Cover sheet

Document for filing	Tender Offer Registration Statement
Addressee	Director General of the Kanto Local Finance Bureau
Date of filing	September 11, 2020
Name of the filing party (offeror)	K.K. BCJ-48.
Address of the filing party (offeror)	1-1-1 Marunouchi, Chiyoda-ku, Tokyo Palace Building 5F
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Name of contact person	Yuji Sugimoto, Representative Director
Name of attorney-in-fact	N/A
Address of attorney-in-fact	N/A
Closest contact place	N/A
Telephone number	N/A
Name of contact person	N/A
Place where a copy of this statement is kept for public inspection	K.K. BCJ-48. (1-1-1 Marunouchi, Chiyoda-ku, Tokyo, Palace Building 5F) Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

(Note 1) In this Statement, "Offeror" means K.K. BCJ-48..

(Note 2) In this Statement, "Target" means Kirindo Holdings Co., Ltd..

(Note 3) Where the figures in this Statement have been rounded or truncated, the amount recorded in the relevant "total" column may not always be equal to the sum of the relevant figures.

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

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

(Note 6) In this Statement, "TOB Order" means the Cabinet Office Ordinance on Disclosure of Takeover Bids of Shares Conducted by Non-Issuers (Ministry of Finance Japan Ordinance No. 38 of 1990, as amended).

(Note 7) In this Statement, "Shares, Etc." means rights pertaining to shares.

(Note 8) In this Statement, a "business day" means a day other than a day as specified in each item of Article 1, Paragraph 1 of the Act Concerning Public Holidays of Administrative Organs (Act No. 91 of 1988, as amended).

(Note 9) Unless otherwise described in this Statement, any reference to the number of days or the date and time shall mean the number of days or the date and time in Japan.

(Note 10) The tender offer in connection with the filing of this Statement ("Tender Offer") will be conducted in compliance with the procedures and related disclosure standards set forth under the Financial Instruments and Exchange Act of Japan, which are not necessarily the same as the procedures and standards in the U.S.. In particular, the provisions of Article 13 (e) or Article 14 (d) of the U.S. Securities Exchange Act of 1934 (as amended; "U.S. Securities Exchange Act of 1934") and the related rules stipulated thereunder do not apply to the Tender Offer, and the Tender Offer is not carried out in compliance with these procedures and standards. All financial information contained in this

Statement is based on the Japanese GAAP and is not based on U.S. GAAP; therefore, such information may not be comparable in content to financial information in the U.S. Moreover, as the Tender Offeror is a corporation incorporated outside of the U.S. and its officers are not residents of the U.S., it may become difficult for the Tender Offeror to exercise any rights or demands that may be asserted based on the securities laws of the U.S. In addition, it may not be possible to commence legal proceedings against non-U.S. corporations and their officers in courts outside of the U.S. on the grounds of violation of U.S. securities laws, and a non-U.S. corporation and its subsidiaries and affiliates may not be subject to the jurisdiction of the courts of the U.S.

(Note 11) Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. All or any part of the document related to the Tender Offer is prepared in the English language and if there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation shall prevail.

(Note 12) The statements in this Statement include "forward-looking statements" as defined in Section 27A of the U.S. Securities Act of 1933 (Securities Act of 1933) and Section 21E of the U.S. Securities Exchange Act of 1934 (Securities Exchange Act of 1934). The results may significantly differ from the predictions explicitly or implicitly indicated as "forward-looking statements" due to known or unknown risks, or uncertainties, or other causes. Neither the Offeror nor any of its affiliates can provide assurance that such explicit or implicit forecasts given as "forward-looking statements" will be realized. The "forward-looking statements" in this Statement were prepared based on the information held by the Offeror as of the date of this Statement, and unless required by laws or the rules of a financial instrument exchange, the Offeror or its affiliates are not obliged to update and/or modify such statements in order to reflect any event or condition in the future.

(Note 13) The Offerer and the Offeror and Target's respective financial advisors and tender offer agents (including their affiliates) may, to the extent permitted by the Japanese laws and regulations pertaining to financial instruments and exchange and other applicable laws and regulations, and in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act 1934 (Securities Exchange Act of 1934), purchase the Target's shares for their own account or for the account of customers before the commencement of, or during, the period of the Tender Offer ("Tender Offer Period"), make purchases by means other than the Tender Offer or take other actions toward such purchases. If information pertaining to such purchase is disclosed in Japan, said information will also be disclosed in English on the website of the purchaser (or otherwise disclosed by other means of disclosure).

PART I. Terms and Conditions of Tender Offer

1. Name of the Target

Kirindo Holdings Co., Ltd.

2. Class of Shares to be Purchased

Common Shares

3. Purposes of Tender Offer

(1) Overview of the Tender Offer

The Offeror is a wholly-owned subsidiary of K.K. BCJ-47 (the "Offeror's Parent Company"), all of the total number of issued shares of which are indirectly owned by an investment fund for which Bain Capital Private Equity, LP and its group (collectively, "Bain Capital") provide investment advice, and is a stock company incorporated on August 25, 2020 for the primary purpose of holding the common shares of the Target (the "Target's Shares") and controlling and managing the business activities of the Target. As of the date of filing of this Statement, Bain Capital, the Offeror's Parent Company and the Offeror do not own the Target's Shares.

Bain Capital is an international investment company that holds operating assets worldwide worth approximately 1,000 hundred million dollars. In Japan, ever since Bain Capital established its Tokyo office in 2006, more than 30 professionals have been engaged in measures to increase the corporate value of its invested firms. It is mainly comprised of professionals who have experiences in business companies and consulting firms, and it has executed steady growth strategies by providing on-site business operation supports in addition to capital and financial support services that are generally offered by investment companies, and has a record of successfully achieving various value enhancement measures. In Japan, Bain Capital has invested in 18 companies including Nichiigakkan Co., Ltd., Showa Aircraft Industry Co., Ltd., Cheetah Digital Co., Ltd. (currently, EmberPoint Co., Ltd.), Works Human Intelligence Co., Ltd., Toshiba Memory Corporation (currently, Kioxia Corporation), Japan Wind Development Co., Ltd., Oedo-Onsen-Monogatari Co., Ltd., ASATSU-DK Inc., Jupiter Shop Channel Co., Ltd., Skylark Co., Ltd., Domino's Pizza Japan, Inc., Macromill, Inc., and BELLSYSTEM24, Inc., and on a global basis, it has invested in 450 companies since its incorporation in 1984.

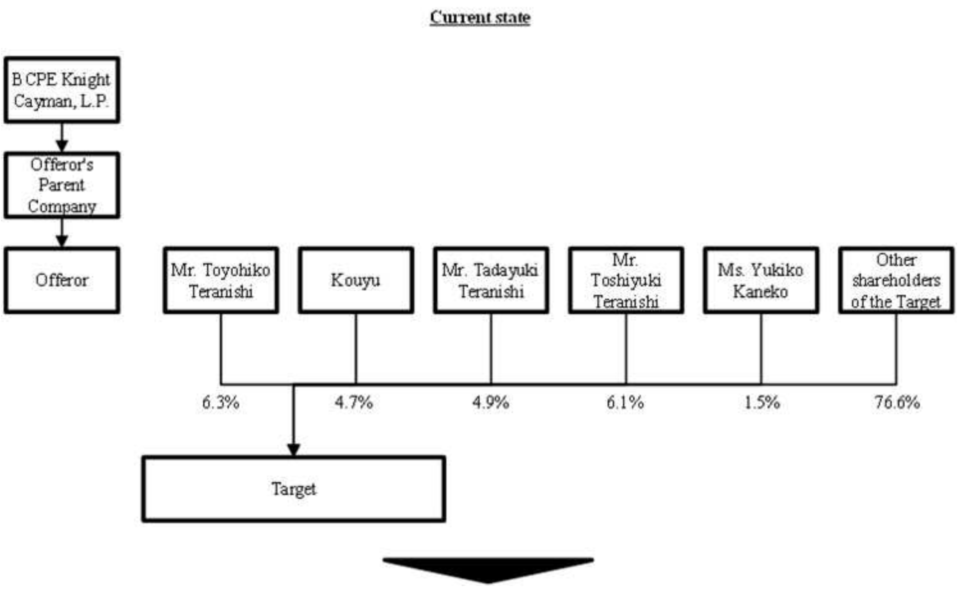
The Offeror will carry out the Tender Offer aiming to acquire and hold all of the Target's Shares listed on the first section of the Tokyo Stock Exchange, Inc. ("TSE") ("First Section of the TSE") (excluding the treasury shares held by the Target, a portion of the Target's Shares held by Mr. Tadayuki Teranishi, the Chairman and Representative Director of the Target ("Mr. Tadayuki Teranishi") (Note 1), and all of the Target's Shares held by Mr. Toyohiko Teranishi, the President and Representative Director of the Target ("Mr. Toyohiko Teranishi"), and all of the Target's Shares held by Kouyu Co., Ltd., an asset management company of Mr. Toyohiko Teranishi and his relatives ("Kouyu") (Note 2)), as part of a series of transactions (the "Transaction") for the so-called Management Buyout (MBO) (Note 3).

Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi plan to continue managing the Target after the successful completion of the Tender Offer, and is considering directly or indirectly owning the shares of the Offeror after the end of the Tender Offer in order to have a common goal to increase corporate value. In addition, Mr. Hiroyuki Teranishi intends to continue supporting the Target as a director of Kirindo Co., Ltd., a wholly-owned subsidiary of the Target ("Kirindo"), and is considering directly or indirectly owning the shares of the Offeror after the end of the Tender Offer in order to have a common goal to increase corporate value. Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi and Mr. Tadayuki Teranishi are, respectively, considering directly or indirectly owning the shares of the Offeror after the end of the Tender Offer (within three months after the completion of the process which would make the Target to go private (the "Squeeze-out Process") (or without delay, if postponed due to unavoidable circumstances)).

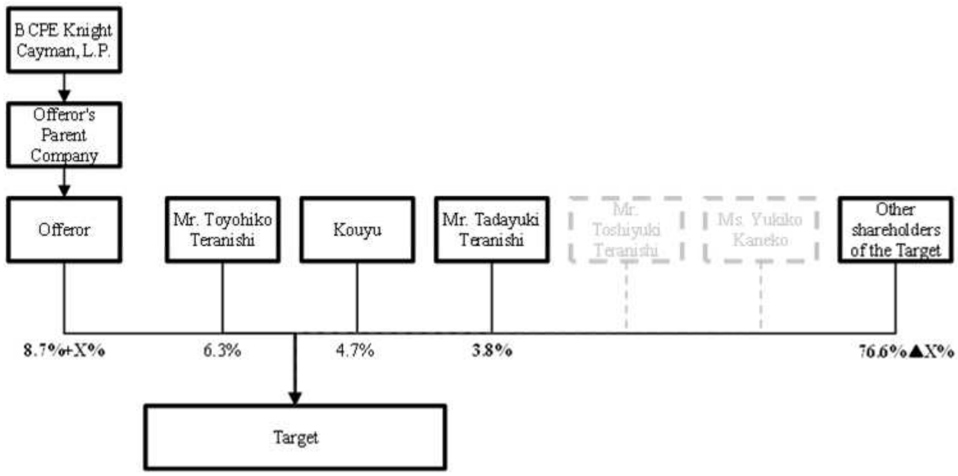
Accordingly, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, Mr. Tadayuki Teranishi and the Offeror plan to implement a triangular merger, with the Offeror as the surviving company, the Target as the absorbed company, and the common shares of the Offeror's Parent Company as consideration for the merger (the "Merger"), and plan to implement procedures necessary for the Offeror to acquire shares of the Offeror's Parent Company as consideration for the Merger. Consequently, in the end, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi and Mr. Tadayuki Teranishi plan to hold such number of the common shares of the Offeror's Parent Company which, in principle, will result in the total shareholding ratio of the common shares of the Offeror's Parent Company held by Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi and Mr. Tadayuki Teranishi, and the shareholding ratio of BCPE Knight Cayman, L.P., a wholly-owning parent company of the Offeror's Parent Company as of the date of filing this Statement, being 40 to 60. Currently, no agreement has been reached on a specific method in relation to transactions for Mr. Hiroyuki Teranishi to ultimately hold a portion of the shares of the Offeror's Parent Company, however, methods such as accepting a portion of the Target's Shares from Mr. Toyohiko Teranishi before the Merger becomes effective, or accepting a portion of the shares of the Offeror's Parent Company from Mr. Tadayuki Teranishi or Mr. Toyohiko Teranishi after the Merger becomes effective are under consideration. Further, when determining the merger ratio of the Merger, in order to avoid violating the regulation on equivalence of purchase prices for tender offerings (Article 27-2, Paragraph 3 of the Act), the value of the Target's Shares will be assessed at a price not exceeding the tender offer price of the Target's Shares in the Tender Offer (the "Tender Offer Price"), and when calculating the share value of the Offeror's Parent Company, which is the precondition for the merger ratio of the Merger, this will be calculating by taking into account that the Offeror's Parent Company will assume debt obligations for funds incurred in connection with the Tender Offer and the Squeeze-out Process. As a result, the total shareholding ratio of the common shares of the Offeror's Parent Company held by Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and the shareholding ratio of BCPE Knight Cayman, L.P. are expected to be approximately 40 to 60.

< Outline of the structure of the Tender Offer and the subsequent contemplated procedures >

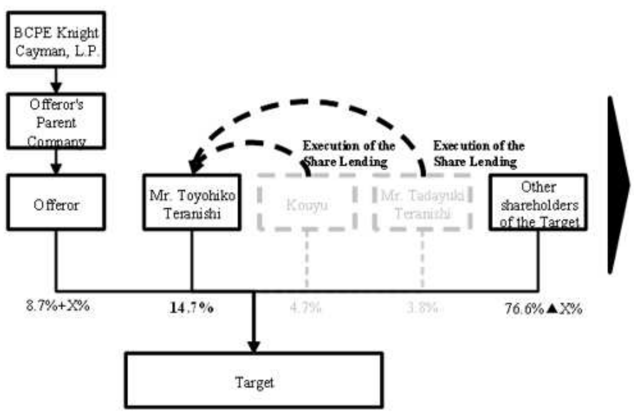
The following graphically illustrates the outline of the structure of the Tender Offer and the subsequent contemplated procedures.



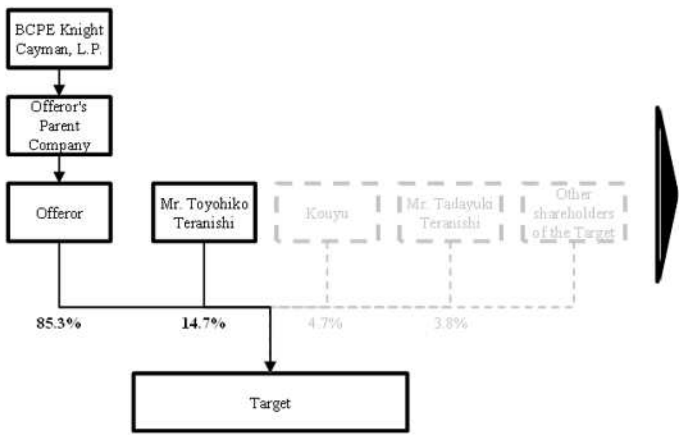
After successful completion of the Tender Offer



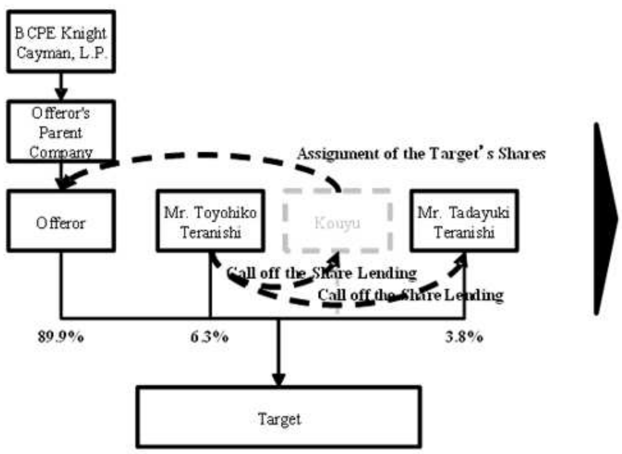
Execution of the Share Lending



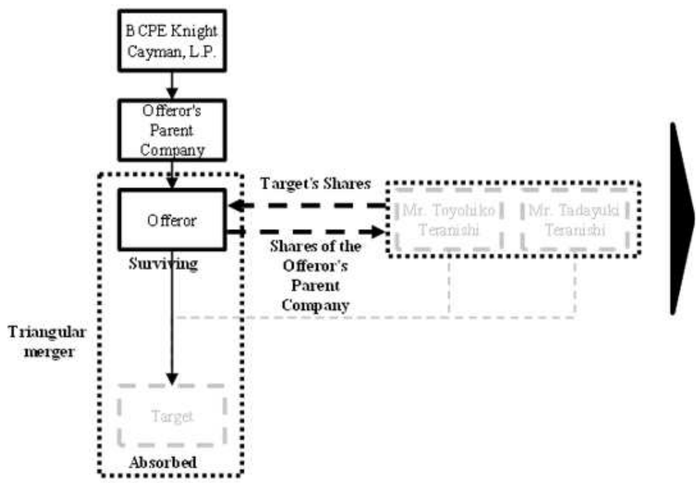
After implementing the Squeeze-out

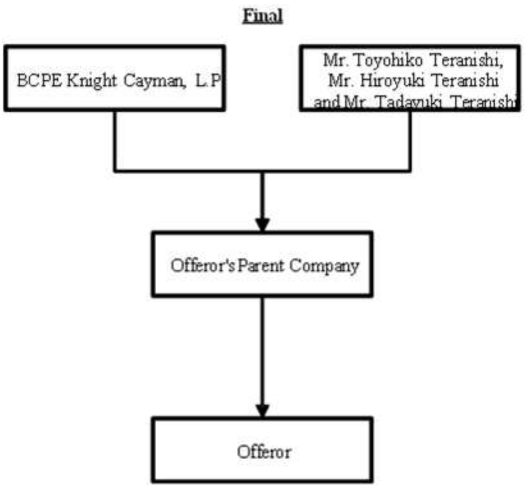


Share Split, call off the Share Lending assignment of theTarget's Shares by Kouyu



Triangular merger, etc.





Upon carrying out the Tender Offer, as of September 10, 2020, the Offeror has entered into a tender offer agreement (the "Tender Offer Agreement") with each of Mr. Toshiyuki Teranishi, a relative of Mr. Toyohiko Teranishi and an executive officer of the Target (Number of shares held: 690,090 shares, Shareholding Ratio (Note 4): 6.09%), and Ms. Yukiko Kaneko, a relative of Mr. Toyohiko Teranishi (Number of shares held: 164,500 shares, Shareholding Ratio: 1.45%) (collectively, the "Accepting Shareholders"), and the Accepting Shareholders agree to tender all of their respectively held Target's Shares (Number of shares held: 854,590 shares, Shareholding Ratio: 7.54%) (the "Accepted Shares for Tendering") to the Tender Offer. The Offeror has also entered into a tender offer/non-tender agreement (the "Tender Offer/Non-tender Agreement") with Mr. Tadayuki Teranishi (Number of shares held: 555,770 shares (Note 6), Shareholding Ratio: 4.90%) as of September 10, 2020, and Mr. Tadayuki Teranishi agrees to tender 127,332 shares of the Target's Shares held by Mr. Tadayuki Teranishi (Shareholding Ratio: 1.12%; the Target's Shares totaling 981,922 shares, together with the Target's Shares tendered to the Tender Offer by Mr. Toshiyuki Teranishi and Ms. Yukiko Kaneko shall be referred to hereafter as the "Accepted Shares for Tendering"), while refraining to tender the remaining 428,438 shares (Shareholding Ratio: 3.78%) to the Tender Offer. Further in addition, as of September 10, 2020, the Offeror has entered into a non-tender agreement (the "Non-tender Agreement") with each of Mr. Toyohiko Teranishi (Number of shares held: 714,420 shares (Note 5), Shareholding Ratio: 6.31%) and Kouyu (Number of shares held: 527,240 shares, Shareholding Ratio: 4.65%) (collectively, the "Non-accepting Shareholders"), and the Non-accepting Shareholders agree not to tender all of their respectively held Target's Shares (Number of shares held: 1,241,660 shares, Shareholding Ratio: 10.96%; the Target's Shares totaling 1,670,098 shares, together with the Target's Shares not tendered to the Tender Offer by Mr. Tadayuki Teranishi (428,438 shares) shall be referred to hereafter as the "Non-accepted Shares for Tendering") to the Tender Offer. For more details on the Tender Offer Agreement, Tender Offer/Non-tender Agreement, and Non-tender Agreement, please refer to "(i) Tender Offer Agreement," "(ii) Non-tender Agreement (Mr. Toyohiko Teranishi)," "(iii) Tender Offer/Non-tender Agreement (Mr. Tadayuki Teranishi)" and "(iv) Non-tender Agreement (Kouyu)" under "(3) Material agreements regarding the Tender Offer" below.

(Note 1) The Offeror has agreed with Mr. Tadayuki Teranishi that he tender 127,332 shares of the Target's Shares held by him (555,770 shares) (Note 6), while refraining to tender the remaining 428,438 shares to the Tender Offer. For more details, please refer to "(iii) Tender Offer/Non-tender Agreement (Mr. Tadayuki Teranishi)" under "(3) Material agreements regarding the Tender Offer" below.

(Note 2) All issued shares of Kouyu (common shares: 45,400 shares, class A share: one (1) share) are held by Mr. Toyohiko Teranishi and his relatives, and the ownership ratio of each shareholder of the common shares is as follows: Mr. Toyohiko Teranishi, 6.61% (the ratio against the total number of issued shares of Kouyu, which is rounded to the second decimal place; hereinafter the same in the calculation of ownership ratio) (common shares: 3,000 shares), Ms. Sadae Teranishi, a relative of Mr. Toyohiko Teranishi, 47.14% (common shares: 21,400 shares), Mr.

Hiroyuki Teranishi, 33.04% (common shares: 15,000 shares), Mr. Toshiyuki Teranishi, 6.61% (common shares: 3,000 shares), and Mr. Yukiko Kaneko, 6.61% (common shares: 3,000 shares), and the class A share (one (1) share) is held by Mr. Tadayuki Teranishi.

