving consideration to the interests of minority shareholders of the Target Company in light of the initial analysis of the value of the shares by the financial advisors of the Target Company and the Special Committee, respectively.

In response to such request from the Target Company, on May 29, 2024, the Tender Offeror submitted to the Target Company the Third Proposal in writing, setting the Tender Offer Price at 2,550 yen (2,550 yen is the amount obtained by adding up each of the following premiums: a premium of 29.38% on 1,971.0 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on May 28, 2024, the business day immediately preceding the date on which such proposal was made, i.e., May 29, 2024; a premium of 30.04% on 1,961 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 28.98% on 1,977 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 19.61% on 2,132 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Third Proposal, on May 31, 2024, the Tender Offeror received a request from the Target Company to consider reviewing the Tender Offer Price again from the viewpoint of giving consideration to the interests of minority shareholders of the Target Company in light of the initial analysis of the value of the shares by the financial advisors of the Target Company and the Special Committee, respectively.

In response to such request from the Target Company, on June 4, 2024, the Tender Offeror submitted to the Target Company the Fourth Proposal in writing, setting the Tender Offer Price at 2,585 yen (2,585 yen is the amount obtained by adding up each of the following premiums: a premium of 32.50% on 1,951.0 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on June 3, 2024, the business day immediately preceding the date on which such proposal was made, i.e., June 4, 2024; a premium of 30.69% on 1,978 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 31.02% on 1,973 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 21.82% on 2,122 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Fourth Proposal, on June 6, 2024, the Tender Offeror received a request from the Target Company to consider reviewing the Tender Offer Price again from the viewpoint of giving consideration to the interests of minority shareholders of the Target Company in light of the initial analysis of

the value of the shares by the financial advisors of the Target Company and the Special Committee, respectively.

In addition, the Tender Offeror and the Special Committee exchanged opinions on the Tender Offer Price on two occasions, June 7 and June 11, 2024.

Subsequently, based on the results of the exchange of opinion, the Tender Offeror made the Fifth Proposal in writing to the Target Company on June 12, 2024, setting the Tender Offer Price at 2,690 yen (2,690 yen is the amount obtained by adding up each of the following premiums: a premium of 40.36% on 1,916.5 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on June 11, 2024, the business day immediately preceding the date on which such proposal was made, i.e., June 12, 2024; a premium of 35.65% on 1,983 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 36.76% on 1,967 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 27.73% on 2,106 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and setting the Stock Acquisition Right Purchase Price at 1 yen. In response to the Fifth Proposal, on June 13, 2024, the Tender Offeror received a response from the Target Company stating that it would accept the Fifth Proposal with a Tender Offer Price of 2,690 yen.

As a result of the above, on June 13, 2024, the Tender Offeror and the Target Company agreed to set the Tender Offer Price at 2,690 yen (2,690 is the amount obtained by adding up each of the following premiums: a premium of 42.06 % on 1,893.5 yen, which was the closing price of the Target Company Shares on the Prime Market of the TSE on June 12, 2024, the business day immediately preceding the date on which the agreement was reached, i.e., June 13, 2024; a premium of 35.93 % on 1,979 yen, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 37.04% on 1,963 yen, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 27.97 % on 2,102 yen, which was the simple average of the closing prices for the preceding six (6) month period until the same date.) and set the Stock Acquisition Right Purchase Price at 1 yen.

Therefore, the Tender Offeror entered into the Tender Offer Agreement as of June 14, 2024, and decided to implement the Tender Offer as part of the Transaction. For the details of the Tender Offer Agreement, please refer to “1. Purpose of Tender Offer,” “(3) Matters Concerning Material Agreements Related to Tender Offer” above. The Tender Offeror has determined the Tender Offer Price in accordance with the following background.

(i) Name of third party whose opinions obtained at the time of the calculation

In determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial advisor and third-party valuation institution independent of the Tender Offeror and the Target Company, to calculate the value of the Target Company Share. Nomura Securities is not a related party of the Tender Offeror or the Target Company, and has no material interest in the Transaction including the Tender Offer.

