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Securities Code: 4921

November 14, 2024

(Start date of measures for electronic provision: November 8, 2024)

To Those Shareholders with Voting Rights

Kazuyuki Shimada
President & CEO, Representative Director
FANCL CORPORATION
89-1, Yamashita-cho, Naka-ku
Yokohama, Japan

NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the extraordinary general meeting of shareholders (the “Shareholders Meeting”) will be held as described below.

In convening the Shareholders Meeting, the Company has taken measures for electronic provision of information materials for a general meeting of shareholders, and has posted the electronic provision measures matters for a general meeting of shareholders as “Notice of the Extraordinary General Meeting of Shareholders” on the following website on the internet.

The Company’s website: https://www.fancl.jp/ir/stock_meeting/

In addition to the above, the Company also posts the information on the website of the Tokyo Stock Exchange (TSE). When accessing the TSE website below, search for the Company by entering “FANCL” in the “Issue name (company name)” or the Company’s securities code “4921” (single-byte character) in “Code,” and select “Basic Information” and then “Documents for public inspection/PR information” to view “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”

TSE website: <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

In lieu of attending the Shareholders Meeting, you can exercise your voting rights either via Postal Mail or via the Internet. Please review the appended Reference Documents for the General Shareholders Meeting, and exercise your voting rights no later than 5:30 p.m. on Thursday, November 28, 2024.

1. Date and Time: Friday, November 29, 2024 at 10:00 a.m. (Reception starts at 9:00 a.m.)
2. Place: Queen's grand ballroom, B2F, The Yokohama Bay Hotel Tokyu
2-3-7 Minatomirai, Nishi-ku, Yokohama
3. Agenda of the Meeting: Proposal to be resolved:
Proposal 1: Share Consolidation
Proposal 2: Partial Amendment to the Articles of Incorporation

- If there is a revision in the electronic provision measures matters, the details of the revision will be posted on each website listing the matters.
- The Company sends the documents stating the electronic provision measures matters to all shareholders, regardless of whether there is a request for document delivery, in the Shareholders Meeting.
- If you intends to exercise its voting right by proxy, you may have one other shareholder with voting right attend the Shareholders Meeting. However, please note that you will be required to submit a document certifying the power of representation.
- The Company is not preparing souvenir gifts for shareholders. Companions may not attend the meeting.

Reference documents for General Shareholders Meeting

Proposal 1: Share Consolidation

1. Reasons for share consolidation

As announced in the press release dated June 14, 2024 “Notice of Expression of Our Affirmative Opinion regarding, and Recommendation to Tender in, the Tender Offer for the Company’s Shares etc. by Kirin Holdings Company, Limited” (including the changes announced by “(Change) Notice regarding the partial changes to the ‘Notice of Expression of Our Affirmative Opinion regarding, and Recommendation to Tender in, the Tender Offer for the Company’s Shares etc. by Kirin Holdings Company, Limited’” dated July 29, 2024, “(Change) Notice regarding the partial changes to the ‘Notice of Expression of Our Affirmative Opinion regarding, and Recommendation to Tender in, the Tender Offer for the Company’s Shares etc. by Kirin Holdings Company, Limited’” dated August 6, 2024 and “(Change) Notice regarding the partial changes to the ‘Notice of Expression of Our Affirmative Opinion regarding, and Recommendation to Tender in, the Tender Offer for the Company’s Shares etc. by Kirin Holdings Company, Limited’” dated August 28, 2024; the “Opinion Expression Press Release”) and the press release dated September 12, 2024 “Notice of Results of the Tender Offer for the Company’s Shares etc. by Kirin Holdings Company, Limited and Changes to Parent Company and Other Related Company”, Kirin Holdings Company, Limited (the “Tender Offeror”) has acquired all of the common shares of the Company (the “Company Shares”) and the Stock Acquisition Rights (Note 1) (provided, however, that this excludes the Company Shares directly owned by the Tender Offeror and the treasury shares owned by the Company; the same hereinafter), and as a part of the transaction to render the Company as a wholly-owned subsidiary of the Tender Offeror (the “Transaction”), has performed a tender offer towards the Company Shares during the period from June 17, 2024 to September 11, 2024 (the “Tender Offer”), and as a result, the Tender Offeror has come to own 91,487,263 shares of the Company Shares (Ownership Ratio (Note 2): 75.24%) as of September 19, 2024 (the commencement date of the settlement of the Tender Offer).

(Note 1) “Stock Acquisition Rights” collectively means the stock acquisition rights in (i) through (xiv) below and the price of tender offer per Stock Acquisition Right in the Tender Offer shall be collectively referred to as the “Stock Acquisition Right Purchase Price”.