(Note 3) "Management Buyout (MBO)" refers to a transaction in which the offeror carries out a tender offer based on an agreement with the officers of the target, and shares a common interest with such officer of the target.

(Note 4) "Shareholding Ratio" refers to the ratio (rounded to the second decimal place) against 11,330,977 shares. The 11,330,977 shares stands for the total number of issued shares of the Target as of May 31, 2020 (11,332,206 shares), as stated in the "First Quarterly Securities Report for the 7th Term" submitted by the Target on July 14, 2020 (the "Target's Quarterly Securities Report"), *less* the number of treasury shares held by the Target as of May 31, 2020 (1,229 shares), as stated in the "First Quarter Earnings Briefing for the fiscal year ending February 28, 2021 Japanese GAAP (consolidated)" published by the Target on July 10, 2020 (the "Target's Earnings Briefing").

(Note 5) Other than the above Target's Shares (714,420 shares), which are subject to the Non-tender Agreement, Mr. Toyohiko Teranishi holds 1,617 shares of the Target's Shares (rounded off by calculation), which he indirectly owns through the officers' shareholding association of the Target, and such shares are not subject to the Non-tender Agreement.

(Note 6) Other than the above Target's Shares (555,770 shares), which are subject to the Tender Offer/Non-tender Agreement, Mr. Toyohiko Teranishi holds 333 shares of the Target's Shares (rounded off by calculation), which he indirectly owns through the officers' shareholding association of the Target, and such shares are not subject to the Tender Offer/Non-tender Agreement.

In the Tender Offer, the Offeror has set the minimum number of tendered shares to be purchased in the Tender Offer as 5,884,000 shares (Shareholding Ratio: 51.93%), and if the total number of shares, etc. tendered in the Tender Offer (the "Tendered Shares") is less than the minimum number of tendered shares to be purchased in the Tender Offer, all of the Tendered Shares will not be purchased. On the other hand, as described above, in the Tender Offer, since the Offeror intends to acquire all of the Target's Shares (excluding the treasury shares held by the Target and the Non-accepted Shares for Tendering), no maximum number of shares to be purchased in the Tender Offer has been set, and if the number of tendered shares is equal to or more than the minimum number of tendered shares to be purchased in the Tender Offer, all of the Tendered Shares shall be purchased. Since the Offeror carries out the Tender Offer for the purpose of taking the Target private, the minimum number of tendered shares to be purchased in the Tender Offer is set so that, if the Tender Offer is successfully completed, the total number of the voting rights of the Target held by the Offeror, the number of voting rights (4,284 voting rights) pertaining to the Target's Shares for which Mr. Tadayuki Teranishi has agreed not to tender to the Tender Offer (428,438 shares), and the number of voting rights of the Target held by the Non-accepting Shareholders (12,416 voting rights pertaining to 1,241,660 shares) will be more than two-thirds of the total number of voting rights of the Target (113,309 voting rights pertaining to the total number of shares (11,330,977 shares) calculated by deducting the treasury shares held by the Target) (5,884,000 shares). The minimum number of tendered shares to be purchased in the Tender Offer, 5,884,000 shares (Shareholding Ratio: 51.93%), will exceed 5,321,401 shares (Shareholding Ratio: 46.96%), which is calculated by adding the number of shares equivalent to the majority of 8,678,957 shares (4,339,479 shares, Shareholding Ratio: 38.30%; this is the equivalent of the majority of the number of the Target's Shares held by the Target's shareholders who do not have an interest in the Offeror, i.e., so-called "majority of minority") (the 8,678,957 shares stands for the total number of issued shares of the Target as of May 31, 2020 as stated in the Target's Quarterly Securities Report (11,332,206 shares) *less* the number of treasury shares held by the Target as of May 31, 2020 as stated in the Target's Earnings Briefing (1,229 shares), the number of Accepted Shares for Tendering (981,922 shares), and the number of Non-accepted Shares for Tendering (1,670,098 shares)), and the number of the Non-accepted Shares for Tendering (981,922 shares). Accordingly, the Offeror will respect the intentions of the minority shareholders of the Target by not carrying out the Transaction including the Tender Offer in the event that a majority of the Target's shareholders other than interested parties of the Offeror do not approve thereof.

As described in "(2) Deposits or borrowings, etc. that may be appropriated to obtain the funds required for the Tender Offer" under "8. Funds Required for Tender Offer" below, if the Tender Offer is successfully completed, the Offeror will receive an investment of 8,700,000 thousand yen from the Offeror's Parent Company, and it will receive a borrowing of not more than 27,300,000 thousand yen in total (the "Acquisition Loan") from MUFG Bank, Ltd. ("MUFG Bank"), Aozora Bank, Ltd. ("Aozora Bank") and Sumitomo Mitsui Banking Corporation ("Sumitomo Mitsui Banking"), and intends to allocate such funds for settlement funds of the Tender Offer. While the details of the loan conditions of the Acquisition Loan will, upon separate consultation with MUFG Bank, Aozora Bank and Sumitomo Mitsui Banking, be provided for in the loan agreement pertaining to the Acquisition Loan, under the loan agreement pertaining to the Acquisition Loan, the Offeror's shares held by the Offeror's Parent Company and the Target's Shares, etc. to be acquired by the Offeror through the Tender Offer will be pledged as collateral, and further, after the completion of the Squeeze-out Process, at a prescribed time, the Target and a part of its subsidiaries will be joint and several guarantors of the Offeror, and certain assets of such companies will be pledged as collateral.

If the Offeror is unable to acquire all of the Target's Shares (excluding the treasury shares held by the Target and the Non-accepted Shares for Tendering) through the Tender Offer, as described in "(5) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" below, after the successful completion of the Tender Offer, the Offeror will request that Target carry out the Squeeze-out Process. In addition, after the completion of the Squeeze-out Process, the Offeror plans to implement the Merger with the Target. For more details, see "(v) Shareholders Agreement" under "(3) Material agreements regarding the Tender Offer" below.

According to the press release titled "Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares" made public by the Target on September 10, 2020 (the "Target Press Release"), at the Target's board of directors meeting held on September 10, 2020, it expressed its opinion in favor of the Tender Offer, and resolved to recommended that the shareholders of the Target accept the Tender Offer. For more details, see the Target's Press Release and "(iv) Approval of all disinterested directors of the Target and opinion of non-objection by all auditors of Target" under "(Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer)" under "Process of calculation" under "(2) Price of tender offer, etc." under "4. Tender Offer Period, Price and Number of Shares to be Purchased" below.

(2) Background to, and objectives and decision-making process of implementation of the Tender Offer and management policy after the Tender Offer

The background to the Offeror's decision to implement the Tender Offer, its objectives and the decision-making process, and its management policy after Tender Offer are as described below. The statements regarding the Target included in the following sections are based on the explanations and information provided by the Target.

(i) Background to the Tender Offer

According to the Target's Press Release, as of September 10, 2020, the Target's group, which is composed of nine companies, namely, the Target, four consolidated subsidiaries, one equity method affiliate, one non-consolidated subsidiaries and two non-equity method affiliates (collectively, the "Target Group"), is primarily engaged in the sale of pharmaceuticals, health food, cosmetics, childcare goods, general merchandise and others at drugstores, insurance-covered dispensing pharmacies and the like. According to the Target, Kirindo (currently, a wholly-owned subsidiary of the Target), the predecessor of the Target, was established by Mr. Tadayuki Teranishi in March 1958 for the purpose of operating pharmacy stores and manufacturing medicines. Kirindo was listed on the Second Section of Osaka

Securities Exchange Co., Ltd. (the "OSE") in September 2000, and then on the Second Section of the TSE in February 2003. The stock of Kirindo was designated to the First Section of the TSE in March 2004, and to the First Section of the OSE in March 2011. Subsequently, in August 2014, Kirindo established the Target by way of independent share transfer (*tandoku kabushiki iten*) with the intention of shifting to a holding company system, and thereafter, the stock of the Target, replacing the stock of Kirindo, was listed on the First Section of the TSE.

Reportedly, the Target Group's management principle is represented by “gratitude, innovation, and integration” and its basic policy is to create a future with "enjoyment, beauty, health, and comfort" (Note 1) with the aim of establishing a "community-centric drugstore chain as social infrastructure" as a social infrastructure. The Target states that since the establishment of Kirindo (the predecessor of the Target and currently a wholly-owned subsidiary of the Target), the Target Group has established a strong market share and operating bases in the drugstore market mainly in Kansai area under the management's leadership.

According to the Target, although it needs to continue generating a steady and solid profit to accomplish its business goal, which is to achieve sustained growth, improve the corporate value and fulfill its social mission, its profitability is actually lower than that of its industry peer competitors and the Target recognizes the need for improvement. In light of such circumstances, on April 14, 2020, the Target published the "Third Medium-Term Management Plan (from the fiscal year ending February 2021 to the fiscal year ending February 2023)." The Target states that it is aiming at achieving an operating profit ratio on sales (which shows the profitability of the core business) of 3.2% in the fiscal year ending February 28, 2023, i.e. the final year of the plan. The Offeror has been informed that in an attempt to realize this goal, the Target laid six major challenges for growth, namely, (a) employing the customer strategy using the official Kirindo app, (b) strengthening the health and beauty care business centered on offering advice to customers on illness prevention measures (Note 2), (c) raising work efficiency, (d) renovating sales floors to improve the convenience of customers, (e) increasing the number of prescription-dispensing stores, and (f) enhancing the dominant position in the Kansai region (Note 3). and is promoting the corresponding measures. According to the Target, the specific actions being taken are as follows: (a) for "employing the customer strategy using the official Kirindo app," improvement of retention of member customers, sales per member customer and member customers' loyalty by the strategic use of Kirindo Official Apps, including by adding to the apps the features of "KiRiCa," the Target's membership point card equipped with an electronic money function; (b) for "strengthening the health and beauty care business centered on offering advice to customers on illness prevention measures," development of high-value-added products, raising of public awareness of the Target's private brand products, thorough employee education, improvement of customer service and speeding-up of product development; (c) for "raising work efficiency," implementation of the standardized store operation, effective staffing and effective investment in systems; (d) for "renovating sales floors to improve the convenience of customers," the development of store formats that take into account the local specific consumers' needs and improvement of efficiency of refurbishment work; (e) for "increasing the number of prescription-dispensing stores," the expansion of the network of stores offering prescription drug services by opening new dispensing pharmacies, setting up pharmacy counters in the existing drugstores and implementing M&A; and (f) for " enhancing the dominant position in the Kansai region," working on opening of 40 drugstores and 60 stores offering prescription drug services.

The Target's understanding is that under the Japanese government's policy of "extension of the population's health span" in a super-aging society, the role of drugstores and insurance-covered dispensing pharmacies as community-based centers of health information will become even more important in the drugstore industry and the insurance-covered dispensing pharmacies industry to which the Target Group belongs. The Target recognizes that the social importance of the concept of "presymptomatic care (Note 4)" that the Target Group has nurtured since its founding will increase. The Target has been aware, on the other hand, that in spite of a prospect for continued increase in the market size of the drugstore industry and the insurance-covered dispensing pharmacy industry, the market size per store tends to shrink due to a decrease in population and proliferation of stores that transcend industry and sector boundaries and that price competition and the trend of industry realignment are intensifying.

(Note 1) “Enjoyment, beauty, health, and comfort” means the condition in which the people can have more enjoyable, beautiful, healthy, and comfortable days.

(Note 2) In the Target Group, the “health and beauty care business centered on offering advice to customers on illness prevention measures” means the offering of products to customers through counseling on illness prevention measures relating to the customer’s health and beauty; and the development, improvement, and rebranding of the private brand products necessary for such offer.

(Note 3) “Enhancing the dominant position in the Kansai region” means the establishment of business locations intensively, the allocation of personnel among such locations, the reduction of management costs, and measures to strengthen customers’ confidence in and recognition of the Target Group in the Kansai region.

(Note 4) "Presymptomatic care" refers to care of healthy people to prevent illness, instead of treating the illness after it starts.

Meanwhile, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi have had an awareness that in spite of the above-mentioned prospect for expansion of the domestic drugstore market, growth will slow down as the market matures, and that the Target will need to further expand its share to maintain the sales and growth in profits as before, causing further intensification of share competition among peer industry competitors. As part of this trend, alliances and large-scale reorganizations within the same sector and with similar businesses, including the dispensing business, have accelerated in recent years. Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi assume that market share competition and industry realignment will continue to grow on a local or national level. They have been aware that under such circumstances, the Target has lowered its relative position, standing in the thirteenth place in terms of nationwide market share of the domestic drugstore industry although it has established operating bases primarily in Kansai area, and thus, the Target has been left behind peer industry competitors in the aspect of the scale and rate of return.

In addition, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi recognized that the Target has not been able to achieve its target operating profit ratio on sales of 3% as set out in the past Mid-term Management Plans, with its profit ratio at a lower level than that of competitor companies in the industry, and that the growth rate of the Target's sales has also been at a lower level than that of its industry peers.

Furthermore, competition environment surrounding the drugstore industry is becoming harsher beyond business-sector boundaries, with EC players (Note 5) taking part. As such, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi have been aware that the Target needs to construct the next generation business model, including in store formats, product category mix, private brands, marketing, logistics, personnel and information technology, and that drastic structural reform and upfront investment will be required given the Target's lower-than-peers level of sales growth rate and return rate as well as the increasingly competitive environment surrounding the drugstore industry.

(Note 5) “EC players” means enterprises that provide platforms for commercial transactions (e-commerce) on Internet, like Amazon and Rakuten, Inc.

In early April, 2019, it occurred to Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi that there are limits for the Target as a listed company to carry out structural reforms while securing sales and profits given that in the past, the Target was not able to attain the projected operating profit ratio on sales of 3% as stated in the " First Medium-term Management Plan (from the fiscal year ended February 2015 to the fiscal year ending February 2017" and the " Second Medium-term Management Plan (from the fiscal year ended February 2018 to the fiscal year ending February 2020)" in spite of its continued stand-alone management efforts, and also that the business and competition environment has seen increasingly severe changes in recent years, as already mentioned. In addition, even assuming that the Target's stand-alone management efforts result in the achievement of the "Third Medium-term Management Plan (from the fiscal year ended February 2021 to the fiscal year ending February 2023)," the Target is expected to lose market shares to competitors and face severer circumstances in a mid to long term if it keeps the current pace of reforms, given the alliances already being arranged in the drugstore industry, and the entry of EC players. This situation has made Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi realize that the existing organizational personnel base and business know-how alone are not enough for the Target to build a further dominant position on a mid to long term as a leading company primarily based in Kansai region, and that the Target needs to implement the business restructuring with support of the expertise from external professionals.

Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi believe that in order to solve the six major challenges for growth that the Target sets out in the Third Mid-term Management Plan (namely, (a) employing customer strategy using the official Kirindo app, (b) strengthening the health and beauty care business centered on offering advice to customers on illness prevention measures, (c) raising work efficiency, (d) renovating sales floors to improve the convenience of customers, (e) increasing the number of prescription-dispensing stores, and (f) enhancing the dominant position in the Kansai region) and to achieve the Target's growth potentials to the maximum in the drugstore industry facing intensifying competition, it is essential to promote business restructuring, which consists of continued boosting of sales of the existing stores, opening of new stores and implementation of M&A. They are certain that the Target must build a leaner business by way of store profitability improvement and active investment in information technologies, increase sales through creation of attractive sales floors and products, execute a new store growth plan and implement M&A, as specific business restructuring measures. See "(iii) Management policy after the Tender Offer" below for the business restructuring measures to be taken.

However, even if such efforts for business restructuring may present opportunities for a large growth from a mid-to-long term viewpoint, it is unlikely that those measures will promptly contribute to the Target Group's profit. Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi have been worried about an undetermined operational risk that the Target's business does not develop as planned as well as a short-term deterioration in the sales and profitability, and have believed that it is difficult for the Target to take these measures while maintaining its listing because it cannot be denied that such measures, if undertaken without having its stock delisted, may have a negative impact on shareholders of the Target, such as a short-term decline in market prices of the Target's shares.

In addition, not all shareholders would approve the drastic measures for growth intended by the Target's management officials, including Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi. For example, if there is a gap in understanding of the company's strategies with investors whose purpose is to achieve a short-term profit margin, various communication costs would arise. Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi have been aware of the risk that such situation would prevent the Target from devoting the management resources to business operation.

In late May, 2020, this led Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi to an idea that scaling back or procrastinating the business restructuring in fear of a short-term decline in the Target Group's sales or profitability could undermine the Target's mid-to-long term competitive strength and earning power. Then, they came to believe that the best way for the Target to address its management issues in an agile manner and improve sustainable corporate value from a long-term view without being shaken by short-term performance fluctuations would be to establish a new management system which enables swift and flexible decision making by way of a going-private transaction, and to have the Target's employees work together to implement the Target's business restructuring and actively develop its businesses.

Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi once considered forming a partnership with a certain business company, but could not find concrete measures leveraging the Target's large share in the drugstore market and strong operating bases built mainly in Kansai area that would contribute to enhancement of the Target's corporate value, and concluded that such a partnership would not be a good idea if the Target was to maintain and practice its corporate philosophy and management principle. In addition, they had opportunities to contact other investment funds, but they did not reach a consensus on the management policy as opposed to the one seen in the Transaction. When they were considering the most appropriate measures for the Target's growth under such circumstances, Bain Capital, which owns and operates the Offeror, suggested that they discuss various capital policies, including delisting of a listed company. Thus, since mid-June 2019, the three parties have had a number of exchanges of opinions and discussions regarding management measures and the optimal capital structure for the Target.

Subsequently, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi compared and analyzed potential partners, including Bain Capital, to determine the most suitable partner to implement the Transaction, and as a result, decided that it was a best option to partner with Bain Capital, a world-famous private equity fund with an excellent track record in Japan which has made a number of investments in the drugstore and other retail industries, including Duane Reade, a major drugstore chain operating mainly in urban areas in New York, Shoppers Drug Mart, a Canadian major drugstore chain, as well as Skylark Co., Ltd. and Domino's Pizza Japan, Inc. in Japan, and has a deep insight on the Target's business. In late May 2020, they arrived at a perception that the best way for the Target to enhance its sustainable corporate value on a mid-to-long term basis is, instead of relying solely on management resources within the Target, to complete a going private transaction for the Target with Bain Capital, establish a strong and stable new management system which unites shareholders and managers to enable swift and flexible decision making, and to have the Target's employees work together on the implementation of the Target's growth strategy and business restructuring as well as on aggressive business expansion. Accordingly, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi started consultations with Bain Capital regarding the Transaction, and had a number of discussions on the system of joint management between themselves and Bain Capital over the Target, and what the management of the Target and their basic policies should be after the implementation of the Transaction, among other things. In addition, Bain Capital, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi discussed the direct or indirect holding of shares in the Offeror by Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi and Mr. Tadayuki Teranishi after the end of the Tender Offer. Mr. Toyohiko Teranishi and Mr. Hiroyuki Teranishi requested Bain Capital to accept that (i) Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi, who have been expected to continue to be engaged in management of the Target after the successful completion of the Tender Offer, and (ii) Mr. Hiroyuki Teranishi, who has intended to provide continued support to the Target as a director of Kirindo, a wholly-owned subsidiary of the Target, would directly or indirectly own shares in the Offeror after the end of the Tender Offer so that in both cases, each of them should have a common goal for improvement of the Target's corporate value, and that a re-investment in the Target be made so that the ratio of the aggregate shareholding by Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi and Mr. Hiroyuki Teranishi to the shareholding by Bain Capital should be approximately 40 to 60. Bain Capital, which was led to believe that it would be important for itself to have a common goal with Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi and Mr. Hiroyuki Teranishi for the improvement of the Target's corporate value, decided to accept such request. Thus, the two sides came to share the view on the direction. In addition, as a result of a number of discussions held on the above-mentioned re-investment scheme, Bain Capital, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi came to share the vision in early September 2020 by agreeing that they would effect the Merger wherein the Offeror will be the surviving company, the Target will be the absorbed company, and the consideration for the merger will be common shares in the Offeror's Parent Company within three months after the completion of the Squeeze-out Process (or without delay, if postponed due to unavoidable circumstances), and would implement the procedures and other actions necessary for the acquisition by the Offeror of the shares in the Offeror's Parent Company to be used as consideration for the Merger.

Consequently, Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi and Bain Capital reached a conclusion that both of the continued organic growth of the drugstore business and implementation of M&A are important for the Target Group to achieve further growth and improvement of the corporate value in a mid-to-long term and to attain the managerial goals. In addition, they concluded that in order to concurrently and swiftly implement these series of measures, the Target is required to establish a system ensuring steady implementation of measures in a short term by using external human resources and management know-how, instead of relying solely on internal management resources.

Based on the above, in early June 2020, Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi and Bain Capital expressed to the Target their initial intention as regards an outline of the Tender Offer and the management policy after the Transaction, and had a number of discussions with the Target on the viability of the Transaction. Then, on July 16, 2020, they submitted to the Target a written proposal (the "Proposal") expressing their formal intent regarding the Transaction and describing the purpose of the Transaction, management policies and management system of the Target after the Transaction and the envisaged structure, among other things.

On August 7, 2020, Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi and Bain Capital submitted to the Target their first price proposal indicating a Tender Offer Price of JPY 3,000 per share based on the then progress of the due diligence investigation on the Target that started in late June 2020. Subsequently, in response to the Target's request made on August 14, 2020 for an increase in the Tender Offer Price, Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi and Bain Capital submitted, on August 21, 2020, a re-proposal indicating an increased Tender Offer Price of JPY 3,150 per share. Then, on August 25, 2020, the Target again requested an increase in the Tender Offer Price, and explained that the Target's business results up to August 2020 were better than its amended operating results forecast dated July 10 and that the Target might further revise up its operating results forecast. After that, the Offeror and the Target had discussions on the Target's operating results and financial standing. Then on September 5, 2020, Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi and Bain Capital submitted a re-proposal indicating a further increased Tender Offer Price of JPY 3,450 per share. Thereafter, the three parties had a number of discussions and negotiations with the Target on the terms of the Transaction including the Tender Offer Price as well as the Target's management policy after the successful completion of the Transaction. Finally, on September 10, 2020, Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi and Bain Capital decided to commence, through the Offeror, the Tender Offer as part of the Transaction at the Tender Offer Price of JPY 3,500 per share.