(ii) Details of the opinion

Nomura Securities calculated the value of the Target Company Shares using the market share price method, comparable multiple valuation method and DCF method. The values per share of the Target Company Shares calculated based on each method are ranging as follows:

Market share price method:	From 1,884.5 yen to 2,099 yen
Comparable multiple valuation method:	From 1,571 yen to 2,075 yen
DCF method:	From 2,391 yen to 3,529 yen

(iii) Background of the determination of the Tender Offer Price based on the opinion

In addition to the valuation result of the Target Company Shares stated in the Share Valuation Report (Nomura Securities) received from Nomura Securities, the Tender Offeror comprehensively took into consideration factors such as the results of due diligence implemented during the period from early April 2024 to the middle of May 2024, the financial condition of the Target Company, whether the Board of Directors of the Target Company supports the Tender Offer, trends in the market price of the Target Company Shares, and the estimated number of shares to be tendered in the Tender Offer, referring to the outcome of the consultation and negotiation with the Target Company. The Tender Offeror finally determined on the Tender Offer Price of 2,690 yen by a resolution of the Board of Directors as of the date hereof.

(C) Relationship with the Valuation Institution

Nomura Securities, a financial advisor of the Tender Offeror and third-party valuation institution, is not a related party of the Tender Offeror or the Target Company, and has no material interest in relation to the Tender Offer.

**(5) Number of Shares, Etc. to be Purchased in the Tender Offer**

Number of shares, etc. to be purchased	Minimum number of shares, etc. to be purchased	Maximum number of shares, etc. to be purchased
82,051,400 shares	41,117,700 shares	– shares

- (Note 1) The Tender Offeror will not purchase any of the Tendered Shares, Etc. if the aggregate number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (i.e., 41,117,700 shares). If the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased, the Tender Offeror will purchase all of the Tendered Shares, Etc.
- (Note 2) Shares constituting less than one unit will also be subject to purchase through the Tender Offer. The Target Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Companies Act to require the Target Company to purchase shares constituting less than a whole unit.
- (Note 3) There is no plan to purchase the treasury shares held by the Target Company through the Tender Offer.
- (Note 4) The Stock Acquisition Rights may be exercised by the end of the Tender Offer Period, and the Target Company Shares to be issued or transferred upon such exercise are also subject to the Tender Offer.
- (Note 5) As a maximum number of shares to be purchased through the Tender Offer is not established, the number of shares to be purchased that is described in the relevant column is the maximum number of the Target Company Shares the Tender Offeror may possibly acquire through the Tender Offer (82,051,400 shares). Such maximum number of shares is calculated by deducting the number of the Target Company Shares held by the Tender Offeror as of the date hereof (39,540,400 shares) from the Total Number of Shares After Accounting Diluted Shares (121,591,800 shares).

**(6) Change in Ownership Percentage of Shares, Etc. As a Result of Purchase, Etc.**

Number of Voting Rights Represented by Shares, Etc. Held by Tender Offeror prior to	395,404 units	(Ownership Percentage of Shares, Etc. prior to Purchase, Etc.: 32.52%)
---	---------------	---

Purchase, Etc.		
Number of Voting Rights Represented by Shares , Etc. Held by Specially Related Parties prior to Purchase, Etc.	1,654 units	(Ownership Percentage of Shares, Etc. prior to Purchase, Etc.: 0.14%)
Number of Voting Rights Represented by Shares, Etc. Held by Tender Offeror after Purchase, Etc.	1,215,918 units	(Ownership Percentage of Shares, Etc. after Purchase, Etc.: 100.00 %)
Number of Voting Rights Represented by Shares, Etc. Held by Specially Related Parties after Purchase, Etc.	0 units	(Ownership Percentage of Shares, Etc. after Purchase, Etc.: 0 %)
Total Number of Voting Rights of Shareholders and Other Parties of the Target Company	1,210,499 units	

(Note 1) The “Number of Voting Rights Represented by Shares, Etc. Held by Specially Related Parties prior to the Purchase, Etc.” is the total number of the voting rights represented by the shares, etc. held by each of the Specially Related Parties (however, among the Specially Related Parties, the parties who are excluded from the Specially Related Parties, pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates, etc. by Persons Other than Issuer (Ministry of Finance Order No. 38 of 1990, as amended; hereinafter referred to as the “TOB Order”), in the calculation of the ownership ratio of shares pursuant to each Item of Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter referred to as the “Act”), are excluded). Since the shares, etc. held by the Specially Related Parties (however, treasury shares held by the Target Company are excluded) are also subject to purchase through the Tender Offer, the “Number of Voting Rights Represented by Shares, Etc. Held by Specially Related Parties after Purchase, Etc.” is indicated as 0 units. Further, on or after the date hereof, the Tender Offeror will confirm the shares, etc. of the Target Company held by any specially related party and, if any amendment thereto is necessary, will disclose such amendment.