- (i) The fifth series stock acquisition rights of 2007 issued pursuant to the resolution of the Board of Directors of the Company held on November 12, 2007 (exercise period is from December 4, 2007 to December 3, 2037):
- (ii) The sixth series stock acquisition rights of 2008 issued pursuant to the resolution of the Board of Directors of the Company held on November 14, 2008 (exercise period is from December 2, 2008 to December 1, 2038):
- (iii) The seventh series stock acquisition rights of 2009 issued pursuant to the resolution of the Board of Directors of the Company held on November 12, 2009 (exercise period is from December 2, 2009 to December 1, 2039):
- (iv) The eighth series stock acquisition rights of 2010 issued pursuant to the resolution of the Board of Directors of the Company held on November 15, 2010 (exercise period is from December 2, 2010 to December 1, 2040):
- (v) The tenth series stock acquisition rights of 2011 issued pursuant to the resolution of the Board of Directors of the Company held on November 14, 2011 (exercise period is from December 2, 2011 to December 1,

2041):

- (vi) The twelfth series stock acquisition rights of 2012 issued pursuant to the resolution of the Board of Directors of the Company held on November 12, 2012 (exercise period is from December 4, 2012 to December 3, 2042):
- (vii) The thirteenth series stock acquisition rights of 2013 issued pursuant to the resolution of the Board of Directors of the Company held on November 14, 2013 (exercise period is from December 3, 2013 to December 2, 2043):
- (viii) The fifteenth series stock acquisition rights of 2014 issued pursuant to the resolution of the Board of Directors of the Company held on October 30, 2014 (exercise period is from December 2, 2014 to December 1, 2044):
- (ix) The sixteenth series stock acquisition rights of 2015 issued pursuant to the resolution of the Board of Directors of the Company held on October 29, 2015 (exercise period is from December 2, 2015 to December 1, 2045):
- (x) The seventeenth series stock acquisition rights of 2016 issued pursuant to the resolution of the Board of Directors of the Company held on October 28, 2016 (exercise period is from December 2, 2016 to December 1, 2046):
- (xi) The eighteenth series stock acquisition rights of 2017 issued pursuant to the resolution of the Board of Directors of the Company held on October 30, 2017 (exercise period is from December 2, 2017 to December 1, 2047):
- (xii) The nineteenth series stock acquisition rights of 2018 issued pursuant to the resolution of the Board of Directors of the Company held on October 30, 2018 (exercise period is from December 4, 2018 to December 3, 2048):
- (xiii) The twentieth series stock acquisition rights of 2019 issued pursuant to the resolution of the Board of Directors of the Company held on October 30, 2019 (exercise period is from December 3, 2019 to December 2, 2049):
- (xiv) The twenty-first series stock acquisition rights of 2020 issued pursuant to the resolution of the Board of Directors of the Company held on November 4, 2020 (exercise period is from December 2, 2020 to December 1, 2050):

(Note 2) “Ownership Ratio” means the ratio (rounded to the second decimal place) of the number of Company Shares to the number of shares (121,591,800 shares) (the “Total Number of Shares After Accounting for Diluted Shares”) which is (i) the total number of issued shares of the Company (130,353,200 shares) as of March 31, 2024 described in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (under Japanese GAAP)” (the “Company’s Summary of Financial Results”) submitted by the Company on May 8, 2024, plus the number of shares (432,400 shares), the number of the Company Shares which are the subject of the 2,475 Stock Acquisition Rights remaining as of March 31, 2024, minus the number of treasury shares (9,193,800 shares) held by the Company as of March 31, 2024 described in the Company’s Summary of Financial Results (provided, however, that this does not include the number of the Company Shares (206,039 shares) held by the officer compensation BIP (Board Incentive Plan) trust (the “BIP Trust”) currently as of March 31, 2024). Hereinafter the same.

A. Proposal from the Tender Offeror and details of the development of review system

As described in the Opinion Expression Press Release, following receipt of the proposal for the

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

Specifically, as described in "(iii) Establishment of Special Committee at the Company and procurement of a report from the Special Committee" of "(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest" of "3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)" below, by the resolution of the Company's Board of Directors meeting held on February 22, 2024, the Company established a special committee (the "Special Committee") comprised of 3 persons, namely, Mr. Keiichiro Hashimoto (independent director of the Company, outside director as well as chairperson of the board and the audit committee of INFRONEER Holdings Inc., as well as former representative director chairman and CEO of Metropolitan Expressway Company Limited), Mr. Mitsuaki Nakakubo (independent director of the Company, attorney, partner at Asahi Law Offices) and Mr. Akira Matsumoto (independent director of the Company, certified public accountant, representative director and president of MIT Corporate Advisory Services Co., Ltd.), and consulted with the Special Committee regarding such matters as the appropriateness of the procedures of the Transaction and the adequacy of the transaction terms (for such matters as the specific matters consulted to the Special Committee, review process and decision contents, please see "(iii) Establishment of Special Committee at the Company and procurement of a report from the Special Committee" of "(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest" of "3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)" below). In addition, upon the establishment of the Special Committee, the Board of Directors meeting of the Company resolved that it shall respect to the maximum extent the decision of the Special Committee upon making decisions regarding the Transaction and that it shall not agree to the Transaction if the Special Committee determines that the purpose or transaction terms of the Transaction are inadequate, and also has granted the Special Committee the authority to independently appoint attorneys, valuation institutions, certified public accountants and other advisors as well as the authority to request professional advice to the advisors of the Company, at the Company's expense if necessary. As described in "(iii) Establishment of Special Committee at the Company and procurement of a report from the Special Committee" of "(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest" of "3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)" below, based on its authority above, the Special Committee appointed PLUTUS CONSULTING Co., Ltd. ("PLUTUS")