(ii) Process of decision-making behind the Target's decision to support the Tender Offer and its reasons

According to the Target's Press Release, as set forth in "(i) Overview of the Tender Offer" above, the Target received the initial proposal from Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi, and Bain Capital with regard to making the Target's Shares privately held, with the overview of the Tender Offer and the management policy after the Transaction, in early June 2020. The Target states that following repeated discussions with Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi, and Bain Capital regarding the feasibility of implementation of the Transaction, on July 16, 2020, the Target received the Proposal from Mr. Tadayuki Teranishi, Mr. Toyohiko Teranishi, and Bain Capital. For the Target to review and consider the particulars of the Proposal, and in order to ensure the fairness of the Tender Offer Price and the other conditions of the Transaction, including the Tender Offer, as set forth in "(4) Measures to ensure fairness of Tender Offer and to prevent conflict of interest and other measures to ensure fairness of Tender Offer" below, on July 17, 2020, the Target appointed Kitahama Partners ("Kitahama Partners") as a legal advisor, Deloitte Tohmatsu Financial Advisory Godo Kaisha ("Deloitte Tohmatsu Financial Advisory") as a financial advisor, and Plutus Consulting ("Plutus Consulting") as a third-party valuation agency. The Target states that the fees for Kitahama Partners are calculated by multiplying hourly unit prices by working hours regardless of whether the Transaction is successfully completed or not and do not include any contingency fees contingent upon the successful completion of the Transaction, and that the fees for Deloitte Tohmatsu Financial Advisory include only a fixed fee to be paid regardless of whether the Transaction is successfully completed or not and do not include any contingency fees contingent upon the successful completion of the Transaction.

According to the Target, on July 17, 2020 the Target established a special committee ("Special Committee") to review the proposal for the Transaction set forth in the Proposal (with respect to the member composition and specific activities of the Special Committee, see "(iii) Establishment of the Special Committee in the Target and procuring a report" under "(4) Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer" below).

The Offeror has been told that while receiving advice from Kitahama Partners and Deloitte Tohmatsu Financial Advisory, the Target examined the purpose of the Transaction and other aspects of the overview of the Tender Offer set forth in the Proposal, the impact of the Transaction on the Target, the management policy after the Transaction, and recent share price trends, and on the basis of negotiation policies and opinions, instructions, and requests etc. regarding material aspects of the negotiations confirmed in advance by the Special Committee, it engaged in discussions and negotiations with the Offeror on multiple occasions, before conducting a review of the appropriateness of the Transaction.

With respect to the Tender Offer Price, the Offeror has been told by the Target as follows: after receiving on August 7, 2020 an initial offer from the Offeror with a Tender Offer Price of JPY3,000 per share, the Target examined the share value calculation results report for the Target's Shares received from Plutus Consulting and the opinion of the Special Committee, taking into account the advice of Deloitte Tohmatsu Financial Advisory, and on August 14, 2020, it made a request to the Offeror to reconsider the Tender Offer Price. Again, the Target engaged in repeated discussions and negotiations with the Offeror regarding the conditions of the Transaction, and on August 21, 2020, it received the revised offer with a Tender Offer Price of JPY 3,150 per share. After this as well, on August 25, 2020, the Target again requested the Offeror to reconsider the Tender Offer Price and gave it the explanation that the business results until August 2020 had showed better performance than the projected consolidated financial results indicated in the "Notice regarding Correction to Financial Projections" released by the Target on July 10, 2020, and the projections of business results might be upwardly revised. And, on September 5, 2020, the Target received the re-revised offer with a Tender Offer Price of JPY 3,450 per share. Even after that, the Target continued to engage in negotiations and discussions with the Offeror; as a result, on September 7, 2020 the Target received from the Offeror the final offer with a Tender Offer Price of JPY 3,500 per share. The Target confirmed the appropriateness of the offer with the Special Committee, received further opinions from Deloitte Tohmatsu Financial Advisory, and conducted a careful review taking into account the content of the share valuation report ("Share Valuation Report") obtained from Plutus Consulting on September 9, 2020; and as a result, the Target has determined that such price is appropriate because it includes a substantial premium over the market price, and it is within the range of the calculation results discussed below by Plutus Consulting using discounted cash flow analysis ("DCF Method"), and at a level exceeding the mid-point (the stock value per share of the Target's Shares calculated with the mid-point of the figures used for the sensitivity analysis to determine a discount rate that is the basis of the calculation by DCF Method, The same shall apply hereinafter); thus, the calculation is reasonable. In this manner, the Target has continued to negotiate with the Offeror regarding the Tender Offer Price.

The Target further states as follows: while receiving necessary legal advice from Kitahama Partners regarding the method and the process of decision-making by the board of directors of the Target, including the procedures relating to the Transaction and other matters to note, the Target received a written report dated September 9, 2020 from the Special Committee ("Written Report") (for the overview of the Written Report and the specific activities of the Special Committee, see "(iii) Establishment of the Special Committee in the Target and procuring a report" in "(4) Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer" below). Then, taking into account the financial advice received from Deloitte Tohmatsu Financial Advisory, the Share Valuation Report obtained from Plutus Consulting, and legal advice received from Kitahama Partners and giving as much weight as possible to the content of the Written Report submitted by the Special Committee, the Target conducted careful consideration from the standpoint of whether the Transaction could ensure further improvement in the Target's corporate value and the benefits that minority shareholders would enjoy through the implementation of the Transaction through fair procedures.

According to the Target, while the Target has continued to expand in the industries of drugstores and pharmacies covered by health insurance to which the Target Group belongs, the government has adopted "extension of the population's health span" as a policy in a super-aging society, and the Target recognizes that drugstores and pharmacies covered by health insurance will play far more important roles as a kind of hub providing community-based health information, and the concept of "presymptomatic care" that the Target Group has developed since its foundation will gain in even more importance in the society. The Target states that although it is expected that the size of the industries of drugstores and pharmacies covered by health insurance will continue to expand, the market size per store is shrinking as a result of a declining population and the rapid increase of the number of new stores and pharmacies across business categories and formats, and furthermore, the price competition will become increasingly fierce and the industry reorganization will be escalated. Under these circumstances, the Target Group believes that it is essential for the Target to gain more market share in the drugstore industry through the execution of M&A that center on the Target, promote and enhance the Target's branding and marketing strategies in conjunction with such M&A, implement business structure reforms including, raising efficiency through prior investments in systems and the like, and develop businesses aggressively. As indicated in "(iii) Management policy after the Tender Offer" below, during the abovementioned process of discussions and negotiations, the Offeror indicated its intent to provide, after the going private of the Target, the extensive experience in the value enhancement for investment targets that Bain Capital has acquired, offer various types of support, including M&A support, and carry out measures to maximize the potential value of the Target's business, and, in particular, it believes that both continuing organic growth of the drugstore business and the execution of M&A will be important. Concrete measures to achieve continuing organic growth of the drugstore business will include: (i) establishing an efficient business structure, (ii) increasing sales by creating appealing sales floors and merchandising, and (iii) increasing new store openings. Anticipated measures for the execution of M&A include the use of Bain Capital's accumulated M&A expertise for the Target to undertake M&A actively in the drugstore industry, where the industry reorganization is expected to accelerate, and to execute M&A centered on the Target. In response to the said intent indicated by the Offeror, the Target recognizes the direction and measures being considered by Bain Capital are close to the same pursued by it; therefore, it has determined that when using of the concept of "presymptomatic care" that the Target Group has developed since its foundation while undertaking community-centric business management, the utilization of the advanced managerial expertise of Bain Capital under its cooperation will contribute more to enhancing the Target's corporate value over the medium- to long-term than the management integration with a competitor. The Target states that Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi and some others of the Target had once considered an alliance with another business company, but the said alliance was not in line with the Target's corporate philosophies and management policy; thus, such alliance was not formed, and although there were opportunities to have contact with another investment fund, an agreement has not been reached with regard to management principles like it has for the Transaction.

In addition, the Target considers that it will be necessary to carry out business structure reforms, including M&A and prior investments in systems and other things to develop businesses aggressively. The Target believes that these initiatives, however, entail uncertainty regarding future profits and pose a risk of causing decreases in sales and profits, deterioration of cash flows and financial status due to higher interest-bearing liabilities over the short term. As a result, the possibility of a decline in the Target's share price and short-term adverse impacts on the Target's shareholders cannot be denied.

According to the Target, for these reasons, the Target has determined that the best option for achieving improved corporate value of the Target is to provide all shareholders with an opportunity to sell their shares without suffering adverse effects in the short term; take the Target's Shares private to avoid worrying over the short-term assessments of the stock market; build a management system capable of agile decision-making; improve management flexibility; and utilize the management support of Bain Capital to the maximum extent.

Further, the Japanese stock market overall has been unstable since around February 2020 following the requests from the national and local governments to refrain from events and from going outside etc. in order to prevent the spread of the novel coronavirus. However, in the drugstore business operated by the Target, demands for sanitation-related products have increased due to heightened awareness of sanitation, and the same for food products have also increased due to higher rates of people spending time at home in conjunction with the declaration of a state of emergency, and the profits have become higher as a result of refraining from special sales and selling at regular prices. In consequence, with regard to the Target's business performance, the first quarter for the fiscal year ending February 28, 2021 was very influenced by the high demand for the novel coronavirus-related merchandise amid the abnormal situation associated with the declaration of a state of emergency. Also, the second quarter of the same has been doing well mainly because the number of patients infected with the novel coronavirus in the Kansai region has dramatically increased since early July; thus, the demand for the related products has remained high, and besides, seasonal merchandise such as beverages and insecticides, etc. have been in good demand during the summer heat since August. However, in either case, the Target believes that the relative strong performance is likely to be of limited duration. In the second half of the fiscal year ending February 28, 2021, it is expected that the demand for seasonal merchandise will decline when the climate gradually cools, and as a matter of fact, in other business categories, the unit selling price of novel coronavirus-related merchandise has started to go down; thereby, from now on, the market and competitive environments will become increasingly fierce, and from these perspectives, the Target believes that it is necessary to carry out a prompt business structure reform.

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

However, in the light of the Target Group's current financial condition and the low interest rate environment for indirect financing recently, it is not expected that large-scale financing through equity finance will still be necessary in the next several years. Given the recent rise in the cost of maintaining the Target's listing, it is difficult to see the significance of maintaining the listing of the Target's Shares. Additionally, the Target Group's ability to secure superior human resources and expand business partners stemming from greater social trust and name recognition is increasingly obtained through business activities, and it is believed that the relative need to maintain the listing of the Target's Shares is declining. The Target states that therefore, the Target's board of directors has determined that the advantages of taking the Target's Shares private outweigh the disadvantages, and for these reasons, its board of directors has determined that taking the Target's Shares private through the Transaction, which includes the Tender Offer, will contribute to increasing the Target Group's corporate value.

Further, according to the Target, in light of factors including that the Tender Offer Price (JPY3,500) (i) in relation to the calculation results for the value of the Target's Shares by Plutus Consulting set forth in "Process of calculation" in "(2) Price of tender offer, etc." under "4. Tender Offer Period, Price and Number of Shares to be Purchased" below, the Tender Offer Price is greater than the maximum amount of the range of the calculation results based on the market price analysis, it is within the range of the calculation results by using the comparable company analysis, further it is within the range of the calculation results using the DCF Method and at a level exceeding the mid-point thereof; (ii) the Tender Offer Price represents a premium of 39.33% (rounded to the second decimal place; hereinafter, the same applies to premium values (expressed as a percentage) on the share price) on JPY2,512, which is the closing price of the Target's Shares on the First Section of the TSE on September 9, 2020, the business day immediately preceding the date of the announcement of the Tender Offer, a premium of 27.92% on JPY2,736, (rounded to the nearest whole yen; hereinafter, the same applies to simple averages of closing prices), which is the simple average closing price for the one-month period up to on September 9, 2020, a premium of 32.93% on JPY2,633, which is the simple average closing price for three-month period up to such date, and a premium of 53.37% on JPY2,282, which is the simple average closing price for the six-month period up to such date, and it can be concluded that a premium that is not inferior to the premiums in comparison with other recent MBO cases is being added; (iii) it is found to give consideration to the interests of minority shareholders in that, among other things, the measures set forth in "(4) Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer" have been taken to eliminate any conflicts of interest; (iv) the Tender Offer Price was decided after the above measures to eliminate conflicts of interest were taken and the Target and the Offeror engaged in discussions and negotiations on several occasions, namely, after the Target and the Offeror sincerely and continuously engaged in discussions and negotiations taking into account the calculation results for the share value of the Target's Shares by Plutus Consulting, discussions with the Special Committee, financial advice received from Deloitte Tohmatsu Financial Advisory, and legal advice received from Kitahama Partners, etc.; and (v) a significant increase in the price proposal for the Tender Offer was made at the request of the Special committee, the board of directors of the Target has determined regarding the Transaction that the Transaction, including the Tender Offer, can be expected to improve the Target's corporate value, that the Tender Offer Price as well as the other conditions for the Tender Offer are appropriate for the Target's shareholders, and that the Tender Offer provides the Target's shareholders with a reasonable opportunity to sell their shares.

According to the Target, given the foregoing, at the meeting of the board of directors of the Target held on September 10, 2020, the directors participating in deliberations and voting (all five (5) of the Target's directors, excluding Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi) unanimously passed a resolution to state an opinion in favor of the Tender Offer and to recommend that the Target's shareholders tender their shares in the Tender Offer. According to the Target, all four (4) of the Target's auditors attended the board of directors meeting, and each of the auditors in attendance stated that he or she had no objection to the resolution.

It should be noted that since Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi are considering holding the shares of the Offeror directly or indirectly after the completion of the Tender Offer, they have conflicts of interest with the Target in relation to the Transaction; thus, according to the Target, as directors having special interests, they did not in any way participate in the deliberations or voting in the above meeting of the board of directors, nor did they have any role in the consultations and negotiations with the Offeror from the Target's position.

(iii) Management policy after the Tender Offer

The Offeror's vision for the Target's management policy after the successful completion of the Transaction is as described below.

With the expectation of intensified competition in the drugstore business and acceleration of realignment in the industry, the Offeror believes that both of continued organic growth of the drugstore business and aggressive implementation of M&A are essential to achieve the Target's growth potential to the maximum.

With respect to continued organic growth of the drugstore business, the Offeror believes that the Offeror's know-how and experiences gained through the past investments will contribute to the Target's growth in three growth measures, namely, (i) building of a leaner business, (ii) growth in sales through creation of attractive sales floors and products, and (iii) growth of new stores.

As for improvement of the store profitability in "building a leaner business, "the Offeror believes that given the variations in operations among stores, there is room to improve the profitability without letting sales drop by means of standardization of store operation and optimization of individual cost items on the basis of Bain Capital's investment performance in the retail industry.

As for creation of attractive sales floors and products, the Offeror considers that an important element of this is to strengthen and expand the Target's own-brand product lineup. For a long time, the Target has been working on improving its private brand product lines particularly in the fields of health food, pharmaceuticals and general merchandise, and its private brand ratio has increased to the same level as that of peer industry competitors. The Offeror recognizes that this has consequently contributed to an improvement in the overall gross margin ratio. Meanwhile, it will become essential to provide greater added value to private brands, by such means as joint development and manufacturing with major companies that supply national brands and OEM manufacturing based on the Target's own planning. The Offeror assumes that in some cases, the Target could consider acquiring brands to strengthen certain specific categories. The Offeror believes that in order to achieve the above objective, the Target needs to plan and implement appropriate measures and make investment from a long-term perspective. A key to this will be to boldly execute investment from a mid-to-long term perspective through the going-private transaction.

With respect to growth of new stores, while the Target has increased the number of newly opened stores in recent years, the Offeror believes that there is room for improving the economic efficiency per new store as compared to its competitors. More specifically, the Target understands that it is essential to improve store operations through such measures as optimal staffing in line with characteristics of each store, scientific marketing based on data analysis using POS and other data, and labor-saving by the use of electronic payment and the like. In addition, with a changing consumers' buying behavior, an active investment will be needed more than ever before, such as development of new store formats, including introduction of unstaffed stores, and improvement of the Target's own EC channels through active IT-based digital marketing activities. Accordingly, in a short term, upfront investment may increase by promptly and actively executing necessary investments under a faster decision-making system. With this in mind, the Offeror believes that the management of the Target should be handled from a mid-to-long term perspective through the going private transaction.

Regarding implementation of M&A, the Offeror believes that in the drugstore industry that is expected to experience an accelerated realignment, the Offeror will be able to contribute to improvement of the Target's presence in the drugstore industry by utilizing know-how on M&A built-up by the Offeror. The Offeror expects to provide support to the Target in communications during and implementation of M&A, using the know-how that it has developed, as well as in creation of synergy from integration after M&A, and to consummate earlier and more securely M&A transactions with the Target acting as the core player.

After the going-private of the Target through the Tender Offer, the Offeror plans to provide the Target with abundant know-how on enhancement of investees' corporate value that Bain Capital has accumulated and the above-mentioned various supports including M&A-related ones, and will actively take measures to realize the maximization of the potential value of the Target's business.

The Transaction is so-called a management buyout (MBO). As stated in "(1) Overview of the Tender Offer" above, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, Mr. Tadayuki Teranishi and the Offeror are expected to effect the Merger wherein the Offeror will be the surviving company, the Target will be the absorbed company and the consideration for the merger will be shares in the Offeror's Parent Company, and implement the necessary procedures for the acquisition by the Offeror of the shares in the Offeror's Parent Company to be used as consideration for the Merger. 'Further, when determining the merger ratio of the Merger, in order to avoid violating the regulation on equivalence of purchase prices for tender offerings (Article 27-2, Paragraph 3 of the Act), the value of the Target's Shares will be assessed at a price not exceeding the Tender Offer Price, and when calculating the share value of the Offeror's Parent Company, which is the precondition for the merger ratio of the Merger, this will be calculating by taking into account that the Offeror's Parent Company will assume debt obligations for funds incurred in connection with the Tender Offer and the Squeeze-out Process. As a result, the total shareholding ratio of the common shares of the Offeror's Parent Company held by Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and the shareholding ratio of BCPE Knight Cayman, L.P. are expected to be approximately 40 to 60.

In addition, as described in "(v) Shareholders Agreement" under "(3) Material agreements regarding the Tender Offer" below, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi and Mr. Tadayuki Teranishi, and BCPE Knight Cayman, L.P. have agreed that after the successful completion of the Merger, (i) the Offeror as the surviving company in the Merger ("New Kirindo Holdings") will have seven directors, with Mr. Toyohiko Teranishi and BCPE Knight Cayman, L.P. being entitled to appoint three and four directors, respectively; and (ii) New Kirindo Holdings will have no more than two representative directors, and New Kirindo Holdings' representative directors immediately after the Merger will be Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi. In addition, under the Shareholders Agreement, it has been agreed with respect to the officers of the Offeror's Parent Company that (i) the Offeror's Parent Company will have seven directors, with Mr. Toyohiko Teranishi and BCPE Knight Cayman, L.P. respectively being entitled to appoint three and four directors; (ii) the Offeror's Parent Company will have no more than two representative directors, and the representative directors of the Offeror's Parent Company immediately after the Merger will be Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi; and (iii) the Offeror's Parent Company will have one auditor and BCPE Knight Cayman, L.P. will have the right to appoint the auditor. That said, candidates for directors of New Kirindo Holdings have not been determined except for Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi, who are expected to be nominated as representative directors, and there has been no agreement between the Offeror and the Target's directors and auditors other than Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi with respect to appointment of officers after the Tender Offer. The Offeror expects to determine the details of the post-Tender Offer management system, including the composition of the Target's directors and officers, after the successful completion of the Tender Offer in consultation with the Target.

At present, the current employment of the Target Group's personnel is expected to be maintained even after the Tender Offer. The Offeror intends to consider introducing personnel policies wherein improvement of corporate value is linked to better treatment of the officers and employees, such as adoption of stock option and performance-based remuneration system.

(3) Material agreements regarding the Tender Offer

(i) Tender Offer Agreement

As of September 10, 2020, Offeror entered into Tender Offer Agreement with respective Accepting Shareholders and agreed that Mr. Toshiyuki Teranishi and Ms. Yukiko Kaneko accept the Tender Offer with respect to the entire Target's Shares owned by Mr. Toshiyuki Teranishi (as of the date of this filing, 690,090 shares; Shareholding Ratio: 6.09%) and the entire Target's Shares owned by Ms. Yukiko Kaneko (as of the date of this filing, 164,500 shares; Shareholding Ratio: 1.45%). '

Under respective Tender Offer Agreements with respective Accepting Shareholders, each Accepting Shareholder covenants that it will accept the Tender Offer, and upon successful completion of the Tender Offer, and if Shareholders' Meeting of the Target is held, with respect to which the record date for exercising the rights is earlier than Settlement Start Date for the Tender Offer, with respect to the exercise of voting rights and any other rights from the Target's Shares owned by respective Accepting Shareholders in the Shareholders' Meeting, based on the Offeror's choice, (i) exercise in accordance with the Offeror's instruction, or (ii) grant a comprehensive proxy to the Offeror or the person designated by the Offeror by issuing a proper proxy statement executed by an authorized person and shall not withdraw the grant of such proxy. For the avoidance of doubt, there is no precondition for acceptance of the Tender Offer by respective Accepting Shareholders provided under the Tender Offer Agreements with respective Accepting Shareholders.

(ii) Non-tender Agreement (Mr. Toyohiko Teranishi)

As of September 10, 2020, Offeror entered into Non-tender Agreement with Mr. Toyohiko Teranishi and, it is agreed that Mr. Toyohiko Teranishi will not accept the Tender Offer with respect to the entire Target's Shares owned by Mr. Toyohiko Teranishi (as of the date of this filing, 714,420 shares; Shareholding Ratio: 6.31%) (Note). The Non-tender Agreement with Mr. Toyohiko Teranishi provides the following:

(Note) Other than the above Target's Shares (714,420 shares), which are subject to the Non-tender Agreement, Mr. Toyohiko Teranishi holds 1,617 shares of the Target's Shares (rounded off by calculation), which he indirectly owns through the officers' shareholding association of the Target, and such shares are not subject to the Non-tender Agreement.