(Note 2) The “Number of Voting Rights Represented by Shares, Etc. Held by Tender Offeror

after Purchase, Etc.” is the number of voting rights that is related to the number of shares (i.e., 121,591,800 shares) obtained by calculating (i) the total number of issued shares as of March 31 2024 (i.e., 130,353,200 shares), as set forth in the Target Company’s Summary of Financial Results, plus (ii) the total number of shares (i.e., 432,400 shares) subject to the Stock Acquisition Rights, minus (iii) the number of treasury shares (i.e., 9,193,800 shares) held by the Target Company as of March 31, 2024, as set forth in the Target Company’s Summary of Financial Results (excluding the Target Company Shares (i.e., 206,039 shares) held by the BIP Trust as of the same date).

(Note 3) The “Total Number of Voting Rights of Shareholders and Other Parties of the Target Company” represents the total number of voting rights of shareholders and other parties of the Target Company as of September 30, 2023, as described in the 44th Business Period Third Quarterly Report filed by the Target Company on February 13, 2024 (described on the basis that one (1) unit is 100 shares). However, since the shares constituting less than one unit and the Stock Acquisition Rights shall also be subject to the Tender Offer, in the calculation of the “Percentage of Voting Rights Represented by Shares, Etc. prior to the Purchase, Etc.” and “Ownership Percentage of Shares, Etc. after Purchase, Etc.,” the number of voting rights (1,215,918 units) represented by the Total Number of Shares After Accounting Diluted Shares is used as the denominator.

(Note 4) The “Percentage of Voting Rights Represented by Shares, Etc. prior to the Purchase, Etc.” and the “Ownership Percentage of Shares, Etc. after Purchase, Etc.” are rounded to the second decimal places.

**(7) Aggregate tender offer price:** 220,718 million yen

(Note) The “aggregate tender offer price” is calculated by multiplying the number of shares intended to be purchased by the Tender Offer Price (i.e., 2,690 yen) of each share of the Target Company Shares specified in “(5) Number of Share Certificates, Etc. to be Purchased” above.

**(8) Method of Settlement**

a. Name and Address of the Head Office of the Financial Instrument Firm in Charge of Settlement

Nomura Securities Co., Ltd.

13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

b. Settlement Commencement Date

Monday, August 5, 2024

c. Method of Settlement

A notice of purchase will be mailed to the address of each of the shareholders wishing to tender their shares in the Tender Offer (the “Tendering Shareholders”) (or the standing proxy in the case of the shareholders who reside outside Japan and do not hold an account with the Tender Offer Agent (including corporate shareholders)) without delay after the end of the Tender Offer Period.

Payment of the purchase price will be made in cash. The Tendering Shareholders may receive the payment of the purchase price of the Tender Offer by the method instructed by the Tendering Shareholders, such as remittance, without delay after the commencement date of settlement (Remittance fees may apply.).

d. Method of Returning Shares

If none of the Tendered Shares, Etc. are to be purchased in accordance with the terms described in “(9) Other Conditions and Methods of Tender Offer, etc.,” “a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act” and “b. Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.” below, the shares, etc. which have to be returned will be returned to the Tendering Shareholders promptly after the date two days after the last day of the Tender Offer Period (in the case of withdrawal of the Tender Offer, the next business day after the date that the Tender Offer was withdrawn.). Shares that are required to be returned will be returned to the Tendering Shareholders by restoring the record of such shares in the Tendering Shareholders’ Account managed by the Tender Offer Agent to the original record that existed immediately prior to the relevant tender (If the Tendering Shareholders wish to have their shares transferred to their accounts established with other financial instrument firms, they are asked to confirm with the head office or domestic branch office of the Tender Offer Agent at which the relevant tender was accepted.). Stock acquisition rights will be returned to the Tendering Shareholders by delivering the documents submitted upon the application of stock acquisition rights to each Tendering Shareholder or mailing such documents to the address of each Tendering Shareholder, as instructed by each Tendering Shareholder.

**(9) Other Conditions and Methods of Tender Offer, etc.**

- a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act

The Tender Offeror will not purchase any of the Tendered Shares, Etc. if the aggregate number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (i.e., 41,117,700 shares). If the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased (i.e., 41,117,700 shares), the Tender Offeror will purchase all of the Tendered Shares, Etc.