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

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

In addition, as described in “(b) Process of the review” of “(iii) Establishment of Special Committee at the Company and procurement of a report from the Special Committee” of “(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest” of “3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)” below, the Company confirmed with the Special Committee that there are no issues with the independence and expertise of UBS Securities, the financial advisor and third party valuation institution of the Company, as well as U&I, the legal advisor of the Company, and received approval of their appointments.

Furthermore, as described in “(vii) Establishment of independent review system at the Company” of “(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest” of “3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)” below, the Company internally established a system to perform reviews, negotiations and decision-makings regarding the Transaction (including the scope and work duties of the officers and employees of the Company involved in reviews, negotiations and decision-makings regarding the Transaction) in a position independent from the Tender Offeror, and received approval of the Special Committee that there are no issues with such review system from the perspectives of independence and fairness.

B. Review and negotiation process

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

Also based upon the advice from the Special Committee, in late February 2024 and thereafter, the Company repeatedly reviewed the rationale of the Transaction and the envisaged synergy based upon

discussions with the Tender Offeror through due diligence. In addition, in the middle of April 2024, the Special Committee made inquiries to the Tender Offeror mainly regarding such matters as the rationale of the Transaction and the details of the envisaged synergy. The Special Committee received replies to each of the questions above from the Tender Offeror in early May, 2024. Furthermore, the Special Committee has also been proceeding with discussions regarding such matters as the rationale and purpose of the Transaction, the Company's management tasks of which the Tender Offeror is aware, and the management policy of the Company after the Transaction, by implementing an interview to the Tender Offeror regarding the replies to each of the questions above in the middle of May, 2024. For the contents of the replies from the Tender Offeror regarding such matters as the rationale of the Transaction and the details of the envisaged synergy, please refer below to "(i) Background, purposes, and decision-making process that led to the Tender Offeror's decision to implement the Tender Offer" of "(2) Grounds and reasons for the opinion on the Tender Offer" of "3. Details of, and grounds and reasons for, the opinion on the Tender Offer" of the Opinion Expression Press Release.

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

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

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

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

In addition, in light of the circumstances of negotiations between the Company and the Tender Offeror,

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

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

Thereafter, on July 30, 2024, the Company was informed by the Tender Offeror that it was considering to change the Tender Offer Price from JPY 2,690 to JPY 2,800 and to extend the Tender Offer Period from August 21, 2024 or August 28, 2024. In response, the Company made a request to the Tender Offeror to reconsider to increase the Tender Offer Price up to a standard above the closing price of the share value of the Company on the day prior to the day of announcement of the Changes to Terms and Conditions of Tender Offer for Shares, Etc. (as defined "C. Contents of the Company's decision" below) at least, in light of the fact that the share value of the Company was fluctuating substantially above such standard on and after July 29, 2024.

Thereafter, on August 1, 2024, the Company received a reply from the Tender Offeror that the Tender Offeror requests the Company to maintain its affirmative opinion since the Tender Offeror considers that the Tender Offer Price of JPY 2,800 per one Company Share is a change advantageous for the Company's general shareholders in that it increases the Tender Offer Price prior to the Changes to Terms and Conditions of Tender Offer for Shares, Etc. In response, on August 2, 2024, the Company made a request to the Tender Offeror to reconsider so that the Tender Offeror increases the Tender Offer Price enabling determination by the Special Committee, upon sufficiently considering the interests of the Company's shareholders other than the Tender Offeror, on the grounds that it is difficult for the Special Committee to determine at such time whether or not to recommend the Company's shareholders other than the Tender Offeror to tender in the Tender Offer on the premise of the Tender Offer Price.

Thereafter, on August 2, 2024, the Company received a reply from the Tender Offeror that the Tender Offeror considers that the Tender Offer Price is the maximum evaluation amount which the Tender Offeror considers appropriate based upon such matters as the Tender Offeror's investment standard, and that the Tender Offeror would not increase it to an amount above the Tender Offer Price. Towards this, on August 5, 2024, the Company, upon making the reservation that the final decision-making of the Company would be determined with the resolution of the Company's Board of Directors based upon such matters as the Report of the Special Committee, and with the understanding that the Tender Offeror has increased the Tender Offer Price to the maximum amount, replied that the Company accepts the proposal to render the Tender Offer Price as JPY 2,800, and that the Company maintains its affirmative opinion to the Changes to Terms and Conditions of Tender Offer for Shares, Etc. and its opinion to recommend the Company's shareholders to tender in the Tender Offer.