(a) Agreement on non-acceptance of Tender Offer

Under the Non-tender Agreement, Mr. Toyohiko Teranishi has agreed that it will not accept the Tender Offer with respect to all the Target's Shares owned by Mr. Toyohiko Teranishi and that he shall not assign, pledge or otherwise dispose of the Target's Shares (including, without limitation, accepting any tender offer other than the Tender Offer) in whole or in part, and it will not acquire any Target's Shares or any rights with respect to the Target's Shares (other than through inheritance).

(b) Agreement on share lending

Mr. Toyohiko Teranishi has agreed that, as of the effective date of share consolidation of the Target's Shares (the "Share Consolidation") executed as a part of the Squeeze-out Process expected after the Tender Offer in order to prevent, to the extent possible, any Target's shareholder (other than Offeror, Mr.

Toyohiko Teranishi and Mr. Tadayuki Teranishi) from owning the Target's Shares exceeding the number of the Target's Shares owned by the smallest shareholder among Offeror, Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi, and so that Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi continue to hold the Target's Shares after the Squeeze-out Process as they are expected to directly or indirectly hold the Target's Shares after the Squeeze-out Process, in accordance with the Offeror's instructions, Mr. Toyohiko Teranishi shall enter into share lending agreements, after the delisting of Target's Shares, with Mr. Tadayuki Teranishi and Kouyu with respect to the Target's Shares effective before the effective date of the Share Consolidation provided in "(5) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called 'two-step acquisition')" below takes effect, and shall borrow all the Target's Shares owned by Mr. Tadayuki Teranishi and Kouyu (the "Share Lending"; Terms including the rate of stock loan fees are to be provided); provided, however, that, if there expect to be any shareholder (other than the Offeror) who owns the Target's Shares of more than the total number of the Target's Shares owned by Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi and Kouyu as of the effective date of the Share Consolidation, Mr. Toyohiko Teranishi shall not enter into respective share lending agreements and shall not execute the Share Lending.

In addition, Mr. Toyohiko Teranishi has agreed that, if the Share Lending is executed, after the completion of the Squeeze-out Process, he will have the Target execute share split of the Target's Shares (the "Share Split"), in accordance with the Offeror's instructions, in accordance with the reference date and split ratio as the Offeror separately specifies, and that he will execute all actions necessary to carry out the Share Split.

Further, Mr. Toyohiko Teranishi has agreed to, after the execution of the Share Split, in accordance with the Offeror's instructions, call off the Share Lending and to return all the ordinary shares of the Target subject to the Share Lending, to Mr. Tadayuki Teranishi and Kouyu.

(c) Agreement on exercise of voting rights in respect of Target's Shares

Offeror is planning to demand, as a part of the Squeeze-out Process expected after the Tender Offer, the Target to hold the extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting") to discuss agendas including the Share Consolidation executed to make the Offeror, Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi and Kouyu the sole shareholders of the Target, and Mr. Toyohiko Teranishi and Offeror have agreed that Mr. Toyohiko Teranishi (i) as the Target's Representative Director, will take any steps required for the Squeeze-out Process (including submission of agenda regarding the Share Consolidation in the Extraordinary Shareholders' Meeting); and (ii) as a shareholder of the Target, will exercise the voting rights in respect of all the Target's Shares he owns at that point to vote for approval of all the agendas in the Extraordinary Shareholders' Meeting including those related to the Share Consolidation.

(iii) Tender Offer/Non-tender Agreement (Mr. Tadayuki Teranishi)

As of September 10, 2020, Offeror entered into Tender Offer/Non-tender Agreement with Mr. Tadayuki Teranishi and, it is agreed that Mr. Tadayuki Teranishi will accept the Tender Offer with respect to 127,332 Target's Shares (Shareholding Ratio: 1.12%) and will not accept the Tender Offer with respect to the rest of the Target's Shares owned by Mr. Tadayuki Teranishi (as of the date of this filing, 428,438 shares; Shareholding Ratio: 3.78%). The Tender Offer/Non-tender Agreement with Mr. Tadayuki Teranishi provides the following (Note):

(Note) Other than the above Target's Shares (555,770 shares), which are subject to the Tender Offer/Non-tender Agreement, Mr. Toyohiko Teranishi holds 333 shares of the Target's Shares (rounded off by calculation), which he indirectly owns through the officers' shareholding association of the Target, and such shares are not subject to the Tender Offer/Non-tender Agreement.

(a) Agreement on acceptance and non-acceptance of Tender Offer

Under the Tender Offer/Non-tender Agreement, Mr. Tadayuki Teranishi has agreed that it will accept the Tender Offer with respect to 127,332 Target's Shares (Shareholding Ratio: 1.12%) and will not accept the Tender Offer with respect to the rest of the Target's Shares owned by Mr. Tadayuki Teranishi (as of the date of this filing, 428,438 shares; Shareholding Ratio: 3.78%) and that he shall not assign, pledge or otherwise dispose of the Target's Shares (including, without limitation, accepting any tender offer other than the Tender Offer) in whole or in part, and it will not acquire any Target's Shares or any rights with respect to the Target's Shares.

(b) Agreement on share lending

Mr. Tadayuki Teranishi has agreed that, in order to prevent, to the extent possible, any Target's shareholder (other than Offeror, Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi) from owning the Target's Shares exceeding the number of the Target's Shares owned by the smallest shareholder among Offeror, Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi as of the effective date of the Share Consolidation, and so that Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi continue to hold the Target's Shares after the Squeeze-out Process as they are expected to directly or indirectly hold the Target's Shares after the Squeeze-out Process, after the delisting of Target's Shares, Mr. Tadayuki Teranishi shall execute the Share Lending with Mr. Toyohiko Teranishi, effective before the Share Consolidation provided in "(5) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called 'two-step acquisition')" below takes effect; provided, however, that, if there expect to be any shareholder (other than the Offeror) who owns the Target's Shares of more than the total number of the Target's Shares owned by Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi and Kouyu as of the effective date of the Share Consolidation, Mr. Tadayuki Teranishi shall not enter into respective share lending agreements and shall not execute the Share Lending.

In addition, Mr. Tadayuki Teranishi has agreed that, if the Share Lending is executed, after the completion of the Squeeze-out Process, he will have the Target execute the Share Split, and that he will execute all actions necessary to carry out the Share Split.

Further, Mr. Tadayuki Teranishi has agreed to, after the execution of the Share Split, in accordance with the Offeror's instructions, call off the Share Lending and to receive all the Target's Shares subject to the Share Lending, from Mr. Toyohiko Teranishi.

(c) Agreement on extinguishment of existing security interests

While Mr. Tadayuki Teranishi has entered into a collateral agreement with Sumitomo Mitsui Banking Corporation with respect to a portion of his Target's Shares (550,000 shares), and the shares are collateralized, Mr. Tadayuki Teranishi has agreed to execute all actions necessary to extinguish any such security interests pertaining to the Target's Shares owned by Mr. Tadayuki Teranishi on the date the Offeror separately specifies after the completion of the Squeeze-out Process, in a legal and effective manner.

(d) Agreement on exercise of voting rights in respect of Target's Shares

Mr. Tadayuki Teranishi covenants that it will accept the Tender Offer, and upon successful completion of the Tender Offer, and if Shareholders' Meeting of the Target is held, with respect to which the record date for exercising the rights is earlier than Settlement Start Date for the Tender Offer, with respect to the exercise of voting rights and any other rights from the Target's Shares owned by Mr. Tadayuki Teranishi in the Shareholders' Meeting, based on the Offeror's choice, (i) exercise in accordance with the Offeror's instruction, or (ii) grant a comprehensive proxy to the Offeror or the person designated by the Offeror by issuing a proper proxy statement executed by an authorized person and shall not withdraw the grant of such proxy.

In addition, Offeror is planning to demand, as a part of the Squeeze-out Process expected after the Tender Offer, the Target to hold the Extraordinary Shareholders' Meeting to discuss agendas including the execution of the Share Consolidation to make the Offeror, Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi and Kouyu the sole shareholders of the Target, and Mr. Tadayuki Teranishi and Offeror have agreed that Mr. Tadayuki Teranishi (i) as the Target's Representative Director, will take any steps required for the Squeeze-out Process (including submission of agenda regarding the Share Consolidation in the Extraordinary Shareholders' Meeting); and (ii) as a shareholder of the Target, will exercise the voting rights in respect of all the Target's Shares he owns at that point to vote for approval of all the agendas in the Extraordinary Shareholders' Meeting including those related to the Share Consolidation.

As provided in "(b) Agreement on share lending" above, Mr. Toyohiko Teranishi has also agreed that he will execute all actions necessary to carry out the Share Split.

(iv) Non-tender Agreement (Kouyu)

As of September 10, 2020, Offeror entered into Non-tender Agreement with Kouyu and, it is agreed that Kouyu will not accept the Tender Offer with respect to the entire Target's Shares owned by Kouyu (as of the date of this filing, 527,240 shares; Shareholding Ratio: 4.65 %). The Non-tender Agreement with Kouyu provides the following:

(a) Agreement on non-acceptance of Tender Offer

Under the Non-tender Agreement, Kouyu has agreed that it will not accept the Tender Offer with respect to all the Target's Shares owned by Kouyu and that he shall not assign, pledge or otherwise dispose of the Target's Shares (including, without limitation, accepting any tender offer other than the Tender Offer) in whole or in part, and it will not acquire any Target's Shares or any rights with respect to the Target's Shares.

(b) Agreement on share lending

Kouyu has agreed that, in order to prevent, to the extent possible, any Target's shareholder (other than Offeror, Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi) from owning the Target's Shares exceeding the number of the Target's Shares owned by the smallest shareholder among Offeror, Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi as of the effective date of the Share Consolidation, and, in order to increase the shareholding ratio of Mr. Toyohiko Teranishi by the share lending to Mr. Toyohiko Teranishi as he is expected to directly or indirectly hold the Target's Shares after the Squeeze-out Process and to realize Mr. Toyohiko Teranishi's continuous holding of the Target's Shares after the Squeeze-out Process, after the delisting of Target's Shares, Kouyu shall execute the Share Lending with Mr. Toyohiko Teranishi effective before the Share Consolidation provided in "(5) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called 'two-step acquisition')" below takes effect; provided, however, that, if there expect to be any shareholder (other than Offeror) who owns the Target's Shares of more than the total number of the Target's Shares owned by Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi and Kouyu as of the effective date of the Share Consolidation, Kouyu shall not enter into respective share lending agreements and shall not execute the Share Lending.

In addition, Kouyu has agreed that, if the Share Lending is executed, after the completion of the Squeeze-out Process, it will, in accordance with the instruction provided by the Offeror, corporate in the Share Split to the maximum extent possible.

Further, Kouyu has agreed to, after the execution of the Share Split, in accordance with the Offeror's instructions, call off the Share Lending and to receive all the Target's Shares subject to the Share Lending, from Mr. Toyohiko Teranishi.

(c) Agreement on extinguishment of existing security interests

While Kouyu has entered into a collateral agreement with Sumitomo Mitsui Banking Corporation with respect to a portion of its Target's Shares (350,000 shares), and the shares are collateralized, Kouyu has agreed to execute all actions necessary to extinguish any such security interests pertaining to the Target's Shares owned by Kouyu on the date the Offeror specifies after the completion of the Squeeze-out Process, in a legal and effective manner.

(d) Agreement on exercise of voting rights in respect of Target's Shares

Offeror is planning to demand, as a part of the Squeeze-out Process expected after the Tender Offer, the Target to hold the Extraordinary Shareholders' Meeting to discuss agendas including the execution of the Share Consolidation to make the Offeror, Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi and Kouyu the sole shareholders of the Target, and Kouyu and Offeror have agreed that Kouyu, (i)take any actions necessary for the Squeeze-out Process; and (ii) as a shareholder of the Target, will exercise the voting rights in respect of all the Target's Shares he owns at that point to vote for approval of all the agendas in the Extraordinary Shareholders' Meeting including those related to the Share Consolidation.

(e) Agreement on share assignment

Kouyu has agreed that, after the Share Lending is called off, it shall assign to the Offeror the entire Target's Shares owned by Kouyu', 'with the transfer price per share which is the same as the Tender Offer Price. For the avoidance of doubt, there is no precondition for assignment of the Target's Shares by Kouyu. As explained in "(b) Agreement on share lending" above, Kouyu does not accept the Tender Offer with respect to its entire Target's Shares and assigns the shares to the Offeror after the Squeeze-out Process in order to continue its holding of the shares for the Share Lending; and after the Share Lending, Kouyu is not expected to hold the Target's Shares, whether directly or indirectly, ultimately after the Squeeze-out Process, and therefore, Kouyu shall assign to the Offeror the entire Target's Shares owned by Kouyu, with the transfer price per share which is the same as the Tender Offer Price.

(v) Shareholders Agreement

Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi and Mr. Tadayuki Teranishi, and BCPE Knight Cayman, L.P. have entered into Shareholders Agreement dated on September 10, 2020. The Shareholders Agreement provides as follows:

(a) Agreement on procedures after Squeeze-out Process

Shareholders Agreement Parties have agreed, to execute triangular merger between the Offeror and the Target, effective as of the date BCPE Knight Cayman, L.P. separately proposes, with the consideration for the merger of shares in the Offeror''s Parent Company, within 3 months after completion of the Squeeze-out Process (or without delay, if postponed due to unavoidable circumstances), and also agreed that Shareholders Agreement Parties take any actions necessary for the Merger.

(b) Agreement on governance of Offeror's Parent Company and New Kirindo Holdings

Shareholders Agreement Parties have agreed, after the completion of the Merger, (i) that the number of the directors of the surviving company in the Merger, the New Kirindo Holdings shall be 7, and Mr. Toyohiko Teranishi shall have the right to appoint 3 of the directors, and BCPE Knight Cayman, L.P. shall have the right to appoint 4 of the directors; and (ii) that New Kirindo Holdings shall have no than 2 Representative Directors, and the Representative Directors of New Kirindo Holdings immediately after the Merger shall be Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi. It is also agreed under the Shareholders Agreement, with respect to the directors of the Offeror's Parent Company, (i) that the number of the directors of the Offeror's Parent Company shall be 7, and Mr. Toyohiko Teranishi shall have the right to appoint 3 of the directors, and BCPE Knight Cayman, L.P. shall have the right to appoint 4 of the directors; (ii) that the Offeror's Parent Company shall have no than 2 Representative Directors, and the Representative Directors of the Offeror's Parent Company immediately after the Merger shall be Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi; and (iii) that the Offeror's Parent Company shall have 1 statutory auditor, and BCPE Knight Cayman, L.P. shall have the right to appoint the statutory auditor.

(4) Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer

Considering the possibility including state of systemic conflict of interest as the Tender Offer is executed as a part of so-called management buyout (MBO), Offeror and Target took the following measures to ensure fairness of the Transaction including the Tender Offer, in order to ensure fairness of the Tender Offer Price, to eliminate arbitrariness from the decision making of the execution of the Tender Offer and to prevent conflict of interest:

(i) Target acquires share valuation report from independent third party calculation institution;
(ii) Target is advised by independent law firm;
(iii) Establishment of the Special Committee in the Target and procuring a report;
(iv) Approval of all disinterested directors of the Target and opinion of non-objection by all auditors of Target;
(v) Setting a minimum number of shares to be purchased which is more than majority of minority;
(vi) Ensuring objective circumstances to ensure fairness of the Tender Offer.

For more detail, please refer to "(Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer)" of "Process of calculation" of "(2) Price of tender offer, etc." in "4. Tender Offer Period, Price and Number of Shares to be Purchased" below.

(5) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")

If the Offeror cannot acquire all the Target's Shares (excluding the treasury shares and Non-accepted Shares for Tendering held by the Target) through the Tender Offer, the Offeror plans to carry out the Squeeze-out Process by the following means after the successful completion of the Tender Offer, as described in "(1) Overview of the Tender Offer" above."'

Specifically, the Offeror intends to request the Target to hold the Extraordinary Shareholders' Meeting to approve the Share Consolidation and to amend its Articles of Incorporation to abolish the provision concerning less than one unit shares subject to the Share Consolidation becoming effective, pursuant to Article 180 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same) promptly after the settlement of the Tender Offer. The Offeror considers it desirable to hold the Extraordinary Shareholders' Meeting as early as possible from the viewpoint of improving the corporate value of the Target, and intends to request the Target to give a public notice of the record date so that the record date for the Extraordinary Shareholders' Meeting will fall on the most recent date after the commencement of the settlement of the Tender Offer (as of the date of filing of this Statement, it is scheduled to be in early November of 2020). According to the Target's Press Release, if the Target receives such request from the Offeror, the Target intends to comply with it. The Offeror intends to approve the above proposals at the Extraordinary Shareholders' Meeting.

If the proposal regarding the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the Target's shareholders will own the number of the Target's Shares in proportion to the share consolidation ratio as approved in the Extraordinary Shareholders' Meeting as of the date when the Share Consolidation becomes effective. If there are any fractional shares upon the Share Consolidation, the amount of cash corresponding to the amount obtained by selling the Target's Shares equivalent to the total number of fractional shares (if the aggregated number of entitlements to fractional shares includes a fractional number, such fractional number will be rounded down) to the Target or the Offeror will be delivered to the Target's shareholders in accordance with the procedures under Article 235 of the Companies Act and other relevant laws and regulations. Concerning the sales price of the Target's Shares corresponding to the aggregated number of fractional shares, a petition for voluntary disposal permission will be filed with the court after calculating that the amount of cash to be delivered to the Target's shareholders (excluding the Target) who did not tender their shares to the Tender Offer will be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Target's Shares held by such shareholders. Although the share consolidation ratio for the Target's Shares is undetermined as of the date of filing of this Statement, it is intended that the share consolidation ratio will be determined so that the number of the Target's Shares held by the Target's shareholders (excluding the Target) who did not tender their shares to the Tender Offer will be a fractional number of less than one share, which will enable the Offeror to hold all the Target's Shares (excluding treasury shares and Non-accepted Shares for Tendering held by the Target). As described in "(3) Material agreements regarding the Tender Offer" above, Mr. Tadayuki Teranishi or Kouyu or both may lend their shares to Mr. Toyohiko Teranishi (the conditions of share lending fees, etc. are undetermined) in order to avoid as much as possible the situation where there are Target's shareholders (other than the Offeror, Mr. Tadayuki Teranishi and Non-accepting Shareholders) who hold the number of Target's Shares equal to or greater than the smallest number of the Target's Shares held by any of the Offeror, Mr. Tadayuki Teranishi or Non-accepting Shareholders before the Share Consolidation becomes effective and to enhance the stability of the Squeeze-out Process. The details of the procedures regarding the Share Consolidation will be promptly announced by the Target once decided.

Regarding the provisions under the Companies Act aimed at protecting minority shareholders' interests in relation to the Share Consolidation, if there are any fractional shares when the Share Consolidation is conducted, the Target's shareholders (excluding the Offeror and the Target) may, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, demand the Target to purchase all fractional shares of the Target's Shares that the relevant shareholders hold at a fair price, and may file a petition to determine the price under appraisal rights of such Target's Shares. As mentioned above, in the Share Consolidation, the number of the Target's Shares held by the Target's shareholders (excluding the Target, Mr. Tadayuki Teranishi and Non-accepting Shareholders) who did not tender their shares to the Tender Offer will be a fractional number of less than one share. The Target's shareholders who disapprove of the Share Consolidation will be able to file the above petition. The purchasing price under appraisal rights if these petitions are filed will be ultimately determined by the court.

Regarding the above procedures, depending on any revisions to and enforcement of the relevant laws and regulations, interpretation thereof by authorities, there is a possibility that it may take time to implement them or that changes may be made to the method of implementation. In such case, however, the Offeror plans to adopt such method that enables each of the Target''s shareholders not having tendered his or her shares to the Tender Offer to ultimately receive cash. If such method is adopted, it is intended that the amount of such cash to be delivered to each of the relevant Target''s shareholders will be calculated to be equal to the price produced by multiplying the Tender Offer Price by the number of the Target's Shares held by such shareholder. The details of the above procedures and the timing of implementation thereof will be promptly announced by the Target once decided upon negotiation.

The Tender Offer is not intended to solicit the votes of the Target' shareholders in favor of the resolutions to be proposed at the Extraordinary Shareholders' Meeting. Each shareholder should consult with his or her tax advisor, at his or her own responsibility, regarding the tax treatment relating to the Tender Offer or under each of the above procedures.

(6) Prospects for delisting and its reasons

The Target's Shares are currently listed on the First Section of the TSE as of the date of filing of this Statement. Because the Offeror has not set a maximum number of shares to be purchased in the Tender Offer, the Target's Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria established by the TSE, depending on the results of the Tender Offer. Also, even in the case where the Target's Shares do not fall under that criteria as of the successful completion of the Tender Offer, the Offeror will carry out the Squeeze-out Process set out in "(5) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" above. In such case, the Target's Shares will fall under the criteria and will therefore be delisted through the prescribed procedures in accordance with the stock delisting criteria established by the TSE. After delisting, the Target's Shares can no longer be traded on the TSE.

4. Tender Offer Period, Price and Number of Shares to be Purchased

(1) Tender offer period

(i) Period set at the time of filing

Tender Offer Period	From September 11, 2020 (Friday) through October 26, 2020 (Monday) (30 business days)
Date of public notice	September 11, 2020 (Friday)
Name of newspaper in which public notice is to appear	Public notice will be made electronically, and such fact will be published in *The Nihon Keizai Shimbun.* The URL of the website on which the electronic public notice will be posted is as follows: http://disclosure.edinet-fsa.go.jp/

(ii) Possibility of extension of the Tender Offer Period at the request of the Target

N/A

(iii) Contact to confirm whether the Tender Offer Period is extended

N/A

(2) Price of tender offer, etc.