- b. Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.

Upon the occurrence of any of the events listed in Article 14, Paragraph 1, Items 1 (a) through 1 (j), Items 1 (m) through 1 (s), Items 3 (a) through 3 (h), Item 3 (j) and Item 4, as well as Article 14, Paragraph 2, Items 3 through 6 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended) (the “Enforcement Order”), the Tender Offer may be withdrawn. The “Matters equivalent to the matters listed in (a) through (i)” in Article 14, Paragraph 1, Item 3 (j) of the Enforcement Order means (i) the case where it is found that there is a false statement of a material matter, or an omission of a material matter to be stated, in the statutory disclosure documents which the Target Company submitted in the past and (ii) the case where any of the matters listed in Items 3 (a) through 3 (g) occurs with respect to any of the material subsidiaries of the Target Company.

In addition, the Tender Offeror may withdraw the Tender Offer by deeming that the Tender Offeror failed to obtain the “Permission, etc.” as provided in Article 14, Paragraph 1, Item 4 of the Enforcement Order in the event, by the day immediately preceding the expiration date of the Tender Offer Period (including the case where such period is extended), with respect to the Prior Notification by the Tender Offeror to the Japan Fair Trade Commission under the provision of Article 10, Paragraph 2 of the Anti-Monopoly Act, (i) that the Tender Offeror receives a Cease and Desist Order Prior Notice from the Japan Fair Trade Commission which orders the disposition of all or part of the Target Company Shares, transfer of a part of its business, or any other disposition equivalent thereto, (ii) that the Waiting Period does not expire, or (iii) that the Tender Offeror receives a petition for an emergency suspension order with a court as a person who commits an act suspected of violating Article 10, Paragraph 1 of the Anti-Monopoly Act.

Should the Tender Offeror intend to withdraw the Tender Offer, the Tender Offeror will give notice through electronic disclosure and give notice of such disclosure in the *Nihon*



*Keizai Shimbun*; however, if it is difficult to give the notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice.

c. Conditions of Reduction of Purchase Price, Details thereof and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the Tender Offer Price pursuant to the standards set forth in Article 19, Paragraph 1 of the TOB Order.

Should the Tender Offeror intend to reduce the Tender Offer Price, the Tender Offeror will give notice through electronic disclosure and give notice of such disclosure in the *Nihon Keizai Shimbun*; however, if it is difficult to give the notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice.

If the Tender Offer Price is reduced, the Tender Offeror will purchase any Tendered Shares, Etc. tendered prior to the announcement of such reduction at the amended Tender Offer Price.

d. Matters Concerning Tendering Shareholders' Right of Cancellation of Application

Tendering Shareholders may, at any time during the Tender Offer Period, cancel an application for the Tender Offer.

In the event of such cancellation, the Tendering Shareholders must deliver or mail a written request to cancel the application for the Tender Offer (the "Written Request for Cancellation") to the head office or any Japanese branch offices of the entity stated below, who has accepted the application, by 15:30 on the last day of the Tender Offer Period. Cancellation of the application shall become effective when the Written Request for Cancellation is delivered to the entity stated below. If the cancellation of the application for the Tender Offer is made by mail, it will not be effective unless the Written Request for Cancellation is received by the entity stated below by 15:30 on the last day of the Tender Offer Period.

An application made via the online service can be canceled either via the online service (<https://hometrade.nomura.co.jp/>) or by personally delivering or mailing the Written Request for Cancellation. In order to cancel the application via the online service, Tendering Shareholders must complete the cancellation procedures in the manner prescribed on that website by 15:30 on the last day of the Tender Offer Period. Tendering

Shareholders may not cancel an application made at the office of the Tender Offer Agent via the online service. In order to cancel the application by personally delivering or mailing the Written Request for Cancellation, Tendering Shareholders must request a physical copy of the Written Request for Cancellation in advance from the office of the Tender Offer Agent, and thereafter, deliver or mail such filled out form to the said office by 15:30 on the last day of the Tender Offer Period. If the cancellation of the application for the Tender Offer is made by mail, it will not be effective unless the Written Request for Cancellation is received by the entity stated below by 15:30 on the last day of the Tender Offer Period.

Entity authorized to receive the Written Request for Cancellation:

Nomura Securities Co., Ltd.