C. Contents of the Company's decision

Under the foregoing processes, at the Company's Board of Directors meeting held on June 14, 2024, based upon the legal advice received from U&I, the advice from financial perspectives received from

UBS Securities and the share valuation report regarding the valuation results of the Company Shares received from UBS Securities on June 13, 2024 (the “Share Valuation Report (UBS Securities)”), as well as the share valuation report regarding the results of the valuation of the Company Shares received through the Special Committee (the “Share Valuation Report (PLUTUS)”) and the opinion letter stating that the transaction terms related to the Transaction including the Tender Offer Price are fair (the “Fairness Opinion”) received through the Special Committee, the Company carefully performed discussions and reviews as to whether or not the Transaction including the Tender Offer contributes to the enhancement of the Company’s corporate value, and as to whether or not the transaction terms related to the Transaction including the Tender Offer Price are adequate, with respect to the maximum extent for the contents of the decision of the Special Committee indicated in the report submitted by the Special Committee to the Company’s Board of Directors on June 14, 2024 (the “Report”). As a result, the Company reached the conclusion that the Transaction contributes to the enhancement of the Company’s corporate value as below.

Since its foundation, the Company has rendered as its basic management policy “create a system to eliminate ‘negatives’”, and has been developing such things as *Mutenka* (without using any damaging additives) cosmetics, nutritional supplements, germinated brown rice and kale juice business.

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

(Basic policy)

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

(Business strategies)

(i) Cosmetics business

a. FANCL cosmetics

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

(Product strategies)

- Pursue four plans for the Japan market: “expand basic skin care users”, “expand share in the cleansing/facial wash market”, “cross-sell to basic skin care users”, and “explore new business areas”.
- Implement proactive new product launches and renewals in the basic skin care and cleansing areas

to further strengthen the brand's customer base, achieve acquisition of new customers and expand sales by treading into new business areas, such as a skin care line for men and kids.

(Overseas strategies)

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

b. Attenir cosmetics

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

(Product strategies)

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

(Sales strategies)

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

(Overseas strategies)

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

c. BRANCHIC

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

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

(ii) Nutritional supplements business

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

(Product strategies)

- In the pre-senior category, strengthen the preexisting products of "enkin" and "rakuhiza", and expand the category by renewals and line-up development. Eliminate negatives occurring with age and develop "anti-aging" products corresponding to needs to maintain health, thereby developing

new customer layers.

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

(Overseas strategies)

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

(Sales channel strategies)

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

(i) Online and catalogue sales

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

(ii) Direct store sales

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

(iii) Wholesales

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

(Strengthening the management base)

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

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

- (iii) IT system
 - Build a unique IT basic system further developing the “FIT3” system which collects and analyzes not only customers’ purchase history but action information leading to purchase, thereby deepening understanding of customers and taking an optimum approach.
 - Commence reconstruction of the ERP system which the Company has been building a business model for integrated manufacturing and sales, thereby realizing data driven management.

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

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

(Promotion of sustainability)

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

- (i) A Prosperous Environment
 - With utmost priority for measures towards climate change, appreciate nature in all aspects of corporate activities, thereby contributing to preservation of the rich earth environment.
- (ii) Healthy Living
 - Through unique products and services, contribute to lengthening the healthy lifespan and enhancing the quality of life of people around the world.
- (iii) A Thriving Society For All
 - Create a society where each and every person shines at one's respective places by respecting each other's differences and mutually respecting each other.

(Numerical targets)

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

After the transaction in which the Tender Offeror acquired the 39,540,400 Company Shares (the ratio against the number of shares (119,819,500 shares) obtained by multiplying the number of voting rights (1,198,195) of all shareholders of the Company as of March 31, 2019 described on the Annual Securities Report for the 39th Business Period submitted by the Company on June 24, 2019, by 100, number of shares constituting one unit: 33.00% (rounded to the second decimal place)) on September 6, 2019 (the "Transaction Accounted for by the Equity Method"), the Company, with the Tender Offeror and its subsidiaries and affiliates accounted for by the equity method (the "Tender Offeror Group"), has been proceeding with creating synergy in the areas of "product development" and "channel infrastructure" as the creation of synergy based upon the capital and business alliance agreement dated August 6, 2019 executed with the Tender Offeror (the "Capital and Business Alliance"). The contents of the specific endeavors are as follows.

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

Company side, the Company is seconding personnel with expertise in health food business strategy and CRM to the Tender Offeror Group.

- In the area of resources circulation, the Company is engaged in cooperative business such as using reprocessed resin derived from containers of the Tender Offeror Group in the containers of cosmetics of the Company.
- In the area of sustainability, the Company is receiving high expertise and know-how regarding sustainability from the Tender Offeror Group, and the Company are leading it to the enhancement of the Company's endeavor levels for sustainability.