Share certificates	JPY 3,500 per common share
Certificate of stock acquisition rights	-
Certificate of corporate bonds with stock acquisition rights	-

Beneficiary certificate of trust of shares ( )	-
Depository receipt for shares ( )	-
Basis of calculation	Upon the determination of the Tender Offer Price, the Offeror conducted a comprehensive and multifaceted analysis of the Target's business and financial conditions based on financial information and other materials disclosed by the Target and the results of the due diligence review conducted from late June of 2020 to early September of 2020. In consideration of the fact that the Target's shares are traded through the financial instrument exchange, the Offeror also referred to the closing price for the Target's shares at the first section of TSE as of September 9, 2020, being the business day immediately preceding the date on which the commencement of the Tender Offer was set by the Offeror (JPY 2,512) and simple average of the closing prices for the past one month (from August 11, 2020 to September 9, 2020), three months (June 10, 2020 to September 9, 2020) and six months (March 10, 2020 to September 9, 2020) (JPY 2,736, JPY 2,633 and JPY 2,282) (which has been rounded off to the whole number; the same applies to any calculation of simple average of closing prices). Furthermore, the value of the Target's shares were analyzed by comparing the market price of listed companies that are relatively similar to the Target in terms of business contents, business size, earnings conditions, with financial indicators that shows factors including profitability. The Offeror has not obtained a share valuation report from a third party valuator and the Offeror determined the Tender Offer Price by comprehensively taking into account whether or not the Target agrees with the Tender Offer and the prospect of the consummation of the Tender Offer, and through consultations and negotiations with the Target. The Tender Offer Price (JPY 3,500 per share) represents a premium of a 39.33% (rounded to the second decimal place; hereinafter the same in the calculation of premium) added to JPY 2,512, which is the closing price of the Target's shares on the first section of the TSE on September 9, 2020, i.e. the business day immediately preceding the date on which the commencement of the Tender Offer was set by the Offeror, 27.92% to JPY 2,736, which is the simple average closing price for the one-month period ending on that day (from August 11, 2020 to September 9, 2020), 32.93% to JPY 2,633, which is the simple average closing price for the three-month period ending on that day (from June 10, 2020 to September 9, 2020), and 53.37% on JPY 2,282, which is the simple average closing price for the six-month period ending on that day (from March 10, 2020 to September 9, 2020). The Tender Offer Price is JPY 3,500, which is obtained by adding the premium of 16.09% to the closing price of the Target's shares as of September 10, 2020, the business day immediately preceding the date of the filing of this Statement (JPY 3,015).
Process of calculation	(Background to the determination of the Tender Offer Price)

	(Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer) (i) Procuring a valuation report from the independent third-party valuation agency According to the Target, to ensure the fairness of the decision-making process regarding the Tender Offer Price presented by the Offeror, the Target requested Plutus Consulting, as a third-party valuation agency that is independent from the Target, the Offeror, Accepting Shareholders, Mr. Tadayuki Teranishi, Non-accepting Shareholders, and Mr. Hiroyuki Teranishi (collectively, "Offeror-related Persons"), to calculate the share value of the Target Shares, and procured the Valuation Report on September 9, 2020. Target states that Plutus Consulting does not fall under a related entity of any of the Offeror-related Persons and does not have any material interests in regard to the Transaction including the Tender Offer. Further, at the first meeting of the Special Committee, the Special Committee confirmed that there are no issues with respect to the independence of Plutus Consulting, and approved Plutus Consulting as a third-party valuation agency for the Target. Plutus Consulting considered multiple potential share valuation methods to be adopted for the valuation of Shares, and then, on the assumption that the Target is a going concern and that a multifaceted evaluation of the Share value would be appropriate, calculated said value per Share using: market price analysis, because Shares are listed on the First Section of TSE and thus have a market price; comparable company analysis, because there are multiple listed companies engaged in business relatively comparable to that of the Target and analogical estimation of the share value is possible through such an approach; and DCF Method, to ensure that the circumstances of the Target's future business activities would be reflected in the calculation. It should be noted that the Target has not obtained an opinion concerning the fairness of the Tender Offer Price (fairness opinion) from Plutus Consulting. The ranges obtained for the Share value using the above-described valuation methods are as follows. Market Price Analysis: JPY 2,282 to JPY 2,736 Comparable Company Analysis: JPY 3,054 to JPY 4,687 DCF Method: JPY 3,010 to JPY 4,038 In the market price analysis, September 9, 2020 was used as a calculation reference date, and the calculations were performed on the basis of the closing price of JPY2,512 on said reference date, the simple average closing price of JPY2,736 for the immediately preceding one-month period, the simple average closing price of JPY2,633 for the immediately preceding three-month period, and the simple average closing price of JPY2,282 for the immediately preceding six-month period, of the Shares

(all such prices as listed on the First Section of TSE). These calculations showed the value per Share to be in the range of JPY 2,282 to 2,736.

In the comparable company analysis, listed companies determined to be comparable to the Target were selected, and calculations to obtain the Share value were performed using EBITDA multiple to the business value, EBIT multiple to the business value, and net income multiple to market capitalization. For such calculations, Cawachi Ltd., Matsumotokiyoshi Holdings Co., Ltd., cocokara fine Inc., Create SD Holdings Co., Ltd., Satudora Holdings Co., Ltd., Kusuri No Aoki Holdings. Inc., Sugi Holdings Co., Ltd., Yakuodo Holdings Co., Ltd., Genky DrugStores Co., Ltd., and Sundrug Co., Ltd. were selected as comparable listed companies. The results of the calculations showed the value per Share to be in the range of JPY 3,054 to 4,687.

In the DCF Method, the corporate value and share value of the Target were calculated by estimating the free cash flow that the Target can be expected to generate in and after the second quarter of the February 2021 term, on the basis of various factors including publicly available information and earnings projections and investment plans in the business plans prepared by the Target for the period from the February 2021 term to the February 2023 term, and then deriving the present value of that cash flow using a given discount rate. For such calculations, discount rates of between 6.503% and 8.227% were adopted. In addition, the going-concern value was calculated by employing the perpetual growth method and applying a perpetual growth rate of 0%. The results of the calculations showed the share value per Share to be in the range of JPY 3,010 to 4,038. The specific values in the Target financial projections that Plutus Consulting used as a basis for the DCF Method calculations were as indicated below. These financial projections do not include any business year in which a large increase or decrease in earnings relative to the previous year is anticipated. Further, these financial projections do not account for the synergistic effects that will be achievable by carrying out the Transaction, because it is difficult to make a detailed estimate of those effects at the present time. Moreover, Plutus Consulting conducted its analysis and examination of the content of these financial projections by holding multiple Q&A sessions with the Target, among other activities. Also, as stated in "(iii) Establishment of the Special Committee in the Target and procuring a report" below, the Special Committee has confirmed the reasonableness of the process and other procedures for the preparation of the above.

(Unit: million JPY)

	FY Ending February 2021 (9 months)	FY Ending February 2022	FY Ending February 2023
Net Sales	101,209	141,200	148,500
Operating Profit	2,483	3,850	4,780
EBITDA	3,527	5,209	6,114
Free Cash Flow	1,092	2,353	2,520

	It should be noted that the above financial projections are estimated after considerations of the share listing maintenance cost reduction effects and the projected consolidated financial results for the fiscal year ending February 2021 indicated in the "Notice regarding Correction to Financial Projections" separately released by the Target on September 10, 2020 based on the Third Medium-Term Management Plan (from the fiscal year ending February 2021 to the fiscal year ending February 2023) described in the "Briefing on Financial Results for the Fiscal Year Ended February 2020 and Medium-Term Management Plan" announced by the Target on April 14, 2020. (ii) Advice from the independent law office According to the Target, to ensure the fairness and appropriateness of the Board of Directors' decision-making process regarding the Transaction, the Target appointed Kitahama Partners as a legal advisor that is independent from the Offeror-related Persons, and received from said law office necessary legal advice regarding the method and process of decision-making for the Board of Directors including procedures relating to the Transaction, and other matters for consideration. Kitahama Partners does not fall under a related entity of any of the Offeror-related Persons and does not have any material interests in regard to the Transaction including the Tender Offer. Further, at the first meeting of the Special Committee, the Special Committee confirmed that there are no issues with the respect to the independence of Kitahama Partners, and approved Kitahama Partners as a legal advisor for the Target. (iii) Establishment of the Special Committee in the Target and procuring a report According to the Target, in light of factors such as the Transaction being carried out as part of a so-called management buyout (MBO) where there may be an inherent conflict of interest in the consideration of the Transaction by the Target, for the purposes of ensuring that the Target is careful in its decision-making regarding the Transaction, eliminating arbitrariness and the possibility of any conflict of interest in the Board of Directors' decision-making process , and ensuring fairness of the same, at the Board of Directors meeting held on July 17, 2020, a resolution was passed to establish the Special Committee composed of three persons who do not have any interests in any Offeror-related Persons, namely Ms. Yukiko Okamoto who is an outside director and independent officer of the Target, Mr. Seigo Takehira (lawyer, Oh-Ebashi LPC & Partners) and Mr. Daisuke Shinkawa (tax attorney and CPA, and the representative member of Hokuto Tax Accountant Corporation) those who are outside intellectuals having a wealth of knowledge about M&A deals, , and to carry out decision-making that assigns the utmost value to reports by the said committee. Since Mr. Seigo Takehira and Mr. Daisuke Shinkawa has never had any transaction with the Target and any Offeror-related Person, the Target believes that they are found to be independent from the Target and

	the Offeror-related Persons. The members of the Special Committee have not changed since the committee was first established. Further, Ms. Yukiko Okamoto was elected by the members as the chairperson of the Special Committee. The only remuneration for the members of the Special Committee is a fixed remuneration that is paid regardless of the success or failure of the Transaction, and does not include any success fees that are contingent on public announcements or completion etc. of the Transaction. The Target states that the Target consulted with the Special Committee on (a) the reasonableness of the purposes of the Transaction (including whether the Transaction will enhance the corporate value of the Target), (b) the appropriateness of the terms of the Transaction (including the Tender Offer Price), (c) the fairness of the negotiations process and other procedures for the Transaction, and (d) whether, in light of (a) through (c) above, the Transaction is disadvantageous to the Target's minority shareholders (collectively, "Consultation Matters"), and requested that the Special Committee submit the Report regarding the foregoing to the Board of Directors. Further, the Target approved at the Board of Directors meeting a resolution to grant to the Special Committee the authority to (a) receive, from officers and employees of the Target, information necessary for examination of, and determinations regarding, the Transaction, and (b) approve (including approval after the fact) outside advisors appointed by the Board of Directors. According to the Target, the Special Committee held a total of nine (9) meetings during the period from July 17, 2020 to September 9, 2020 to discuss and examine the Consultation Matters. Specifically, at the first meeting of the Special Committee, after finding that with respect to the legal advisor, the financial advisor, and the third- party valuation agency appointed by the Target, there were no issues in relation to their independence, the Special Committee approved them as the legal advisor, the financial advisor, and the third-party valuation agency, respectively, of the Target. Further, with respect to involvement in the negotiations process with the Offeror, while establishing a policy whereby Deloitte Tohmatsu Financial Advisory, the Target's financial advisor, will be the contact point for the Target in direct negotiations, the Special Committee confirmed that by receiving timely status reports from the Target's persons responsible for the negotiations, stating opinions on material matters, and giving instructions and demands, it may be substantially involved in the negotiations process concerning transaction terms. Moreover, the Special Committee received explanations from the Target and conducted questions and answers regarding the condition of the Target's businesses, business forecasts, market environment, background of the Transaction, purposes of the Transaction, specific advantages and disadvantages of the Transaction, forecasts concerning continuation of businesses not conditioned on the Transaction, including the feasibility of measures in lieu of the Transaction, operational and financial conditions, and business plans etc. For business plans, it was confirmed that the basis of the consideration, or "Third Medium-Term Management Plan (from the fiscal year ending February

	2021 to the fiscal year ending February 2023)" was prepared based on the "First Medium-term Management Plan (from the fiscal year ended February 2015 to the fiscal year ending February 2017) "and the "Second Medium-term Management Plan (from the fiscal year ended February 2018 to the fiscal year ending February 2020)"; and released by the Target; therefore there is no unreasonableness in the preparation process. Also, for the projected consolidated financial results for the fiscal year ending February 2021 described in the "Notice regarding Correction to Financial Projections" released today by the Target separately that has been taken into account in the preparation of the business plan, the Special Committee received the explanation from the Target that the said figures were estimated within a reasonable scope considering the relatively strong performance of the Target at this moment; therefore, the Special Committee has determined that there is no unreasonableness in the preparation process. Further, at each stage of the negotiation process between the Target and the Offeror, the Special Committee provided the Target with its opinions and advice. Also, it received from the Offeror the overview of Bain Capital, explanations regarding the purposes and reasons for the Transaction, management policy and investment plans going forward, matters of concern in relation to the Transaction, the specific impact and effect that are expected to result from the Transaction, specific advantages and disadvantages of the Transaction, and other matters, and conducted questions and answers. In addition, the Special Committee received explanations from Deloitte Tohmatsu Financial Advisory and the Target's persons responsible for the negotiations regarding the negotiations process relating to the terms etc. of the Transaction, explanations from Plutus Consulting regarding the calculation of the Target's share value, and explanations from Kitahama Partners regarding the particulars of measures to ensure fairness with respect to the procedures of the Transaction, the method and process of the Board of Directors' decision-making regarding the Transaction, and other measures to avoid a conflict of interest, and conducted questions and answers regarding the foregoing as well. The Target further states that, with respect to a so-called proactive market check (including bidding procedures before public announcement of the Transaction) to investigate and consider whether there are any potential acquirers in the market, in light of the nature of measures that have been carried out to ensure the fairness of the Transaction that includes the Tender Offer, and other specific circumstances of the Transaction, the Special Committee determined that even if such checks are not carried out, there will be no specific hindrances to the fairness of the Transaction. After the Target received on August 7, 2020 an initial offer from the Offeror with a Tender Offer Price of JPY3,000 per Share, the Special Committee received reports from the Target, from time to time, on the process of discussions and negotiation made between the Target and the Offeror, the substance thereof and other information regarding the Transaction, and discussed the policies to be taken, including how to respond to such offer. After receiving on August 25, 2020 a revised offer

from the Offeror with a Tender Offer Price of JPY3,150 per Share, and taking int account the advice of Deloitte Tohmatsu Financial Advisory from the financial point of view, including the analysis of premiums added in the latest MBO cases, as well as the explanation that the business results until August 2020 has showed better performance than the projected consolidated financial results indicated in the “Notice regarding Correction to Financial Projections” released by the Target on July 10, 2020, and the projections of business results may be upwardly revised, the Special Committee deliberated and examined the content of the revised offer, and again made a request to the Offeror for further increase in the Tender Offer Price. In that manner, the Special Committee has involved in the process of negotiations between the Target and the Offeror and as a result, on September 7, 2020, the Target received the re-revised offer with a Tender Offer Price of JPY 3,500 per Share.

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

In consequence of the continued careful discussions and examinations regarding the Consultation Matters as described above, on September 9, 2020, the Special Committee submitted to the Board of Directors the Report regarding the Consultation Matters, the summary of which is as follows:

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

The Special Committee asked the Target and the Tender Offeror questions with regard to the purposes of the Transaction, the specifics of the corporate value of the Target that is expected to be enhanced by the Transaction, and other matters, and received explanations set forth in “(i) Background to the Tender Offer”, “(ii) Process of decision-making behind the Target's decision to support the Tender Offer and its reasons”, and “(iii) Management policy after the Tender Offer” under “(2) Background to, and objectives and decision-making process of implementation of the Tender Offer and management policy after the Tender Offer” under “3. Purposes of Tender Offer”; and the specifics were confirmed and a thorough examination was carried out.

In consequence, no unreasonableness was found in the explanations given by the Target and the Offeror, and in light of the market and business environment surrounding the Target, the need to pursue the business structure reforms by utilizing the management support of Bain Capital to the maximum extent, and the outlook of the Target’s business etc., it is expected that the swift and bold execution of the measures through the implementation of the Transaction will contribute to the Target’s sustainable growth and is found to contribute to the enhancement of the corporate value of the Target in the medium- to long-term.

	For the foregoing reasons, a determination was made that the purposes of the Transaction are reasonable. (b) The appropriateness of the terms of the Transaction (including the Tender Offer Price) (i) The Target obtained the Share Valuation Report from Plutus Consulting, a third-party valuation agency that is independent of the Offeror-related Persons. The Special Committee received the detailed explanation on the calculation method, etc. used in the Share Valuation Report, which sets forth that the Share value is in the range of JPY2,282 to JPY2,736 in the market price analysis, in the range of JPY3,054 to JPY 4,687 in the comparable company analysis, and in the range of JPY3,010 to JPY4,038 in the DCF Method. And the Special Committee questioned to and received answers from Plutus Consulting and the Target with regard to the selection of valuation methods, the analysis of the market value and trade volume in the market price analysis, the selection of comparable companies and multiples used as metrics in the comparable company analysis, and matters that served as the basis for calculation in the DCF Method (the Target's business plans, its financial forecasts based on such business plans, the calculation methods of its going concern value, and the grounds for calculation of the discount rate, the content of the calculation of non-business assets, etc.), Based on the above, the Special Committee carried out a review, and as a result, no unreasonableness was found in light of general valuation practices. In addition, it is confirmed in the Share Valuation Report, that the Tender Offer Price is greater than the maximum amounts of the ranges of the calculation results based on the market price analysis, and it is within the range of the calculation results by the comparable company analysis, and further, it is within and at a level exceeding the mid-price of the range of the calculation results by DCF Method. Moreover, the Tender Offer Price (JPY3,500) represents a premium of 39.33% over the closing price (JPY2,512) of the Shares on the First Section of TSE on September 9, 2020; a premium of 27.92% over the simple average closing price (JPY2,736) for the one-month period up to September 9, 2020; a premium of 32.93% over the simple average closing price (JPY2,633) for the three-month period up to such date; and a premium of 53.37% over the simple average closing price (JPY2,282) for the six-month period up to such date, and it can be concluded that a premium that is not inferior to the premiums in other recent MBO cases is added. (ii) As stated in "(c) The fairness of the negotiations process and other procedures for the Transaction" below, the procedures for the negotiations process regarding the Transaction, including the Tender Offer, are found to be fair, and the Tender Offer Price is found to have been determined in light of the outcome of such negotiations. (iii) It is envisaged that in the Transaction, the Tender Offer and Non-tender Agreement will be executed between the Offeror and Mr. Tadayuki Teranishi, the Non-tender Agreement will be executed between the Offeror and each Non-accepting Shareholder, and the Shareholders Agreement will

	be executed among Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, Mr. Tadayuki Teranishit, and BCPE Knight Cayman, L.P. However, under the said agreements, it is not envisaged that any one of Mr. Tadayuki Teranishi, the Non-accepting Shareholders, or Mr. Hiroyuki Teranishi will transfer the Shares at a higher price than the Tender Offer Price: thus, this scheme would not be contrary to the uniformity of the tender offer price. Therefore, it is found that the scheme would not give any specific shareholder any unfair profits, there is no irregular points in the scheme, and it would not cause any disadvantage on minority shareholders. (iv) As the minority shareholders who did not tender their Shares in the Tender Offer will eventually be paid monies in the Squeeze-out Process to be implemented after the Tender Offer, the computation will be made so that the amount of money to be paid in such procedures will be equal to the price obtained by multiplying the Tender Offer Price by the number of Shares held by those shareholders. The Share Consolidation planned in the Squeeze-out Process is a general method used in cases comparable to the Transaction, and in either method an opportunity for minority shareholders to state any objection to the consideration is provided; therefore, the procedures are found to be reasonable. (v) On the point that the consideration for the Transaction will be money, since the Offeror is an unlisted company, the type of consideration is found to be appropriate. In light of the foregoing and as a result of careful discussions and reviews, the Special Committee has determined that the conditions of the Transaction, including the implementation method and the scheme thereof, and the type and the amount of consideration to be paid to the Target's minority shareholders in the Transaction, are appropriate. Since the projected consolidated financial results for the fiscal year ending February 2021 indicated in the "Notice regarding Correction to Financial Projections" released on September 10, 2020 was not prepared at the time of the preparation of the Written Report, such projections have not been reflected in the share price; however, when conducting the DCF Method in the Share Valuation Report, the projections were taken into consideration and the premium at the above level was attached; therefore, it is determined that the fact of not-reflecting of the latest projection into the Written Report has no influence on the above conclusion. (c) The fairness of the negotiations process and other procedures for the Transaction. (i) In light of factors such as the Transaction being carried out as part of a so-called management buyout (MBO), where there may be an inherent conflict of interest, and from the perspective of ensuring the fairness of the Tender Offer Price, eliminating arbitrariness in the decision-making process behind the decision to implement the Tender Offer, and avoiding conflicts of interest, for its consideration of the Transaction, the Target obtained advice and opinions etc. from Plutus Consulting, a third-party valuation agency, and Deloitte Tohmatsu Financial Advisory, a financial

advisor, and Kitahama Partners, a legal advisor, all of which are independent of the Offeror-related Persons. And from the perspective of enhancing the Target's corporate value and of the shared interests of shareholders, the Target carefully examined and discussed the appropriateness of the purchase conditions of the Tender Offer, such as the Tender Offer Price, the fairness of the series of procedures for the Transaction and other points, and the Special Committee confirmed that there was no problem with the independence and the expertise of Plutus Consulting, Deloitte Tohmatsu Financial Advisory, and Kitahama Partners and approved them as the Target's third-party valuation agency, the financial advisor, and the legal advisor, respectively.

(ii) Under the negotiation policy approved by the Special Committee in advance, the Target conducted substantial discussions and negotiations with the Offeror to ensure the fairness of the Tender Offer Price from the perspective of protecting the interests of minority shareholders. Specifically, through Deloitte Tohmatsu Financial Advisory, the Target conducted price negotiations, including presenting a written response approved by the Special Committee, via Nomura Securities Co., Ltd., the financial advisor for the Offeror, and as a result of such negotiations, before reaching the decision to set the Tender Offer Price at JPY 3,500 per Share, elicited a price increase of JPY 500 in total of three (3) times from the Offeror's initial offer of JPY 3,000 per Share.

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

(iv) Since Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi have conflicts of interest with the Target in the Transaction, as directors having special interests, they did not in any way participate in the deliberation or voting in the related meetings of the Board of Directors; therefore, no fact was found that gives a doubt over the fairness of the procedures.