13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo (and branch offices of Nomura Securities Co., Ltd. located in Japan)

The Tender Offeror will not demand from Tendering Shareholders payment of compensation for damages or penalty in the case of cancellation of the application by the Tendering Shareholder. The cost of returning the Tendered Shares, Etc. will be borne by the Tender Offeror. In the event of a request for cancellation, the Tendered Shares, Etc. will be returned promptly after the completion of the procedures for such request for cancellation as described in “(8) Method of Settlement,” “d. Method of Returning Shares” above.

e. Method of Disclosure if the Terms and Conditions of Tender Offer are Changed

Except where such change is prohibited pursuant to Article 27-6, Paragraph 1 of the Act and Article 13, Paragraph 2 of the Enforcement Order, the Tender Offeror may change the terms and conditions of the Tender Offer during the Tender Offer Period.

Should any terms and conditions of the Tender Offer be changed, the Tender Offeror will give public notice thereof through electronic disclosure and give notice of such disclosure in the *Nihon Keizai Shimbun*; however, if it is difficult to make the notice within the Tender Offer Period, the Tender Offeror will make an official announcement in accordance with Article 20 of the TOB Order, and forthwith give public notice.

If the terms and conditions of the Tender Offer are changed, the purchase of the Tendered Shares, Etc. tendered prior to such public notice will also be made in accordance with the terms and conditions as changed.

f. Method of Disclosure if Amendment to Registration Statement is Submitted

If an amendment to the Tender Offer Registration Statement is submitted to the Director-General of the Kanto Local Finance Bureau (except in circumstances provided for under the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make an official announcement of the contents of such amended statement to the extent relevant to the contents of the public notice of the Tender Offer, pursuant to Article 20 of the TOB Order. The Tender Offeror will also immediately amend the tender offer explanatory statement and provide an amended tender offer explanatory statement to the Tendering Shareholders who have received the original tender offer explanatory statement. If the amendments are limited in extent, however, the Tender Offeror will amend the tender offer explanatory statement by preparing and delivering a document stating the reason for the amendments, the matters amended and the details thereof to the Tendering Shareholders.

g. Method of Disclosure of Results of Tender Offer

The Tender Offeror will announce the results of the Tender Offer in accordance with methods stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day following the last day of the Tender Offer Period.

**(10) Date of Public Notice of Commencement of the Tender Offer**

Monday, June 17, 2024

**(11) Tender Offer Agent**

Nomura Securities Co., Ltd. 13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

**3. Policy, Etc. after the Tender Offer and Future Outlook**

For the policy, etc. after the Tender Offer and future outlook, please refer to “1. Purpose of Tender Offer,” “(2) Background, Purpose, and Decision-making Process of the Tender Offer, and Management Policy after the Tender Offer,” “(5) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover” and “(6) Possibility of and Reasons for Delisting” above.

#### **4. Others**

##### **(1) Agreements between Tender Offeror and Target Company and/or its Officers; Terms thereof**

###### **a. Issuance of Affirmative Opinion regarding Tender Offer**

According to the Target Company's Press Release, at the Target Company's Board of Directors meeting held today, with the participation in the deliberations and resolutions of all seven (7) of the Target Company's nine (9) Directors excluding Mr. Shinro Fujita and Ms. Junko Tsuboi, all of whom are disinterested Directors, and by an unanimous vote of all the Directors who attended the resolution, based on the grounds and reason stated in "1. Purpose of Tender Offer," "(2) Background, Purpose, and Decision-making Process of the Tender Offer, and Management Policy after the Tender Offer," "b. Process Leading to and Reasons for Decision of Target Company in Favor of the Tender Offer" above, that the Target Company (i) expresses its affirmative opinion regarding the Tender Offer, (ii) recommends that its shareholders tender their shares in the Tender Offer, and (iii) leaves the decision to the Stock Acquisition Rights Holders whether or not to tender their Stock Acquisition Rights in the Tender Offer.

For the details of the decision-making process of the Target Company's Board of Directors, please refer to the Target Company's Press Release and "1. Purpose of Tender Offer," "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest," "h. Receipt of Unanimous Approval of All Disinterested Directors of the Target Company and the Opinion of All Disinterested Audit & Supervisory Board Members of the Target Company that They Have No Objection" above.

###### **b. Tender Offer Agreements**

The Tender Offeror has entered into the Tender Offer Agreement with the Target Company as of the date hereof. For the details of the Tender Offer Agreement, please refer to "1. Purpose of Tender Offer," "(3) Matters Concerning Material Agreements Related to Tender Offer" above.