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

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

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

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

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

The Company will become a wholly-owned subsidiary of the Tender Offeror by the Transaction and will be clearly positioned as a subsidiary as the center of the health science business of the Tender Offeror Group; thereby the Company considers that it will become possible for the Company to more flexibly and promptly utilize the management resources of the Tender Offeror under a business strategy

unified with the group and to maximize the synergy effect in an even more shorter period of time.

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

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

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

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

(c) Promotion of sales strategy unified as a group

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

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

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

Information and management resources considered to be further shared by the Company becoming a wholly-owned subsidiary of the Tender Offeror are not limited to such items as know-how and technical information in research development activities, but also envisage sales information as well as know-how of marketing and organization management of the Tender Offeror Group, as well as know-how related to venture investment, M&A and ESG at the Tender Offeror Group. In addition, when the Company considers global development in the future, by the utilization of the Tender Offeror's overseas bases and by becoming a wholly-owned subsidiary of the Tender Offeror in particular, the Company considers that it would become possible to include as options such matters as the construction of a

cooperative system with Blackmores Limited, a health food (natural food) company of Australia which is similarly under the Tender Offeror Group, upon eliminating risks under the competition laws between the Tender Offeror Group and the Company.

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

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

In addition, since the Company determined that the Tender Offer Price of JPY 2,690 per share falls under the following, on June 14, 2024, the Company replied to the Tender Offeror that it accepts the proposal of the price above, and the Company and the Tender Offeror reached a final agreement on the price terms. (i) As described above in "B. Review and negotiation process", it is a price agreed upon as a result of engaging in sufficient negotiations repeatedly with the Tender Offeror with the substantial involvement of the Special Committee, upon the Company taking the measures to ensure the fairness of the transaction terms related to the Transaction including the Tender Offer Price described below in "(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest" of "3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)"; (ii) as described below in "(ii) Procurement of the Share Valuation Report from the Company's independent financial advisor and third-party valuation institution" of "(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest" of "3. Matters related to the appropriateness of the provisions regarding the matters listed Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of

the provisions of share consolidation ratio)", according to the Share Valuation Report (UBS Securities) obtained from UBS Securities, a third-party valuation institution independent from the Company and the Tender Offeror, from among the calculation results of the share value of the Company in the Share Valuation Report (UBS Securities), it exceeds the scope of the calculation results by the market share price method and the comparable company analysis, and it is within the scope of the calculation results by the discounted cash flow method (the "DCF method"), and at the same time it is a price close to the median of the range; (iii) as described below in "(iv) Procurement of the Share Valuation Report and the Fairness Opinion from the Special Committee's independent financial advisor and third-party valuation institution" of "(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest" of "3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)", according to the Share Valuation Report (PLUTUS) obtained by the Special Committee from PLUTUS, which is independent from the Company and the Tender Offeror, from among the calculation results of the Company Shares in the Share Valuation Report (PLUTUS), it exceeds the scope of the calculation results by the market share price method and the comparable company analysis, and it is within the scope of the calculation results by the DCF method and it is above the median of the range; (iv) as described below in "(iv) Procurement of the Share Valuation Report and the Fairness Opinion from the Special Committee's independent financial advisor and third-party valuation institution" of "(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest" of "3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)", PLUTUS has issued the Fairness Opinion, which states that the Tender Offer Price which is in amount of JPY 2,690 per share is fair from a financial viewpoint for the Company's shareholders excluding the Tender Offeror; (v) while it is a price adding a premium of 42.74% to the closing price of JPY 1,884.5 of the Company's common stock in the prime market of the TSE on June 13, 2024, and a price adding a premium of JPY 36.27% to the closing price simple average value of JPY 1,974 of the immediately preceding one (1) month, and a price adding a premium of 37.17% to the closing price simple average value of JPY 1,961 of the immediately preceding three (3) months, and a price adding a premium of 28.16% to the closing price simple average value of JPY 2,099 of the immediately preceding six (6) months, even in comparison with the 29 cases (the average values/medians of the premium level are as follows: 43.0%/40.5% immediately prior to the announcement date, 45.4%/43.1% in the immediately preceding one (1) month, 48.9%/46.1% in the immediately preceding three (3) months, and 49.9%/50.3% in the immediately preceding six (6) months) of tender offer transactions with conflict of interest relationship (management buyout transactions, or transactions with the purpose of making consolidated subsidiaries or affiliated companies accounted for by the equity method wholly-owned subsidiaries of a listed parent company) of a total transaction amount of JPY 50 billion or more completed during the period from June 28, 2019, the date on which "Fair M&A Guidelines – Raising Corporate Value and Ensuring Shareholders' Interests" was announced by the Ministry of Economy, Trade and Industry, until May 31, 2024, it can be evaluated as being a reasonable level attached with a premium comparable in relation to the market share value immediately prior to the announcement date (although, with respect to the respective premiums for the closing price simple average value in the

immediately preceding three (3) months and the closing price simple average value in the immediately preceding six (6) months, it is lower than the premium level above, it is judged to be a reasonable level, upon determining that the market share value of the Company Shares in the immediately preceding one (1) month formed after the announcement of the Company's Summary of Consolidated Financial Results and the Company's Management Plan most reflects the corporate value of the Company and due to the fact that sufficient premium is ensured in relation to the market share value in such period).