(v) In the Tender Offer, the Tender Offer Period is expected to be set as a period of 30 business days, which is longer than the statutory minimum of 20 business days. In addition, the Offeror and the Target have not executed any agreement restricting contact by a counterbidder with the Target; therefore, an opportunity for counterbidding is secured, and consideration is paid to ensure the fairness of the Tender Offer. Moreover, even though a proactive market check has not been conducted for the Transaction, it has been pointed out regarding the proactive market check that it may have an inhibitory effect on M&A and cause some practical problems such as the security of information control. In addition, given the actual situation that the management cannot decide to implement MBO until he/she has developed a trust relationship with the investment fund and other related persons over long time, it is thought that not-carrying out such

	a market check will not particularly hinder the fairness of the Transaction; (vi) The minimum number of tendered shares to be purchased in the Tender Offer set by the Offeror is 5,884,000 shares (Shareholding Ratio: 51.93%), and the said number is greater than 5,321,401 shares (Shareholding Ratio: 46.96%) that is the lower limit of the number of tendered shares to be purchased in the case of setting a so-called “majority of minority”: therefore, the requirements of the “majority of minority” were satisfied. In view of the foregoing, and as a result of careful discussions and examinations, the Special Committee determined that proper measures have been taken to ensure the fairness of the Transaction and thus the negotiations process and other procedures for the Transaction are fair. (d) Whether, in light of (a) through (c) above, the Transaction are disadvantageous to the Target’s minority shareholders. In consequence of careful considerations of (a) through (c) above and other matters, a determination was made that the Transaction is not disadvantageous to the Target’s minority shareholders. Note that this opinion includes the findings that the decisions by the Board of Directors (i) to state an opinion in favor of the Tender Offer and to recommend that Target shareholders tender their Shares in the Tender Offer and (ii) to implement the Squeeze-Out Process using the method of Share Consolidation after the Tender Offer are not disadvantageous to the minority shareholders (iv) Approval of all disinterested directors of the Target and opinion of non-objection by all auditors of the Target According to the Target, on the basis of financial opinions and other advice received from Deloitte Tohmatsu Financial Advisory, the Valuation Report obtained from Plutus Consulting, and legal advice obtained from Kitahama Partners, the Target carefully considered the terms of the Transaction while giving maximum weight to the content of the Report submitted by the Special Committee (see “(iii) Establishment of the Special Committee in the Target and procuring a report” above regarding the constitution of the Special Committee and its specific activities). Consequently, according to the Target, as explained in “(ii) Process of decision-making behind the Target's decision to support the Tender Offer and its reasons” under “(2) Background to, and objectives and decision-making process of implementation of the Tender Offer and management policy after the Tender Offer” above, the Board of Directors decided, regarding the Transaction, that the Transaction, which includes the Tender Offer, can be expected to improve the Target’s corporate value and the Tender Offer Price and other conditions of the Tender Offer are appropriate from the perspective of the Target’s shareholders, and that the Tender Offer will provide the Target’s shareholders with a reasonable opportunity to sell their Shares. At the Board of Directors meeting held on September 10, 2019, the Target’s

	directors (five (5) directors excluding Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi) who participated in deliberation and voting announced their unanimous agreement to the Tender Offer and made a resolution to recommend that all of the Target's shareholders tender their Shares in the Tender Offer. Four of the Target's auditors attended this Board of Directors meeting, and all of these attending auditors stated their opinion of no objection to this resolution. The Target states that note that Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi are considering holding the shares of the Offeror, directly or indirectly, after the completion of the Tender Offer; therefore, they have conflicts of interest with the Target in regard to the Transaction; thus, as directors having special interests, they did not in any way participate in the deliberations or voting in the above meeting of the Board of Directors, nor did they have any role in the discussions and negotiations with the Offeror from the Target's position. (v) Setting a minimum number of tendered shares to be purchased in the Tender Offer for exceeding the majority of minority According to the Target, in the Tender Offer, the Offeror has set 5,884,000 shares (Shareholding Ratio: 51.93%) as the minimum number of tendered shares to be purchased in the Tender Offer, and in the case where the total number of Tendered Shares is less than the minimum number of tendered shares to be purchased in the Tender Offer, purchase etc. of all Tendered Shares will not be performed. In order to implement the Tender Offer for making the Target a privately-held company, the Offeror set the minimum number of tendered shares to be purchased in the Tender Offer (5,884,000 shares) so that the total number of voting rights pertaining to the Shares held by the Offeror, the same pertaining to the Shares for which Mr. Tadayuki Teranishi agreed not to tender in the Tender Offer and the same pertaining to the Shares held by Non-accepting Shareholders exceeds two-thirds of the total number of voting rights pertaining to all the Shares of the Target (113,309 voting rights pertaining to 11,330,977 shares in total, excluding treasury shares held by the Target) in the case where the Tender Offer is successfully completed. The minimum number of tendered shares to be purchased in the Tender Offer (5,884,000 shares; Shareholding Ratio: 51. 93%) exceeds the sum (5,321,401 shares; Shareholding Ratio: 46.96%) of (i) a majority (4,339,479 shares; Shareholding Ratio: 38.30%; which corresponds to a majority of the Shares held by the Target shareholders with no interests with the Offeror, i.e., so-called a "majority of minority") of the number of shares (8,678,957 shares) which is equal to the total number of issued Shares (11,332,206 shares) as of May 31, 2020 stated in the Quarterly Report *minus* the number of treasury shares (1,229 shares) that the Target holds as of May 31, 2020 stated in the Preliminary Financial Statements, the Accepted Shares for Tendering (981,922 shares), and the Non-accepted Shares for Tendering (1,670,098 shares) and (ii) the Accepted Shares for Tendering (981,922 shares). By doing this, in the case where consent cannot be obtained from a majority of the Target

	shareholders with no interests with the Offeror, the intentions of the Target's minority shareholders will be prioritized and the Transactions including the Tender Offer will not be implemented. (vi) Securing objective conditions for ensuring the fairness of the Tender Offer According to the Target, the Offeror has not executed with the Target any agreement including a deal protection provision prohibiting contact by the Target with any Counterbidder regarding the Target Shares or any other agreement restricting contact by a Counterbidder with the Target. Further, the Offeror has set as the Tender Offer Period involved in the Tender Offer a period of 30 business days, which is longer than the statutory minimum of 20 business days. By setting a comparatively long period as the Tender Offer Period, Offeror intends to ensure an appropriate Tender Offer Price by securing for the Target's shareholders an appropriate opportunity for decision-making regarding tendering Shares in the Tender Offer and securing an opportunity for entities other than Offeror to make counteroffer etc. for the Target Shares. Note that as explained in "(iii) Establishment of the Special Committee in the Target and procuring a report" above, regarding a proactive market check to survey and investigate whether there is any other potential acquirer in the market (including any bidding procedures etc. prior to the public announcement of the Transaction), the Special Committee determined in view of the assorted measures that were carried out to ensure the fairness of the Transaction, which includes the Tender Offer, and other specific conditions of the Transaction that not-carrying out such a market check will not particularly hinder the fairness of the Transaction.

(3) Number of shares to be purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
9,660,879 (shares)	5,884,000 (shares)	-

(Note 1) If the total number of Tendered Shares fails to reach the minimum number of shares to be purchased (5,884,000 shares), the Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares exceeds the minimum number of shares to be purchased, the Offeror will purchase all of the Tendered Shares.

(Note 2) Shares of less than one unit are also subject to the Tender Offer. If a shareholder exercises the statutory put option for shares less than one unit pursuant to the Companies Act, the Target may, in accordance with statutory procedures, purchase its own shares during the Tender Offer Period.

(Note 3) The Offeror has no plan to acquire the treasury shares held by the Target through the Tender Offer.

(Note 4) Since no maximum limit is set for the number of shares to be purchased in the Tender Offer, the number of shares to be purchased indicates the maximum number of shares of the Target to be acquired by the Offeror through the Tender Offer (9,660,879 shares). The said maximum number (9,660,879 shares) is the number of shares obtained by deducting the number of treasury shares owned by the Target as of May 31, 2020 (1,229 shares) and the shares of the Target Company owned by Messrs. Tadayuki Teranishi, Toyohiko Teranishi and Kouyu, who are not going to tender their shares for the Tender Offer (1,670,098 shares) from the total number of issued shares of the Target (11,332,206 shares) as of the same date as indicated in the Target's Earnings Briefing.

5. Percentage of Ownership of Share Certificates after Tender Offer

Details	Number of voting rights
Number of voting rights represented by the shares to be purchased: (a)	96,608
Number of voting rights represented by potential shares included in (a): (b)	-
Number of voting rights represented by depository receipts for shares and beneficiary certificates of trust for shares included in (b): (c)	-
Number of voting rights represented by shares held by the Offeror (as of September 11, 2020) : (d)	-
Number of voting rights represented by potential shares included in (d) : (e)	-
Number of voting rights represented by depository receipts for shares and beneficiary certificates of trust for shares, etc. included in (e): (f)	-
Number of voting rights represented by shares held by special related parties (as of September 11, 2020) : (g)	17,992
Number of voting rights represented by potential shares included in (g): (h)	-
Number of voting rights represented by depository receipts for shares and beneficiary certificates of trust for shares included in (h): (i)	-
Number of voting rights of all shareholders, etc. of the Target (as of February 29, 2020) : (j)	113,272
Percentage of voting rights represented by the shares to be purchased to the number of voting rights of all shareholders, etc. of the Target: (a) / (j) (%)	85.26
Percentage of ownership of share certificates after tender offer: (a+d+g) / (j+(b-c)+(e-f)+(h-i))×100 (%)	100.00

(Note 1) "Number of voting rights represented by the shares to be purchased: (a)" is the number of voting rights relating to the number of shares scheduled to be purchased in the Tender Offer (9,660,879 shares).

(Note 2) "Number of voting rights represented by shares held by special related parties (as of September 11, 2020) : (g)" is the total number of voting rights relating to the number of shares owned by special related parties (provided, however, that this does not include the special related parties who are excluded from the scope of special related parties in the calculation of the Shareholding Ratio of shares, etc. set forth in each Item of Article 27-2, Paragraph 1 of the Act, pursuant to Article 3, Paragraph 2, Item 1 of the TOB Order (the "Small Lot Holder")). As the shares owned by special related parties (excluding Non-accepted Shares for Tendering) are subject to the Tender Offer, "Number of voting rights represented by shares held by special related parties (as of September 11, 2020) : (g)" (excluding the number of voting rights (16,700) represented by Non-accepted Shares (1,670,098 shares)) is not added to the numerator in the calculation of "Percentage of ownership of share certificates after tender offer".

(Note 3) "Percentage of voting rights of all shareholders, etc. of the Target (as of February 29, 2020) : (j)" is the number of voting rights of all shareholders as of February 29, 2020, as stated in the Target's Quarterly Securities Report (the number of shares per unit is indicated as 100 shares). Provided, however, that shares less than one unit are also subject to the Tender Offer, the calculation of "Percentage of voting rights represented by the shares to be purchased to the number of voting rights of all shareholders, etc. of the Target" and "Percentage of ownership of share certificates after tender offer" is conducted by adding the number of voting rights relating to shares less than one unit (37, which are the number of voting rights pertaining to 3,777 shares obtained by deducting 29 shares of the treasury shares not constituting a full unit owned by the Target as of May 31, 2020 from 3,806 shares of shares less than one unit as of May 31, 2020 as stated in the abovementioned Quarterly

Securities Report) and setting "Number of voting rights of all shareholders, etc. of the Target (as of February 29, 2020): (j)" as 113,309 shares.

(Note 4) With respect to "Percentage of voting rights represented by the shares to be purchased to the number of voting rights of all shareholders, etc. of the Target" and "Percentage of ownership of share certificates after tender offer", figures are rounded to the second decimal place.

6. Licenses, Etc. Concerning Acquisition of Shares

(1) Class of Shares

Common shares

(2) Basis Laws

Act on Prohibition of Private Monopolization and Maintenance of Fair Trade

The Offeror must file a plan for the acquisition of shares of the Target resulting from the Tender Offer (the "Share Acquisition") with the Fair Trade Commission in advance (such filing is hereinafter referred to as the "Prior Notification") under Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the "Antitrust Act") and may not conduct the Share Acquisition until, in principle, 30 days (or in some cases shorter) have passed from the date of acceptance of the Prior Notification under Paragraph 8 of the same Article (such period during which the Share Acquisition is prohibited is hereinafter referred to as the "Non-Acquisition Period").

Furthermore, Article 10, Paragraph 1 of the Antimonopoly Act prohibits the acquisition of shares of another company that would substantially restrain competition in any particular field of trade and the Fair Trade Commission may order any necessary measures to eliminate acts in violation thereof (Article 17-2, Paragraph 1 of the same Act; hereinafter referred to as the "Cease and Desist Order"). In the event that a Prior Notification has been given and the Fair Trade Commission is to issue a Cease and Desist Order, the Fair Trade Commission must conduct a hearing of opinions with respect to the persons who are to be the addressees of the Cease and Desist Order (Article 49 of the same Act) and upon holding such hearing, must notify the addressees of the content of the scheduled Cease and Desist Order (Article 50, Paragraph 1 of the same Act; hereinafter referred to as "Prior Notice of Cease and Desist Order"). A Prior Notice of Cease and Desist Order relating to share acquisition must be given within a certain period (In principle, 30 days from the day the Prior Notification is accepted, but this may be extended or shortened; hereinafter referred to as the "Period for Measures") (Article 10, Paragraph 9 of the same Act). Furthermore, if the Fair Trade Commission decides not to give Prior Notice of Cease and Desist Order, it must give notice to that effect (hereinafter referred to as "Notice of Omission of Cease and Desist Order") (Article 9 of the Rules on Applications for Approval, Reporting, Notification, etc. Pursuant to the Provisions of Articles 9 to 16 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Fair Trade Commission Rule No. 1 of 1953, as amended)).

With regard to the Share Acquisition, the Offeror gave a Prior Notification to the Fair Trade Commission on September 8, 2020 and the said Prior Notification was accepted on the same day. Accordingly, in principle, the Period for Measures in which the Prior Notice of Cease and Desist Order shall be given and Non-Acquisition Period will expire after October 8, 2020.

If the Period for Measures does not expire by the day preceding the expiry date of the Tender Offer Period, if the Prior Notice of Cease and Desist Order is given, or if the Offeror is subject to a petition for an urgent temporary suspension order by the court as a person that has conducted an act that is suspected of violating the provisions of Article 10, Paragraph 1 of the Antitrust Act, this may be deemed as an occurrence of a situation set forth under Article 14, Paragraph 1, Item 4 of the Enforcement Order which is set out in "11. Other Conditions and Methods of Tender Offer", "(2) Conditions for withdrawal of the Tender Offer, details thereof and method of disclosure for withdrawal" below and therefore the Tender Offer may be withdrawn. If the Period of the Measures has ended without receiving the Prior Notice of Cease and Desist Order or a request for reports, etc. from the Fair Trade Commission pursuant to Article 10, Paragraph 9 of the Antitrust Act, or if the Offerer receives a notice from the Fair Trade Commission that the Fair Trade Commission will not issue a Cease and Desist Order, the Offeror shall immediately file an amendment to this Statement with the Director of Kanto Local Finance Bureau pursuant to Article 27-8, Paragraph 2 of the Act.

(3) Date and Number of Licenses, Etc.

N/A

7. Method of Tendering Shares under the Tender Offer and Cancellation thereof

(1) Method of tendering shares

(i) Tender Offer Agent
Nomura Securities Co., Ltd.
9-1, Nihombashi 1-chome, Chuo-ku, Tokyo
(As of October 1, 2020, the head office of Nomura Securities Co., Ltd. is located at 13-1 Nihonbashi1-chome, Chuo-ku, Tokyo.)

(ii) Persons wishing to tender their shares under the Tender Offer (the "Tendering Shareholders") are required to fill in the prescribed "Tender Offer Application Form" (*koukai-kaitsuke-oubo-moushikomisho*) and submit it to the head office or any branch office of the Tender Offer Agent by no later than 3:30 p.m. on the last day of the Tender Offer Period. Seal and My Number (Individual Number (*kojin-bango*)) or the Corporate Number (*hojin-bango*) and identification documents may be required upon application (Note 1).
If the Tendering Shareholders wish to tender their shares through the online service (online service for customers having accounts with the Tender Offer Agent), they are required to complete procedures through the online service (https://hometrade.nomura.co.jp/) by no later than 3:30 p.m. on the last day of the Tender Offer Period. Upon such application through the online service, the Tendering Shareholders are required to apply for the use of the online service through the account set up in the name of and by the Tendering Shareholders with the Tender Offer Agent (the "Tendering Shareholder Account") (Note 2).
* To prevent the spread of the new coronavirus, the Tender Offer Agent may take special measures, such as temporarily suspending target branches during the Tender Offer Period. For details, please contact the head office or any branch office of the Tender Offer Agent. In addition, please also refer to the website of the Tender Offer Agent (https://www.nomura.co.jp/) for the target branches and special measures.

(iii) In order to accept shares under the Tender Offer, such shares scheduled to be tendered will need to be recorded in the Tendering Shareholder Account. Therefore, in cases where shares scheduled to be tendered are recorded in an account with a financial instruments business operators other than the Tender Offer Agent (including cases where such shares are recorded in a special account established with Sumitomo Mitsui Trust Bank, Limited, the account management institution of the Target's special account), procedures to transfer such shares into a Tendering Shareholder Account must be completed prior to tendering such shares.

(iv) No application for tendering under the Tender Offer made through financial instruments business operators other than the Tender Offer Agents shall be accepted.

(v) Shareholders that reside outside Japan and have no accounts available for transaction with the Tender Offer Agent (including corporate shareholders, the "Non-Resident Shareholders") are requested to tender shares through their standing proxies residing in Japan. Shareholders that reside outside Japan may not tender shares through the online service

(vi) As regards individual shareholders residing in Japan, any difference between the purchase price for the shares sold through the Tender Offer and the original cost of acquiring the same shall generally be subject to self-assessment taxation separate from other income with regard to capital gains on the shares (Note 3).

(vii) If all of the Tendered Shares are not purchased, such shares that are not purchased will be returned to the Tendering Shareholders.

(Note 1) Seal, My Number (Individual Number) or the Corporate Number and identification documents

Shareholders who are opening a new account with the Tender Offer Agent, Nomura Securities Co., Ltd., must bring their seals and submit My Number (Individual Number) or the Corporate Number and identification documents. My Number (Individual Number) or Corporate Number and identification documents may be required every time when a shareholder changes its name, address or a branch he or she uses or upon every tax procedures even if a shareholder already has an account established with the Tender Offer Agent. Depending on the documents to be submitted to verify My Number (Individual Number), the required identification documents may differ. For more information about documents to verify My Number (Individual Number) or the Corporate Number, and Identification Documents, please contact the Tender Offer Agent.

- For individuals:

Documents required upon provision of My Number (Individual Number)

Upon provision of My Number (Individual Number), the prescribed "Document to provide My Number (Individual Number)" and [1] documents to verify My Number (Individual Number) and [2] identification documents are required.

[1] Documents to verify My Number (Individual Number)

One of the following is required: Individual Number card, notification card, a copy of residence registry (*jyumin-hyo*) which includes the My Number (Individual Number) or a certificate of record of residence registry (*jyumin-hyo-kisai-jiko-shomeisho*) which includes My Number (Individual Number).

[2] Identification documents

Document(s) to verify My Number (Individual Number)	Identification documents required
Individual Number card	N/A
Notification card	Any one of the documents listed in [A] or two of the documents listed in [B]
A copy of residence registry which includes My Number (Individual Number)	

A certificate of record of residence registry which includes the My Number (Individual Number)	Any one of the documents listed in [A] or [B] other than "a copy of residence registry" and "a certificate of record of residence registry"

[A] Identification document with a face photo

- A submission of a copy of the original within the validity period is required
  A passport, driver's license, certificate of driving history (*unten keireki shomeisho*), physical disability certificate (*shintai shogaisha techo*), mental disability certificate (*seishin shogaisha hoken fukushi techo*), rehabilitation certificate (*ryoiku techo*), residence card and special permanent resident certificate (*tokubetsu-eijusha-shomeisho*)

[B] Identification document without a face photo

- A submission of the original issued within six (6) months or a copy thereof is required.
  A copy of residence registry, a certificate of record of residence registry and a certificate of registered seal (*inkan-toroku-shomeisho*)
- A submission of a copy of the original within the validity period is required
  Health insurance cards (*kenko hokensho*) of every kind, a proof of national pension (*kokumin nenkin techo*) (with description of name, address and date of birth) and welfare certificates of every kind (*fukushi techo*)
  * It is necessary to verify the following two (2) issues in the identification documents (the original and/or a copy thereof):
  (1) validity period of the identification documents themselves; and
  (2) address, name and date of birth filled in the application form
  * If the Tendering Shareholders go through the procedure in any branch of Nomura Securities Co., Ltd., they are required to present the original, which will be confirmed on the spot.
  * The Tendering Shareholders may be once again required to present the original, if they submitted a copy thereof.
  * The "Documents pertaining to the transaction" will be sent by Nomura Securities Co., Ltd to the address on the identification documents to verify the identity of the Tendering Shareholders.
  * When the Tendering Shareholders submit identification documents related to various procedures such as opening a new account or changing the address, only the identification documents of the account holder can also serve as documents required to provide My Number (Individual Number). (The Tendering Shareholders are not required to submit more than one of the same one.)

- For corporations:

  A certificate of registered matters (*tokijiko shomeisho*) and the identification documents such as documents issued by public offices are required.

  * Identification matters: (1) name and (2) location of the head office or the principal office

  * In addition to identity verification of the corporation itself, identity verification of the representative or agent and/or person in charge of transactions (a person in charge of concluding an agreement) is required.

  When providing the Corporate Number, the Tendering Shareholders are required to submit the printed result screen of "National Tax Agency Corporate Number Publication Site" or a copy of "Notification of Corporate Number" as a document to confirm the Corporate Number. In addition, a predetermined "Provision of Corporation Number" may be required.

- For foreign nationals (excluding residents in Japan) or corporations having their head offices or principal offices in foreign states:

  Identification documents such as documents issued by a foreign government approved by the Japanese government or an authorized international organization or any other documents similar thereto, which are equivalent to identification documents of the residents, are required.