##### **(2) Other Information Deemed Necessary for Investors to Decide Whether to Tender Their Shares to the Offer, Etc.**

###### **a. Disclosure of "Summary of Financial Statements (consolidated) - Results for the Fiscal Year Ended March 31, 2024"**

The Target Company disclosed the Target Company's Summary of Financial Results on

May 8, 2024. The following is an outline of the Target Company’s Summary of Financial Results based on the disclosure. Please note that the audit by an auditing firm pursuant to Article 193-2, Paragraph 1 of the Act has not been conducted on the Target Company’s Summary of Financial Results. In addition, the following outline of the disclosure is an excerpt from the disclosure made by the Target Company; therefore, please refer to the disclosure itself for the details.

(a) Profit and Loss (Consolidated)

Fiscal Year	Ended March 2024 (from April 1, 2023 to March 31, 2024) (millions of yen)
Net sales	110,881
Operating income	12,570
Ordinary income	12,940
Net income attributable to owners of the parent	8,833

(b) Per-share Information (Consolidated)

Fiscal Year	Ended March 2024 (from April 1, 2023 to March 31, 2024) (yen)
Net income per share	73.04
Net assets per share	661.38
Dividends per share	34

b. Revisions to the Dividend Forecast (No Dividend) of the Fiscal Year Ending March 31, 2025 and Abolition of the Shareholders Benefit System

According to the Target Company, at the Target Company’s Board of Directors meeting held today, the Target Company has resolved that, upon the condition that the Tender Offer is completed, it shall revise the dividend forecast of the fiscal year ending March 31, 2025 as announced in the Target Company’s Summary of Financial Results, and that it shall not perform distribution of dividends at the end of the Interim period and the end of the fiscal year ending March 31, 2025, and that it shall abolish the shareholders benefit system from the fiscal year ending March 31, 2025. For details, please refer to the “Notice regarding Revisions to the Dividend Forecast (No Dividend) of the Fiscal Year Ending March 31, 2025 and Abolition of the Shareholders Benefit System” announced by the Target Company today.

(End of Document)

**[Soliciting Regulations]**

This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This Press Release shall neither be, nor constitute a part of, an offer or solicitation to sell, or solicitation of an offer to purchase, any securities, and neither this Press Release (or any part of this Press Release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this Press Release may not be relied upon at the time of entering into any such agreement.

**[Forward-Looking Statements]**

This information may contain expressions concerning future prospects for business of the Company and other companies, including “expect,” “anticipate,” “intend,” “plan,” “strongly believe,” and “project.” These expressions are based on the business prospects of the Company at present, and are subject to change depending on the future circumstances. In respect of this information, the Company assures no obligation to update these expressions concerning future prospects to reflect actual performance and other circumstances, and changes in the terms.

**[U.S. Regulations]** The Tender Offer targets the shares of the Target Company, a company incorporated in Japan. The Tender Offer is to be conducted in accordance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Act in Japan, and such procedures and information disclosure standards are not necessarily the same as the procedures and information disclosure standards in the U.S. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 (as amended, the same applies hereinafter), and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not necessarily conform to those procedures and standards. The financial statements contained in this press release and reference materials thereof consist of information prepared in accordance with Japanese accounting standards or the international financial reporting standards (the IFRS), and such accounting standards may be significantly different from the accounting standards in the U.S. or other countries. Moreover, as each of the Tender Offeror and the Target Company is a company incorporated outside of the U.S. and all or some of its directors are non-U.S. residents, it may be difficult to exercise, bring a claim regarding, or enforce any rights arising under the U.S. federal securities laws. In addition, it may not be possible to commence legal actions against a non-U.S. company or its directors in a non-U.S. court on the ground of a violation of the U.S. securities laws. Furthermore, a company incorporated outside the U.S. and its subsidiaries and affiliates may not necessarily be subject to the jurisdiction of the U.S. courts. Also, there is no assurance that the shareholders may be able to subject a company incorporated outside the U.S. and its subsidiaries and affiliates to the jurisdiction of the U.S. courts.

Unless otherwise provided, all procedures for the Tender Offer shall be conducted entirely in the Japanese language. Some or all portion of the documents relating to the Tender Offer may be prepared in the English language. However, should there be any inconsistency between the documents in English and those in Japanese, the Japanese documents shall prevail.