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

If the Tender Offeror is unable to obtain all the Stock Acquisition Rights even in the Tender Offer even though the Tender Offer was completed, and the Stock Acquisition Rights remain without being exercised, the Tender Offeror plans to make the Company to perform the procedures reasonably required to implement the Transaction such as recommending the holders of the Stock Acquisition Rights (the "Stock Acquisition Rights Holders") (in the event that the current 1 Deputy Executive Officer of the Company and 1 director of the Company's subsidiary who are prospected to become able to exercise the Stock Acquisition Rights and to exercise the Stock Acquisition Rights due to satisfying the Condition for Exercise Regarding Loss of Position (as defined later) (such current Deputy Executive Officer of the Company and such current director of the Company's subsidiary shall hereinafter be collectively referred to as the "Prospected Stock Acquisition Rights Exercisers") exercise Stock Acquisition Rights, then, excluding such Prospected Stock Acquisition Rights Exerciser) to perform the procedures reasonably required to implement the Transaction such as recommending to waive the Stock Acquisition Rights, and (ii) in order for the economic interests which should be enjoyed by the Stock Acquisition Rights Holders not to be impaired and for no excessive interests to be granted to the Stock Acquisition Rights Holders, the Tender Offeror intends to make determinations regarding the introduction and implementation of the new officer compensation plan, which makes allowance for economic interests substantially equivalent to such economic interests, upon discussion with the Company and the Stock Acquisition Rights Holders after the completion of the Tender Offer. Given these, although the Tender Offer provides a reasonable opportunity to the Stock Acquisition Rights Holders to sell the Stock Acquisition Rights, the Company determined that it would be appropriate to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender their Stock

Acquisition Rights in the Tender Offer.

As per the above, the Company determined that the Transaction contributes to the enhancement of the Company's corporate value, and that the Tender Offer Price and the Stock Acquisition Right Purchase Price are adequate prices securing the interests which should be enjoyed by the Company's shareholders and Stock Acquisition Rights Holders, and that the Tender Offer provides a reasonable opportunity for the Company's shareholders and Stock Acquisition Rights Holders to sell the shares and Stock Acquisition Rights, and at the Company's Board of Directors meeting held on June 14, 2024, the Company resolved to express its affirmative opinion regarding the Tender Offer, and to recommend its shareholders to tender their shares in the Tender Offer, and to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender their Stock Acquisition Rights in the Tender Offer.

Thereafter, in response to the fact that the Tender Offeror determined to change the Tender Offer Price from JPY 2,690 to JPY 2,800 per one (1) Company Share, and to extend the Tender Offer Period till August 28, 2024, thereby rendering it as a total of 51 business days (the "Changes to Terms and Conditions of Tender Offer for Shares, Etc."), at its Board of Directors meeting held on August 6, 2024, at the Company's Board of Directors meeting held on August 6, 2024, as a result of careful discussion and review of the Changes to Terms and Conditions of Tender Offer for Shares, Etc., based on the opinion of the Special Committee, the Company resolved to continuously express its affirmative opinion to the Tender Offer, as well as to maintain its opinion to recommend the Company's shareholders to tender in the Tender Offer and to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender in the Tender Offer, since the Company deemed that, with respect to the Tender Offer Price after the Changes to Terms and Conditions of Tender Offer for Shares, Etc., (i) it is an amount agreed upon as a result of engaging in sufficient negotiations with the Tender Offeror with the substantial involvement of the Special Committee, upon sufficient measures being taken to ensure the fairness of the transaction terms related to the Transaction including the Tender Offer Price described in "(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest" of "3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)" below, on and after the time that the Company was informed by the Tender Offeror that it was considering to change the Tender Offer Price, as described in "B. Review and negotiation process" above, (ii) based on the Company's explanation that there are no material changes to the information such as earnings status and investment plans in the business plan from the year ending March 31, 2025 to the year ending March 31, 2029 prepared by the Company prepared by the Company (the "Business Plan") which forms the basis of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), the Company received an explanation from UBS Securities and PLUTUS and confirmed that there are no circumstances that would require a change in the conclusions in the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), (iii) from among the calculation results of the share value of the Company Shares in the Share Valuation Report (UBS Securities), the amount is above the scope of the calculation results by the market share price method and the comparable company analysis, and the amount is