(Note 2) To use the online service, the Tendering Shareholders are required to apply for such service. After applying for the online service, it will take about a week for the password to arrive at the registered address, so the Tendering Shareholders are required to proceed as soon as possible. If it is close to the last day of the Tender Offer Period, it will take less time if they go through the procedure in branches they use

- For individuals: New applications are accepted from the online service login screen. Alternatively, the Tendering Shareholders are required to contact branches they use or an online service support number.

- For corporations: The Tendering Shareholders are required to contact branches they use. If the Tendering Shareholders are corporations, they can apply for the Tender Offer through the online service only if they are not registered as a representative or any other similar positions.

(Note 3) Self-assessment taxation separate from other income with regard to gains on shares (for individual shareholders):

For individual shareholders, capital gains realized from income received on a transfer of shares will generally be subject to self-assessment taxation separate from other income. Shareholders should consult his or her own licensed tax accountant or other experts with respect to any specific questions regarding tax consequences and is responsible for his or her own decisions.

(2) Method of cancelling the tender of shares to the Tender Offer

Tendering Shareholders may, at any time during the Tender Offer Period, cancel any agreements concerning the tender offer. Tendering shareholders who wish to cancel such agreements must deliver, or send by mail, a document stating that such Tendering Shareholders cancel agreements concerning the tender offer (the "Cancellation Notice") to the head office or any branch office of the person designated as follows that accepted the tender no later than 3:30 p.m. on the last day of the Tender Offer Period. Please note that the Cancellation Notice, if sent by mail, must be received no later than 3:30 p.m. on the last day of the Tender Offer Period.

To cancel such agreements they applied for through the online service, the Tendering Shareholders are required to operate the online service (https://hometrade.nomura.co.jp/) or deliver or send the Cancellation Notice. In case of cancellation through the online services, the Tendering Shareholders are required to cancel such agreements by no later than 3:30 p.m. on the last day of the Tender Offer Period in accordance with the instructions on the relevant screen. It should be noted that the Tendering Shareholders may not cancel such agreements through the online services, which they applied for at branches they use. In case of cancellation through delivering or sending the Cancellation Notice, the Tendering Shareholders are required to request the Cancellation Notice to branches they use in advance and deliver or send it to branches they use by no later than 3:30 p.m. on the last day of the Tender Offer Period; provided, however, that, in case of sending the Cancellation Notice, it shall arrive by no later than 3:30 p.m. on the last day of the Tender Offer Period.

* To prevent the spread of the new coronavirus, the Tender Offer Agent may take special measures, such as temporarily suspending target branches during the Tender Offer Period. For details, please contact the head office or any branch office of the Tender Offer Agent. In addition, please also refer to the website of the Tender Offer Agent (https://www.nomura.co.jp/) for the target branches and special measures.

Person authorized to receive the Cancellation Notice:

Nomura Securities Co., Ltd.
9-1, Nihombashi 1-chome, Chuo-ku, Tokyo
(As of October 1, 2020, the head office of Nomura Securities Co., Ltd. is located at 13-1 Nihonbashi1-chome, Chuo-ku, Tokyo.)

(Any other branch offices of Nomura Securities Co., Ltd.)

(3) Method of return of shares

If a Tendering Shareholder offers to cancel agreements concerning the tender offer by the method described in "(2) Method of cancelling the tender of shares to the Tender Offer" above, the relevant shares will be returned promptly following the completion of the cancellation procedures by the method described in "(4)

Method of return of shares" under "10. Method of Settlement" below.

(4) Name and address of head office of financial instruments business operators, banks, etc. keeping custody of, and returning shares

Nomura Securities Co., Ltd..
9-1, Nihombashi 1-chome, Chuo-ku, Tokyo
(As of October 1, 2020, the head office of Nomura Securities Co., Ltd. is located at 13-1 Nihonbashi1-chome, Chuo-ku, Tokyo.)

8. Funds Required for Tender Offer

(1) Funds, etc. required for tender offer

Purchase price (JPY): (a)	33,813,076,500
Types of consideration other than cash:	-
Sum of consideration other than cash:	-
Purchase commission: (b)	150,000,000
Others: (c)	13,000,000
Total (a)+(b)+(c):	33,976,076,500

(Note 1) "Purchase price (JPY): (a)" is the amount calculated by multiplying the tendered shares to be purchased (9,660,879 shares) by the Tender Offer Price (JPY 3,500).
(Note 2) "Purchase commission: (b)" is the estimated amount of commission to be paid to the Tender Offer Agent.
(Note 3) "Others: (c)" is comprised of estimated fees and expenses for the publication fee of Tender Offer and the printing of the Tender Offer explanatory statement and other necessary documents .
(Note 4) There are other expenses to be paid to the Tender Offer Agent and legal fees, and such amounts are not determined yet.
(Note 5) The above amount does not include consumption tax, etc.

(2) Deposits or borrowings, etc. that may be appropriated to obtain the funds required for the Tender Offer

(i) Deposits one or two days prior to the filing date

Type of deposit	Amounts (thousand yen)
-	-
TOTAL (a)	-

(ii) Borrowings prior to the filing date

(a) Financial institutions

	Lender's business category	Name of lender	Terms of lending agreement	Amounts (thousand yen)
1	-	-	-	-
2	-	-	-	-
TOTAL				-

(b) Others

Lender's business category	Name of lender	Terms of lending agreement	Amounts (thousand yen)
-	-	-	-
-	-	-	-
TOTAL			-

(iii) Borrowings to be made on or after the filing date

(a) Financial institutions

	Lender's business category	Name of Lender	Terms of loan agreement	Amounts (thousand yen)
1	-	-	-	-
2	Bank	MUFG Bank, Ltd. (7-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo)	Loan to be appropriated to the funds for purchase, etc. (Note) (1) Term Loan A Borrowing Period: 7 years (Installment payment) Interest Rate: Floating rate based on the JBA's JPY TIBOR Collateral: Target's Shares, etc (2) Term Loan B Borrowing Period: 7 years (Lump sum repayment at due date) Interest Rate: Floating rate based on the JBA's JPY TIBOR Collateral: Target's Shares, etc	(1) Term Loan A 2,184,000 (2) Term Loan B 8,736,000
2	Bank	Aozora Bank, Ltd. (1-1, Kojimachi 6-chome, Chiyoda-ku, Tokyo)	Loan to be appropriated to the funds for purchase, etc. (Note) (1) Term Loan A Borrowing Period: 7 years (Installment payment) Interest Rate: Floating rate based on the JBA's JPY TIBOR Collateral: Target's Shares, etc (2) Term Loan B Borrowing Period: 7 years (Lump sum repayment at due date) Interest Rate: Floating rate based on the JBA's JPY TIBOR Collateral: Target's Shares, etc	(1) Term Loan A 1,911,000 (2) Term Loan B 7,644,000
2	Bank	Sumitomo Mitsui Banking Corporation	Loan to be appropriated to the funds for purchase, etc.	(1) Term Loan A 1,365,000 (2) Term Loan B 5,460,000

	Lender's business category	Name of Lender	Terms of loan agreement	Amounts (thousand yen)
		(1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan)	(Note) (1) Term Loan A Borrowing Period: 7 years (Installment payment) Interest Rate: Floating rate based on the JBA's JPY TIBOR Collateral: Target's Shares, etc (2) Term Loan B Borrowing Period: 7 years (Lump sum repayment at due date) Interest Rate: Floating rate based on the JBA's JPY TIBOR Collateral: Target's Shares, etc	
TOTAL (b)				27,300,000

(Note) As a guarantee for the loan in the amount specified above, the Offeror has obtained a loan certificate dated September 9, 2020 from MUFG Bank, Ltd., Aozora Bank, Ltd. and Sumitomo Mitsui Banking Corporation that each bank is prepared to make loans up to JPY 10,920,000 thousand, JPY 9,555,000 thousand and JPY 6,825,000 thousand, respectively. The conditions set forth in the loan certificate as attached hereto will be set as conditions for drawdown of such loan in the agreement concerning such loan. The above amounts include funds required for the Transaction, as well as funds available for the repayment of existing borrowings and expenses incidental thereto.

(b) Others

Lender's business category	Name of lender	Terms of loan agreement	Amounts (thousand yen)
-	-	-	-
-	-	-	-
TOTAL (c)			-

(iv) Other methods of financing

Content	Amounts (thousand yen)
Contribution by the Offeror's Parent Company	8,700,000
TOTAL (d)	8,700,000

(Note 1) As a guarantee for the investment in the amount of funds, the Offeror has obtained a certificate from the Offeror's Parent Company as of September 10, 2020 that it is prepared to make investments up to JPY 8,700,000 thousand in the Offeror. The Offeror's Parent Company has obtained a certificate (1) from BCPE Knight Cayman, L.P. as of September 10, 2020 that it is prepared to make investments up to JPY 6,000,000 thousand in the Offeror's Parent Company, (2) from Mezzanine Solution No. 4 Investment Limited Partnership (the "Mezzanine Solution") as of September 10, 2020 that it is prepared to make loans up to JPY 1,350,000 thousand to the Offeror's Parent Company, and (3) from MCP Mezzanine 4 Investment Business Limited Liability Partnership ("MCPM4") as of September 10, 2020 that it is prepared to make loans up to JPY 1,350,000 thousand to the Offeror's Parent

Company, respectively. BCPE Knight Cayman, L.P. has obtained a certificate from BCPE Knight Holdings Cayman, L.P. as of September 10, 2020 that it is prepared to make investments up to JPY 6,000,000 thousand in BCPE Knight Cayman, L.P.. BCPE Knight Holdings Cayman, L.P. has obtained a certificate from Bain Capital Japan Middle Market Fund, L.P. ("BC JMM Fund") as of September 10, 2020 that it is prepared to make investments up to JPY 6,000,000 thousand in BCPE Knight Holdings Cayman, L.P.. BC JMM Fund is an exempted limited partnership organized under the laws of the Cayman Islands. The Investment commitment to BC JMM Fund has been made by the limited partners ("BC JMM Fund LPs") of BC JMM Fund which is a group company of Bain Capital Private Equity, LP. BC JMM Fund LPs have committed to make a certain amount of monetary investments (the "Commitment Amount") to BC JMM Fund. If, within the investment period of BC JMM Fund, Bain Capital JMM General Partner, LLC ("BC JMM Fund GP") which is the general partner of BC JMM Fund issues a notice requiring the making of monetary investments, each of the BC JMM Fund LPs is required to make monetary investments to BC JMM Fund to the extent of their unused Commitment Amounts, in proportion to their respective Commitment Amounts, unless making investments is in violation of applicable laws, regulations or investment policies.

Even if some of the BC JMM Fund LPs fail to fulfill their investment obligations, the other BC JMM Fund LPs will not be exempted from their investment obligations, and BC JMM Fund GP may obligate the other BC JMM Fund LPs to make additional investments in proportion to their respective Commitment Amounts and allocate such amount to the shortfall caused by such failure, to a certain extent, so that funds equivalent to the amount of investments in the Knight Holdings Fund mentioned above may be contributed.

(Note 2) The Offeror has received the following explanations from the Mezzanine Solution. In addition to the following explanations, the Offeror believes that it is certain that it will receive the loan if the conditions for drawdown of such loan are fulfilled, based on the past investment performance of the Mezzanine Solution:

The Mezzanine Solution is an investment limited partnership established under the Limited Partnership Act for Investment, and will receive necessary contribution of funds from each partner of the Mezzanine Solution to make the above loan. The conditions set forth in the loan certificate as attached hereto will be set as conditions for drawdown of such loan in the agreement concerning such loan. The above amounts include funds required for the Transaction, as well as funds available for the repayment of existing borrowings and expenses incidental thereto. The Mezzanine Solution comprises of limited partners such as banks, as well as unlimited partners such as Solution Design Co., Ltd. ("SD"). ' Each partner of the Mezzanine Solution has committed to make a financial contribution to Mezzanine Solution up to a certain amount (the "Capital Commitment"), and upon receipt of a capital call notice from SD, the unlimited partner of Mezzanine Solution, each limited partner has the obligation to make a financial contribution in proportion to the ratio of its Capital Commitment less any amount already contributed by such limited partner, to the extent of the remaining amount of its Capital Commitment.

(Note 3) The Offeror has received the following explanations from MCPM4. In addition to the following explanations, the Offeror believes that it is certain that it will receive the loan if the conditions for drawdown of such loan are fulfilled, based on the past investment performance of MCPM4:

MCPM4 is an investment limited partnership established under the Limited Partnership Act for Investment, and will receive necessary contribution of funds from each partner of MCPM4 to make the above loan. The conditions set forth in the loan certificate as attached hereto will be set as conditions for drawdown of such loan in the agreement concerning such loan. The above amounts include funds required for the Transaction, as well as funds available for the repayment of existing borrowings and expenses incidental thereto. MCPM4 comprises of limited partners such as banks, insurance companies, trust banks (pension trust accounts), trust banks (trust accounts), business companies that are qualified institutional investors, and shinkin banks, as well as unlimited partners such as MCPM3 K.K. ("MCPM4GP"). Each partner of MCPM4 has committed to make a financial contribution to MCPM4 up to the Capital Commitment, and upon receipt of a capital call notice from MCPM4GP, the unlimited partner of MCPM4, each limited partner has the obligation to make a financial contribution in proportion to the ratio of its Capital Commitment less any amount already contributed by such limited partner, to the extent of the remaining amount of its Capital Commitment.

(v) Total of deposits or borrowings, etc. that can be as appropriated to obtain funds required for tender offer

JPY 36,000,000 thousand ((a) + (b) + (c) + (d))

(3) Relationship between the Offeror and the company issuing securities as consideration for the purchase

N/A

9. The Company Issuing Securities as Consideration for the Purchase

N/A

10. Method of Settlement

(1) Name and address of the head office of financial instruments business operators or banks etc. in charge of the settlement of purchase

Nomura Securities Co., Ltd.
9-1, Nihombashi 1-chome, Chuo-ku, Tokyo
(As of October 1, 2020, the head office of Nomura Securities Co., Ltd. is located at 13-1 Nihonbashi1-chome, Chuo-ku, Tokyo.)

(2) Commencement date of settlement

November 2, 2020 (Monday)

(3) Method of settlement

A notice of purchase, etc. through the Tender Offer shall be mailed to the addresses of the Tendering Shareholders (or the addresses of standing proxies in the case of Non-Resident Shareholders) without delay after the expiry of the Tender Offer Period.

Payment for the shares will be made in money. The Tendering Shareholders may receive the proceeds from the Tender Offer without delay on or after the commencement date of the settlement by remittance or other means instructed by the Tendering Shareholders (Remittance charges may apply.).

(4) Method of return of shares

In the event that all of the Tendered Shares are not purchased under the terms set forth in "(1) Conditions set forth in Article 27-13, Paragraph 4 of the Act and the details thereof" or "(2) Conditions for withdrawal of the Tender Offer, details thereof and method of disclosure for withdrawal" under "11. Other Conditions and Methods of Tender Offer" below, the shares, etc. to be returned shall be returned to the Tendering Shareholder Account of the Tender Offer Agent by returning such shares to their original state of record immediately before the tendering, promptly after the second business day following the last day of the Tender Offer Period (or in case of the withdrawal of the tender offer, at the date of such withdrawal) (If the shares, etc. are transferred to the Tendering Shareholders' accounts set up with another financial instruments business operators, the Tendering Shareholders are required to confirm it with the head office or any branch office of the Tender Offer Agent that accepted the tender).

* To prevent the spread of the new coronavirus, the Tender Offer Agent may take special measures, such as temporarily suspending target branches during the Tender Offer Period. For details, please contact the head office or any branch office of the Tender Offer Agent. In addition, please also refer to the website of the Tender Offer Agent (https://www.nomura.co.jp/) for the target branches and special measures.

11. Other Conditions and Methods of Tender Offer

(1) Conditions set forth in Article 27-13, Paragraph 4 of the Act and the details thereof

If the total number of tendered shares fails to reach the minimum number of tendered shares to be purchased in the Tender Offer (5,884,000 shares), the Offeror will not purchase any of the tendered shares. If the total number of tendered shares is equal to or greater than the minimum number of tendered shares to be purchased in the Tender Offer (5,884,000 shares), the Offeror will purchase all of the Tendered Shares.

(2) Conditions for withdrawal of the Tender Offer, details thereof and method of disclosure for withdrawal

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1 *i* through *ri* and *wo* through *so*, Items 3 *i* through *chi* and *nu*, Item 4, as well as in Article 14, Paragraph 2, Items 3 through 6 of the Enforcement Order, the Offeror may withdraw the Tender Offer. Also, with respect to the Tender Offer, an event equivalent to the respective events specified in *i* through *ri* set forth in Article 14, Paragraph 1, Items 3 *nu* of the Enforcement Order refers to (i) an event that any statutory disclosure documents that the Target has previously filed turns out to contain false information in respect of any material matters or lacks information required to be provided in relation to material matters and the Offeror did not know, and in the exercise of reasonable care could not have known such false information and to (ii) an event where any fact specified in *i* through *to* of the same Item occurs to an important subsidiary of the Target.

As described in above "6. Licenses, Etc. Concerning Acquisition of Shares, (2) Basis Laws", (a) if (i) the Offeror receives a Cease and Desist Order from the Fair Trade Commission ordering the disposal of all or a portion of the shares of the Target or the transfer of a portion of the business thereof; (ii) the Period for Measures does not expire; or (iii) the Offeror is subject to a petition for an urgent temporary suspension order by the court as a person that has conducted an act that is suspected of violating the provisions of Article 10, Paragraph 1 of the Antitrust Act with regard to the Prior Notification by the Offeror to the Fair Trade Commission as set forth under Article 10, Paragraph 2 of the Antitrust Act by the day preceding the expiry date of the Tender Offer Period (including cases where it has been extended), this may be deemed that the Offeror has failed to receive the "Permission, etc." set forth under Article 14, Paragraph 1, Item 4 of the Enforcement Order and the Tender Offer may therefore be withdrawn.

In the event that the Offeror intends to withdraw the Tender Offer, the Offeror shall give a public notice electronically, and shall then post in the Nihon Keizai Shimbun that such public notice has been made; provided, however, that, if it is impracticable to give such public notice by the last day of the Tender Offer Period, the Offeror shall make a public announcement pursuant to Article 20 of the TOB Order and give a public notice forthwith.

(3) Conditions of reduction of purchase price and method of disclosure of the reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Offeror may reduce the price of purchase, etc. in accordance with Article 19, Paragraph 1 of the TOB Order.

In the event that the Offeror intends to reduce the price of purchase, etc., the Offeror shall give public notice electronically, and shall then post a notice in the Nihon Keizai Shimbun that such public notice has been made; provided, however, that, if it is impracticable to give such notice by the last day of the Tender Offer Period, the Offeror shall make a public announcement pursuant to Article 20 of the TOB Order and give public notice forthwith.

If the price of purchase, etc. is reduced, the Offeror shall purchase any and all tendered shares at such reduced price, even if such shares were tendered prior to such public notice.

(4) Matters concerning the right of Tendering Shareholders to cancel their tender

Tendering Shareholders may cancel agreements concerning the tender offer at any time during the Tender Offer Period. The method of cancellation shall be as described herein under "(2) Method of cancelling the tender of shares to the Tender Offer" under "7. Method of Tendering Shares under the Tender Offer and Cancellation thereof."

No compensation for damages or penalty payments shall be claimed against any Tendering Shareholders by the Offeror even if a tender by a Tendering Shareholder is cancelled. The cost of returning the tendered shares shall be borne by the Offeror.

(5) Method of disclosure of amendment to the conditions of Tender Offer (if any)

Except for the cases prohibited by Paragraph 1 of Article 27-6 of the Act and Paragraph 2 of Article 13 of the Enforcement Order, the Offeror may amend the conditions or other terms of the Tender Offer. If any terms or conditions of the Tender Offer are amended, the Offeror shall give public notice electronically regarding the details of such amendments and then post a notice in the Nihon Keizai Shimbun that such public notice has been made; provided, however, that, if it is impracticable to give such notice by the last day of the Tender Offer Period, the Offeror shall make a public announcement pursuant to Article 20 of the TOB Order and give public notice forthwith. If any amendment to the terms and conditions of the Tender Offer is made, the Offeror shall purchase any and all tendered shares in accordance with the amended terms and conditions, even if such shares were tendered prior to such public notice.

(6) Method of disclosure of amendment statement (if any)

If an amendment to the Tender Offer Registration Statement is filed with the Director General of the Kanto Local Finance Bureau, except in the case provided for in the proviso to Article 27-8, Paragraph 11 of the Act, the Offeror shall forthwith make a public announcement of the details thereof to the extent relevant to the details of the public notice of the Tender Offer, in accordance with the method set forth in Article 20 of the TOB Order. The Offeror shall also forthwith amend the Tender Offer explanatory statement and deliver the amended Tender Offer explanatory statement to all Tendering Shareholders who have already received the Tender Offer explanatory statement; provided, however, that, if the amended parts of the Tender Offer explanatory statement are not substantial, the Offeror shall instead prepare a document stating the reason(s) for the amendments, the matters amended and the details of the information following the amendment and deliver such document to the Tendering Shareholders.

(7) Method of disclosure of results of Tender Offer

The Offeror shall make a public announcement regarding the results of the Tender Offer, in accordance with the methods provided for 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.

PART II. Information on the Offeror

1. In Case the Offeror is a Corporation

(1) Outline of the Offeror

(i) History of the Offeror

Date	History
August 2020	Incorporated under the trade name of K.K. BCJ-48, having its registered office at Palace Building 5F, 1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, with the amount of paid-in capital of JPY 25,000.

(ii) Business purpose of the Offeror and the content of its business

(Business purpose of the company)

1. Control and management of the company's business activities by holding the company's shares or interests
2. Any and all services incidental or relating to the foregoing

(Description of the business of the company)

The Offeror intends to acquire and hold the Target's shares, etc. to control and manage the Target's business activities.