This press release and reference materials thereof contain “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainties, or any other factors, it is possible that actual results may substantially differ from the projections, etc. as expressly or implicitly indicated in any “forward-looking statements.” None of the Tender Offeror, the Target Company or any of its affiliates gives any assurance that such projections, etc. expressly or implicitly indicated in any “forward-looking statements” will be achieved. The “forward-looking statements” in this press release and reference materials thereof have been prepared based on the information held by the Tender Offeror as of the date hereof, and unless otherwise required by applicable laws and regulations, none of the Tender Offeror, the Target Company or any of its affiliates is obliged to amend or modify such statements in order to reflect any events or circumstances in the future.

The Tender Offeror, the Target Company, their respective financial advisors and the Tender Offer Agent(including their respective affiliates) may, to the extent permitted under the related Japanese financial instruments and exchange laws and regulations and other applicable laws and regulations, purchase or take actions to purchase the Target Company Shares outside the Tender Offer prior to the commencement of the Tender Offer, or during the Tender Offer Period in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934. Such purchases may be carried out at market prices through market transactions or at prices determined through off-market negotiations. If any information concerning such purchases, etc. is disclosed in Japan, the disclosure of such information will be made also in English in the U.S. through similar means of disclosure.

The Target Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Companies Act to require the Target Company to purchase shares constituting less than one unit.

As stated in the “Notice regarding introduction of performance-linked stock price-based compensation plan” announced by the Target Company on May 19, 2021, the Target Company has introduced the Performance-Linked Stock Compensation Plan that includes Directors (excluding Outside Directors and non-residents of Japan) of the Target Company among the persons covered by the plan. Under the Performance-Linked Stock Compensation Plan, (i) each Director of the Target Company covered by such plan will be granted points at certain times of each year in accordance with his/her job position, number of months in office, and the degree to which his/her targets under the Medium-Term Management Plan have been achieved, (ii) the right (trust beneficial interest) of such Director to receive the delivery of the Target Company Shares in the number corresponding to such points will vest, and (iii) such Director will receive the delivery of the above-mentioned number of Target Company Shares. According to the Target Company, with respect to Mr. Kazuyuki Shimada, Mr. Tomochika Yamaguchi, Mr. Yasushi Sumida and Mr. Shinro Fujita, who are Directors of the Target Company, in accordance with the Performance-Linked Stock Compensation Plan on July 1, 2024, (a) the right to receive the delivery of 1,100 Target Company Shares (ownership ratio: 0.00%), 700 Target Company Shares (ownership ratio: 0.00%), 600 Target Company Shares (ownership ratio: 0.00%), and 600 Target Company Shares (ownership ratio: 0.00%) (total: 3,000 shares, ownership ratio: 0.00%), respectively, will vest during the Tender Offer Period, and (b) such number of the Target Company Shares will be delivered to the above Directors on July 16, 2024, which also falls during the Tender Offer Period. After the delivery of each of



the Target Company Shares stated above, the ownership ratio of each of the above Directors will be less than 5%. The vesting of these rights and the delivery of the Target Company Shares are to be conducted in accordance with the service agreements that were entered into between the Directors and the Target Company prior to the date of public notice of commencement of the Tender Offer and in accordance with the Performance-Linked Stock Compensation Plan that applies to such Directors based on such service agreements. Accordingly, pursuant to the provision to Article 27-5 of the Act and Item 1 of the same article, the above-mentioned Directors, who are pro forma Specially Related Parties of the Tender Offeror, are entitled to the vesting of the right to receive the delivery of, and to actually receive delivery of, such Target Company Shares even during the Tender Offer Period without the application of the main clause of Article 27-5 of the Act, and, in accordance with the conditions of Rule 14e-5(b) (7) of the U.S. Securities Exchange Act of 1934, such vesting of the right and such delivery are scheduled to be conducted without the application of the provisions prohibiting purchases outside of a tender offer under Rule 14e-5. The vesting of the right to receive the delivery of the Target Company Shares and the delivery of the Target Company Shares are conducted as a form of stock compensation to each of the above-mentioned Directors, and no money will be delivered by each of the above-mentioned Directors to the Target Company.

**[Other Countries]**

The announcement, issuance, or distribution of this Press Release may be legally restricted in some countries or territories. In such case, shareholders should be aware of and comply with such restriction. The announcement, issuance, or distribution of this Press Release shall not be interpreted as an offer to purchase or solicitation of an offer to sell share certificates concerning the Tender Offer, but shall be interpreted simply as a distribution of information.