within the scope of the calculation results by the DCF method and above the median of the range, (iv) from among the calculation results of the share value of the Company Shares in the Share Valuation Report (PLUTUS), the amount is above the scope of the calculation results by the market share price method and the comparable company analysis, and the amount is within the scope of the calculation results by the DCF method and above the median of the range, (v) it is an amount adding a premium of 48.58% on JPY 1,884.5, the closing price of the Company Shares in the Prime Market of the TSE on June 13, 2024, the business day preceding June 14, 2024, the date of announcement of the Tender Offer, and an amount adding a premium of 41.84% on JPY 1,974, the simple average of the closing prices for the immediately preceding one (1) month till such date, and an amount adding a premium of 42.78% on JPY 1,961, the simple average of the closing prices for the immediately preceding three (3) months till such date, and an amount adding a premium of 33.40% on JPY 2,099, the simple average of the closing prices for the immediately preceding six (6) months till such date, and even in comparison with the twenty nine (29) cases (the average value/median value of the premium standard are as follows: 43.0%/40.5% immediately prior to the date of announcement, 45.4%/43.1% for the immediately preceding one (1) month, 48.9%/46.1% for the immediately preceding three (3) months, and 49.9%/50.3% for the immediately preceding six (6) months) of takeover bid transactions (transactions with the aim of rendering consolidated subsidiaries and affiliates accounted for by the equity method as wholly owned subsidiaries by the listed parent company, or management buyout transactions) with conflict of interest relationship of a total transaction amount of JPY 50 billion or more which were completed during the period from June 28, 2019, when the Ministry of Economy, Trade and Industry announced the “Fair M&A Guidelines: Enhancing Corporate Value and Securing Shareholders’ Interests”, till May 31, 2024, the Company could evaluate that it is a reasonable standard attached with a reasonable premium in relation to the market share value on the business date immediately prior to the date of announcement and on the immediately preceding one (1) month (while the premiums for the simple average of the closing prices for the immediately preceding three(3) months and the simple average of the closing prices for the immediately preceding six (6) months respectively fall short of the premium standard above, the Company deems that the market share value of the Company Shares for the immediately preceding one (1) month formed after the announcement of the Company’s Financial Results and the Company’s Management Plan most reflects the Company’s corporate value, and deems that it is a reasonable standard by the securement of sufficient premium in relation to the market share value of such period). The Tender Offer Price after the Changes to Terms and Conditions of Tender Offer for Shares, Etc. is an amount adding a premium of 1.76% on JPY 2,751.5, the closing price of the Company Shares on August 5, 2024, the business day immediately preceding August 6, 2024, the date of announcement of the Changes to Terms and Conditions of Tender Offer for Shares, Etc. and an amount adding a premium of 1.30% on JPY 2,764, the simple average of the closing price from June 17, 2024, the first day of the Tender Offer Period to August 5, 2024.

For details of determination process of each Board of Directors meeting, please see “(viii) Receipt of approval of majority of disinterested directors of the Company and the opinion of all disinterested Audit & Supervisory Board members of the Company that they have no objection” of “(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest” of “3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share

consolidation ratio)”

D. The results, etc. of the Tender Offer

Thereafter, as described above, the Tender Offer was completed; however, since the Tender Offeror was unable to acquire all of the Company Shares (provided, however, that this excludes the Company Shares directly owned by the Tender Offeror and the treasury shares owned by the Company) and the Stock Acquisition Rights by the Tender Offer, and the Tender Offeror did not come to own 90% or more of the voting rights of the total shareholders of the Company, at the request of the Tender Offeror and also based on such facts as the completion of the Tender Offer which was performed as a part of the Transaction, as announced in the Opinion Expression Press Release, the Company, in order to render only the Tender Offeror as the Company’s shareholder (excluding the Company), determined to implement share consolidation to consolidate 40,000,000 shares of the Company Shares into one (1) share (the “Share Consolidation”), and determined to bring up the agenda regarding Share Consolidation at the Extraordinary General Shareholders Meeting.

By the Share Consolidation, the number of the Company Shares owned by the shareholders other than the Tender Offeror is scheduled to become fractional shares less than one (1) share.

2. Matters provided in each Item of Article 180, Paragraph 2 of the Companies Act

(1) Ratio of consolidation

40,000,000 shares are to be consolidated into one (1) share

(2) Date on which share consolidation becomes effective (effective date)

December 20, 2024

(3) Total number of authorized shares on effective date

11 shares

3. Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)

The ratio of consolidation of the Share Consolidation is to consolidate 40,000,000 Company Shares into one (1) share. The Company deems that the ratio of consolidation of the Share Consolidation is appropriate considering the Share Consolidation is to be conducted to render only the Tender Offeror as the Company’s shareholder (excluding the Company) as described in “1. Reasons for share consolidation” above, the Tender Offer conducted as a part of the Transactions through the processes described in “1. Reasons for share consolidation” was completed, and each matter listed below.

(1) Matters that were considered to not harm interest of shareholders other than parent company, etc. if there is such parent company, etc.