(iii) Amount of paid-in capital and total number of issued shares

As of September 11, 2020

Amount of paid-in capital	Total number of issued shares (shares)
JPY 25,000	1

(Note) As described in "(iv) Other methods of financing" under "(2) Deposits or borrowings, etc. that may be appropriated to obtain the funds required for the Tender Offer" under "8. Funds Required for Tender Offer" under "Part I. Terms and Conditions of Tender Offer" above, the Offeror is scheduled to receive an investment up to 8,700,000 thousand yen from the Offeror's Parent Company. The amount of paid-in capital and the total number of issued shares of the Offeror is expected to increase as a result of such investment.

(iv) Major shareholders

As of September 11, 2020

Name	Address	Number of shares held (shares)	Ratio to the total number of issued shares (excluding treasury shares) (%)
K.K. BCJ-47	Palace Building 5F, 1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	1	100.00
Total	—	1	100.00

(v) Professional background of and number of shares held by directors and officers

As of September 11, 2020

Title	Position	Name	Date of Birth	Professional Background	Number of shares held (thousand shares)
Representative Director	—	Yuji Sugimoto	July 11, 1969	Apr. 1992 Joined Mitsubishi Corporation Dec. 2000 Joined Ripplewood Holdings June 2006 Bain Capital Private Equity Japan LLC, Managing Director (current position) June 2012 Skylark Holdings Co., Ltd., Director July 2012 Jupiter Shop Channel Co., Ltd., Director Mar. 2014 Bellsystem24 Holdings, Inc., Director July 2014 Macromill, Inc., Director and Auditor May 2015 Yukiguni Maitake Co., Ltd., Director (current position) June 2015 Nichiigakkan Co., Ltd., Outside Director (current position) July 2015 Japan Wind Development Co., Ltd., Director (current position) Feb. 2016 Ooedo Onsen Monogatari Co., Ltd. (current position) Mar. 2018 ADK Holdings Inc., Director and Member of Audit and Supervisory Committee Aug. 2018 Toshiba Memory Corporation, Director Sep. 2018 Ooedo Onsen Monogatari Hotels & Resorts Co., Ltd. (current position) Jan. 2019 ADK Holdings Inc., Director and Member of Audit and Supervisory Committee (current position) Mar. 2019 Toshiba Memory Holdings Corporation (current Kioxia Holdings Corporation), Director (current position) Aug. 2019 Works Human Intelligence Co., Ltd., Director (current position) Sep. 2019 Cheetah Digital Co., Ltd. (current EmberPoint Co., Ltd.), Director (current position) Apr. 2020 Showa Aircraft Industry Co., Ltd., Director (current position) Aug. 2020 Offeror, Representative Director (current position)	—
Total					—

(2) Financial conditions

The Offeror is a company incorporated on August 25, 2020, and a fiscal year has not ended after its inception and no financial statements have been prepared.

(3) Matters Concerning the Offeror which are Subject to an Obligation of Continuous Disclosure

(i) Documents Disclosed by the Offeror

(a) Annual Securities Reports and Exhibits thereto

(b) Quarterly Securities Reports or Semiannual Securities Reports

(c) Amendment Reports

(ii) Places for Public Inspection of the Reports

2. In Case the Offeror is an Entity other than Corporation

N/A

3. In Case the Offeror is an Individual

N/A

PART III. Shares Held and Traded by the Offeror and Special Related Parties

1. Breakdown of Ownership of Shares.

(1) Total number of shares held by the Offeror and special related parties

(As of September 11, 2020)

	Number of Shares held	Number of Shares falling under Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Shares falling under Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share certificates	18,009 (shares)	- (shares)	- (shares)
Certificate of stock acquisition rights	-	-	-
Certificate of corporate bonds with stock acquisition rights	-	-	-
Beneficiary certificate of trust of shares( )	-	-	-
Depository receipt for shares( )	-	-	-
Total	18,009	-	-
Total shares held	18,009	-	-
(Total shares including potential shares)	(-)	(-)	(-)

(Note) The "Number of Shares held" above includes the number of voting rights represented by shares held by minor shareholders (17 voting rights). The number of such voting rights is not included in the "Number of voting rights represented by shares held by special related parties (as of September 11, 2020) (g)" as shown in "5. Percentage of Ownership of Share Certificates after Tender Offer" under "Part I. Terms and Conditions of Tender Offer" above.

(2) Shares held by the Offeror

(As of September 11, 2020)

	Number of Shares held	Number of Shares falling under Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Shares falling under Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share certificates	- (shares)	- (shares)	- (shares)
Certificate of stock acquisition rights	-	-	-
Certificate of corporate bonds with stock	-	-	-

acquisition rights			
Beneficiary certificate of trust of shares( )	-	-	-
Depository receipt for shares( )	-	-	-
Total	-	-	-
Total shares held	-	-	-
(Total shares including potential shares)	(-)	(-)	(-)

(3) Shares held by special related parties (total number of shares held by special related parties)

(As of September 11, 2020)

	Number of Shares held	Number of Shares falling under Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Shares falling under Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share certificates	18,009 (shares)	- (shares)	- (shares)
Certificate of stock acquisition rights	-	-	-
Certificate of corporate bonds with stock acquisition rights	-	-	-
Beneficiary certificate of trust of shares( )	-	-	-
Depository receipt for shares( )	-	-	-
Total	18,009	-	-
Total shares held	18,009	-	-
(Total shares including potential shares)	(-)	(-)	(-)

(Note) The "Number of Shares held" above includes the number of voting rights represented by shares held by minor shareholders (17 voting rights). The number of such voting rights is not included in the "Number of voting rights represented by shares held by special related parties (as of September 11, 2020) (g)" as shown in "5. Percentage of Ownership of Share Certificates after Tender Offer" under "Part I. Terms and Conditions of Tender Offer" above.

(4) Shares held by special related parties (breakdown by each special related party)

(i) Special related parties

(As of September 11, 2020)

Name	Toyohiko Teranishi
Address	Central Osaka Building 4F, 4-5-36 Miyahara, Yodogawa-ku, Osaka (Target's address)

Description of business	Representative Director and President of Kirindo Holdings Co., Ltd.
Contact information	Contact personnel: Nobuhisa Kumamoto Director, Managing Executive Officer and Head of Finance and Accounting Division, Kirindo Holdings Co., Ltd Contact address: Central Osaka Building 4F, 4-5-36 Miyahara, Yodogawa-ku, Osaka Telephone: 06-6394-0100
Relationship with the Offeror	Person who agreed with the Offeror to jointly exercise voting rights and other rights as the Target's shareholder after the Tender Offer

(As of September 11, 2020)

Name	Tadayuki Teranishi
Address	Central Osaka Building 4F, 4-5-36 Miyahara, Yodogawa-ku, Osaka (Target's address)
Description of business	Representative Director and Chairman of Kirindo Holdings Co., Ltd.
Contact information	Contact personnel: Nobuhisa Kumamoto Director, Managing Executive Officer and Head of Finance and Accounting Division, Kirindo Holdings Co., Ltd Contact address: Central Osaka Building 4F, 4-5-36 Miyahara, Yodogawa-ku, Osaka Telephone: 06-6394-0100
Relationship with the Offeror	Person who agreed with the Offeror to jointly exercise voting rights and other rights as the Target's shareholder after the Tender Offer

(As of September 11, 2020)

Name	Hiroyuki Teranishi
Address	Central Osaka Building 4F, 4-5-36 Miyahara, Yodogawa-ku, Osaka (Target's address)
Description of business	Employee of Kirindo Holdings Co., Ltd Director of Kirindo Co., Ltd.
Contact information	Contact personnel: Nobuhisa Kumamoto Director, Managing Executive Officer and Head of Finance and Accounting Division, Kirindo Holdings Co., Ltd Contact address: Central Osaka Building 4F, 4-5-36 Miyahara, Yodogawa-ku, Osaka Telephone: 06-6394-0100
Relationship with the Offeror	Person who agreed with the Offeror to jointly exercise voting rights and other rights as the Target's shareholder after the Tender Offer

(As of September 11, 2020)

Name	Kouyu Co., Ltd.
Address	4-5-33-215 Miyahara, Yodogawa-ku, Osaka
Description of business	1. Sales and purchase and intermediary and agency thereof as well as leasing and management of real estate 2. Acquisition, management and sales and purchase of securities such as shares and corporate bonds 3. Non-life insurance agency services 4. Operation of restaurants 5. Management consulting services 6. Export, import and sales of cosmetics
Contact information	Contact personnel: Nobuhisa Kumamoto Director, Managing Executive Officer and Head of Finance and Accounting Division,

	Contact address:	Kirindo Holdings Co., Ltd Central Osaka Building 4F, 4-5-36 Miyahara, Yodogawa-ku, Osaka
	Telephone:	06-6394-0100
Relationship with the Offeror	Person who agreed with the Offeror to jointly exercise voting rights and other rights as the Target's shareholder after the Tender Offer	

(ii) Number of shares held

Toyohiko Teranishi (As of September 11, 2020)

	Number of Shares held	Number of Shares falling under Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Shares falling under Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share certificates	7,160 (shares)	- (shares)	- (shares)
Certificate of stock acquisition rights	-	-	-
Certificate of corporate bonds with stock acquisition rights	-	-	-
Beneficiary certificate of trust of shares( )	-	-	-
Depository receipt for shares( )	-	-	-
Total	7,160	-	-
Total shares held	7,160	-	-
(Total shares including potential shares)	(-)	(-)	(-)

(Note) The "Number of Shares held" above includes the number of voting rights represented by 1,617 shares of the Target's Shares (rounded off by calculation) indirectly held through the Target's executive share ownership plan (16 voting rights).

Tadayuki Teranishi (As of September 11, 2020)

	Number of Shares held	Number of Shares falling under Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Shares falling under Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share certificates	5,560 (shares)	- (shares)	- (shares)
Certificate of stock acquisition rights	-	-	-
Certificate of corporate bonds with stock acquisition rights	-	-	-
Beneficiary certificate of trust of shares( )	-	-	-
Depository receipt for shares( )	-	-	-
Total	5,560	-	-
Total shares held	5,560	-	-
(Total shares including	(-)	(-)	(-)

potential shares)			

(Note) The "Number of Shares held" above includes the number of voting rights represented by 333 shares of the Target's Shares (rounded off by calculation) indirectly held through the Target's executive share ownership plan (3 voting rights).

Hiroyuki Teranishi (As of September 11, 2020)

	Number of Shares held	Number of Shares falling under Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Shares falling under Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share certificates	17 (shares)	- (shares)	- (shares)
Certificate of stock acquisition rights	-	-	-
Certificate of corporate bonds with stock acquisition rights	-	-	-
Beneficiary certificate of trust of shares( )	-	-	-
Depository receipt for shares( )	-	-	-
Total	17	-	-
Total shares held	17	-	-
(Total shares including potential shares)	(-)	(-)	(-)

(Note1) The "Number of Shares held" above includes the number of voting rights represented by 1,732 shares of the Target's Shares (rounded off by calculation) indirectly held through the Target's employee share ownership plan (17 voting rights).

(Note 2) Mr. Hiroyuki Teranishi is a minor shareholder. Therefore, the "Number of Shares held" by Mr. Hiroyuki Teranishi is not included in the "Number of voting rights represented by shares held by special related parties (as of September 11, 2020) (g)" as shown in "5. Percentage of Ownership of Share Certificates after Tender Offer" under "Part I. Terms and Conditions of Tender Offer" above.

Kouyu Co., Ltd. (As of September 11, 2020)

	Number of Shares held	Number of Shares falling under Article 7, Paragraph 1, Item 2 of the Enforcement Order	Number of Shares falling under Article 7, Paragraph 1, Item 3 of the Enforcement Order
Share certificates	5,272 (shares)	- (shares)	- (shares)
Certificate of stock acquisition rights	-	-	-
Certificate of corporate bonds with stock	-	-	-

acquisition rights			
Beneficiary certificate of trust of shares( )	-	-	-
Depository receipt for shares( )	-	-	-
Total	5,272	-	-
Total shares held	5,272	-	-
(Total shares including potential shares)	(-)	(-)	(-)

2. Trading of Shares

(1) Trading during the 60-day period preceding the filing date

N/A

3. Material contracts concerning the shares shown above

As of September 10, 2020, the Offeror entered into the Tender Offer Agreement with respective Accepting Shareholders and agreed that Mr. Toshiyuki Teranishi and Ms. Yukiko Kaneko accept the Tender Offer with respect to all of the Target's Shares owned by Mr. Toshiyuki Teranishi (as of the date of filing of this Statement, 690,090 shares and shareholding ratio: 6.09%) and all of the Target's Shares owned by Ms. Yukiko Kaneko (as of the date of filing of this Statement, 164,500 shares and shareholding ratio: 1.45%).

As of September 10, 2020, the Offeror entered into the Tender Offer/Non-tender Agreement with Mr. Tadayuki Teranishi and agreed that Mr. Tadayuki Teranishi accepts the Tender Offer with respect to 127,332 shares (shareholding ratio: 1.12%) and will not accept the Tender Offer with respect to the remaining 428,438 shares (shareholding ratio: 3.78%) of the Target's Shares he owns. (Note 1) As of September 10, 2020, the Offeror entered into the Non-tender Agreement with respective Non-accepting Shareholders and agreed that Mr. Toyohiko Teranishi and Kouyu would not accept the Tender Offer with respect to all of the Target's Shares owned by Mr. Toyohiko Teranishi (as of the date of filing of this Statement, 714,420 shares and shareholding ratio: 6.31%) (Note 2) and all of the Target's Shares owned by Kouyu (as of the date of filing of this Statement, 527,240 shares and shareholding ratio: 4.65%), respectively. Under the Non-tender Agreement, Kouyu agreed to assign to the Offeror all of the Target's Shares owned by Kouyu, after the cancellation of the Share Lending, with the transfer price equivalent to the Tender Offer Price per share.

As of September 10, 2020, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi and Mr. Tadayuki Teranishi and BCPE Knight Cayman, L.P. entered into the Shareholders Agreement in order to prescribe governance of the Target and the Offeror's Parent Company after the Squeeze-out Process.

See "(3) Material agreements regarding the Tender Offer" under "3. Purposes of Tender Offer" under "Part I. Terms and Conditions of Tender Offer" above for details.

(Note 1) In addition to the Target's Shares subject to the Tender Offer/Non-tender Agreement as described above (555,770 shares), Mr. Tadayuki Teranishi holds 333 shares of the Target's Shares (rounded off by calculation) indirectly held through the Target's executive share ownership plan. However, such shares are not subject to the Tender Offer/Non-tender Agreement.

(Note 2) In addition to the Target's Shares subject to the Non-tender Agreement as described above (714,420 shares), Mr. Toyohiko Teranishi holds 1,617 shares of the Target's Shares (rounded off by calculation) indirectly held through the Target's executive share ownership plan. However, such shares are not subject to the Non-tender Agreement.

4. Contracts pertaining to Purchase of Shares subsequent to the Filing Date

As described in "(e) Agreement on share assignment " under "(iv) Non-tender Agreement (Kouyu)" under "(3) Material agreements regarding the Tender Offer" under "3. Purposes of Tender Offer" under "Part I. Terms and Conditions of Tender Offer" above, under the Non-tender Agreement dated

September 10, 2020 between the Offeror and Kouyu, Kouyu agreed to assign to the Offeror all of the Target's Shares owned by Kouyu (as of the date of filing of this Statement, 527,240 shares and shareholding ratio: 4.65%), after the cancellation of the Share Lending, with the transfer price equivalent to the Tender Offer Price per share. There are no conditions precedent for the assignment of the Target's Shares by Kouyu.

PART IV. Transactions between the Offeror and the Target

1. Transactions between the Offeror and the Target or its Officers, and the Details thereof (if any)

N/A

2. Agreements between the Offeror and the Target or its Officers, and the Terms thereof (if any)

(i) Agreements on the Tender Offer

According to the Target's press release, at the meeting of board of directors on September 10, 2020, the Target announced that it approves of the Tender Offer, and resolved that it would recommend the Target's shareholders to tender their shares to the Tender Offer. For more details, please see the press release of the Target and "(iv) Approval of all disinterested directors of the Target and opinion of non-objection by all auditors of Target" under "(Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer)" under "Process of calculation" under "(2) Price of tender offer, etc." under "4. Tender Offer Period, Price and Number of Shares to be Purchased" under "Part I. Terms and Conditions of Tender Offer" above.

(ii) Agreements between the Offeror and the Target's officers and the terms thereof (if any)

The Offeror has entered into the Tender Offer Agreement with Mr. Toshiyuki Teranishi on September 10, 2020, the Non-tender Agreement with Mr. Toyohiko Teranishi on September 10, 2020, and the Tender Offer/Non-tender Agreement with Mr. Tadayuki Teranishi on September 10, 2020, respectively. With respect to the details of these agreements, see "(3) Material agreements regarding the Tender Offer" under "3. Purposes of Tender Offer" under "Part I. Terms and Conditions of Tender Offer" above.

(iii) Background, object and process of decision-making to implement the Tender Offer and management policy after the Tender Offer

Please see "(2) Background, object and process of decision-making to implement the Tender Offer and management policy after the Tender Offer" under "3. Purposes of Tender Offer" under "Part I. Terms and Conditions of Tender Offer" above.

(iv) Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer

Please see "(Measures to ensure fairness of Tender Offer Price and to prevent conflict of interest and other measures to ensure fairness of Tender Offer)" under "Process of calculation" under "(2) Price of tender offer, etc." under "4. Tender Offer Period, Price and Number of Shares to be Purchased" under "Part I. Terms and Conditions of Tender Offer" above.

PART V. Information on the Target

1. Profits and Losses, Etc. for the past three years

(1) Profits and losses

Fiscal Year	—	—	—
Net Sales	—	—	—
Cost of Sales	—	—	—
Sales, general and administrative expenses	—	—	—
Non-operating profit	—	—	—
Non-operating expenses	—	—	—
Net profit (loss)	—	—	—

(2) Profits and losses per share

Fiscal year	—	—	—
Net profit or loss per share (JPY)	—	—	—
Dividend per share (JPY)	—	—	—
Net asset per share (JPY)	—	—	—

2. Share Price

(unit: yen)

Name of financial instruments exchange or authorized financial instruments firms association	The First Section of the Tokyo Stock Exchange, Inc.						
Month	March, 2020	April	May	June	July	August	September
Maximum share price (JPY)	1,776	2,222	2,215	2,560	2,965	2,917	3,015
Minimum share price (JPY)	1,314	1,591	1,943	2,085	2,251	2,610	2,466

(Note) The data for September, 2020 are for the period up to September 10.

3. Shareholders

(1) Status by type of shareholder

As of

Description	Status of Shares (1 unit = shares)								Status of shares less than 1 unit (shares)
	National and local governments	Financial institutions	Financial instrument firms	Other entities	Foreign entities, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	—	—	—	—	—	—	—	—	—
Number of shares owned (unit)	—	—	—	—	—	—	—	—	—
Number of shares owned (%)	—	—	—	—	—	—	—	—	—

(2) Number of shares held by major shareholders, and directors and officers

(i) Major shareholders

As of

Name	Address	Number of shares held (shares)	Percentage of shares held against total issued shares (excluding treasury shares) (%)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
Total	—	—	—

(ii) Directors and officers

As of

Name	Title	Position	Number of shares held (shares)	Percentage of shares held against total issued shares (excluding treasury shares) (%)
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
Total	—	—	—	—

4. Matters Concerning the Target which are Subject to an Obligation of Continuous Disclosure

(1) Documents Disclosed by the Target

(i) Annual Securities Reports and Exhibits thereto

The Annual Securities Report for the 5th business year (from March 1, 2018 to February 28, 2019) was submitted to the Director General of the Kinki Local Financial Bureau on May 27, 2019.
The Annual Securities Report for the 6th business year (from March 1, 2019 to February 29, 2020) was submitted to the Director General of the Kinki Local Financial Bureau on May 27, 2020.

(ii) Quarterly Securities Reports or Semiannual Securities Reports

The Quarterly Securities Report for the 1st quarter of the 7th business year (from March 1, 2020 to May 31, 2020) was submitted to the Director General of the Kinki Local Financial Bureau on July 14, 2020.

The Semiannual Securities Report for the 2nd quarter of the 7th business year (from June 1, 2020 to August 31, 2020) to be submitted to the Director General of the Kinki Local Financial Bureau on October 12, 2020.

(iii) Extraordinary Reports

N/A

(iv) Amendment Reports

N/A

(2) Places for Public Inspection of the Report

Kirindo Holdings Co., Ltd.
(4-5-36 Miyahara, Yodogawa-ku, Osaka)

Tokyo Stock Exchange, Inc.
(2-1 Nihombashi Kabutocho, Chuo-ku Tokyo)

5. Details of Conveyed Facts regarding Implementation of Tender Offer, etc.

N/A

6. Others

(1) Announcement of "Notice Regarding Revisions of Dividend Forecast (No Dividend) for the Fiscal Year Ending February 28, 2021 and Abolition of Shareholder Incentives Plan"

The Target resolved at its meeting of the board of directors held on September 10, 2020 to revise the dividend forecast for the fiscal year ending February 28, 2021 that was announced on July 10, 2020 and not to pay dividends at the end of the fiscal year ending February 28, 2021, and also resolved to abolish its shareholder incentives plan, starting from the shareholder incentives plan for which the record date is the last day of February 2021, all of which are subject to the completion of the Tender Offer. For further details, please see "Notice Regarding Revisions of Dividend Forecast (No Dividend) for the Fiscal Year Ending February 28, 2021 and Abolition of Shareholder Incentives Plan" announced by the Target on September 10, 2020.

(2) Announcement of "Notice of Revisions of Operating Results Forecast"

Based on the recent industry trends, the Target resolved at its meeting of the board of directors held on September 10, 2020 to revise the consolidated operating results forecast for the (cumulative) 2nd quarter of the fiscal year ending February 28, 2021 that was announced on July 10, 2020 and the full year consolidated operating results forecast for the fiscal year ending February 28, 2021. For further details, please see "Notice of Revisions of Operating Results Forecast" announced by the Target on September 10, 2020.

(3) Announcement of "Notice of Preparation for Listing the Shares of Our Equity Method Affiliate"

The Target has announced that its equity method affiliate BEAUNET CORPORATION LIMITED has commenced preparation for listing its shares on Mothers, a market of the TSE. For further details, please see "Notice of Preparation for Listing the Shares of Our Equity Method Affiliate" announced by the Target on September 10, 2020.