While the Share Consolidation is to be performed as the procedures of the second stage in the so-called two-stage takeover after the Tender Offer as a part of the Transaction, considering that (i) the Tender Offeror owns 39,540,400 shares (Ownership Ratio: 32.52%) of the Company Shares and rendered the Company as an affiliate

accounted for by the equity method, (ii) from among the Company's 9 directors, 1 concurrently serves as the Tender Offeror's director (Junko Tsuboi) currently, 1 served as the Tender Offeror's executive officer in the past (Shinro Fujita), and from among the Company's 5 auditors, 1 served as the Tender Offeror's executive officer in the past (Naoya Maruo), (iii) if the Tender Offeror becomes the Company's controlling shareholder after the completion of the Tender Offer, the series of procedures for the Tender Offeror to acquire all of the Company Shares and to render the Company as the Tender Offeror's wholly owned subsidiary scheduled after the Tender Offer (the "Squeeze-Out Procedures") would fall under "significant transactions, etc. with controlling shareholders" provided in the Corporate Code of Conduct of the TSE, in light of the fact that the Transaction performs these as a series of transactions, the Tender Offeror and the Company implemented the measures described in "(4) Measures to ensure the fairness of the Tender Offer and measures to avoid conflicts of interest" below from the perspectives of securing the fairness of the Tender Offer from the Tender Offer stage, as well as eliminating arbitrariness of decision-making related to the Transaction, and securing fairness, transparency and objectivity of the decision-making process of the Company, and avoiding suspicions of conflicts of interest.

(2) Matters relating to the method of handling of fractional shares

- (i) Whether the treatment under Article 235, Paragraph 1 of the Companies Act or the treatment under Article 234, Paragraph 2 of the said act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the said act is planned, and the reasons therefor

As described in "1. Reasons for share consolidation" above, by the Share Consolidation, the number of the Company Shares owned by the shareholders other than the Tender Offeror is scheduled to become fractional shares less than one (1) share.

With respect to the fractional shares less than one (1) share occurring as a result of the Share Consolidation, the shares of a number equivalent to the total number thereof (if there are fractional shares less than one (1) share in the total number thereof, such fractional shares shall be disregarded) shall be sold, and the proceeds obtained by the sale thereof shall be delivered to the shareholders for whom fractional shares have occurred depending upon the fractional shares thereof. With respect to such sale, due to such matters as that since the Company Shares are scheduled to be delisted on December 18, 2024 and will become shares without a market price, it can hardly be expected that a purchaser would appear by an auction, they are scheduled to be sold to the Tender Offeror with the permission of the court in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same hereinafter) which is applied mutatis mutandis by Article 235, Paragraph 2 of the said Act.

If the permission of the court above is obtained as scheduled, the sales amount in such case is scheduled to be set at a price by which monies equivalent to an amount multiplying JPY 2,800, which is the same amount as the Tender Offer Price, by the number of the Company Shares owned by the shareholders described or recorded in the Company's final shareholder registry as of December 19, 2024, which is the business day preceding the effectuation date of the Share Consolidation, may be delivered to each of the shareholders.

- (ii) Name of person expected to purchase shares subject to sale
Kirin Holdings Company, Limited (Tender Offeror)
- (iii) Method by which the person expected to purchase shares subject to sale secures funds to pay the sale price, and the reasonableness of the method

While the Tender Offeror is scheduled to provide for the funds required for the acquisition of the Company Shares equivalent to the total number of fractional shares occurring by the Share Consolidation by borrowing from MUFG Bank, Ltd. (“MUFG Bank”), the Company has confirmed the Tender Offeror’s fund securement method by confirming the loan certificate dated August 6, 2024 related to the borrowing from MUFG Bank submitted as a document attached to the tender offer statement regarding the Tender Offer (including the matters corrected in the amended statements in connection with it). Also, according to the Tender Offeror, due to such matters as no event which may obstruct the payment of the sales proceeds of the Company Shares equivalent to the total number of fractional shares less than one (1) share occurring as a result of the Share Consolidation has occurred, neither is such event perceived to have the possibility of occurring in the future, the Tender Offeror’s method to secure funds for the sales proceeds related to the purchase of the shares equivalent to fractional shares is determined to be reasonable.

(iv) Expected timing of sale and expected timing of payment of sales proceeds to shareholders

After the effectuation of the Share Consolidation, the Company plans to file for permission to the court to sell the Company Shares equivalent to the total number of fractional shares less than one (1) share occurring as a result of the Share Consolidation in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act applied mutatis mutandis by Article 235, Paragraph 2 of the said Act, aiming for January 2025. While the timing of obtaining such permission may change depending upon such matters as the circumstances of the court, the Company plans to obtain the permission of the court and sell the Company Shares aiming for February 2025, and thereafter, upon making preparations required to deliver the proceeds obtained by such sale to the shareholders, to sequentially deliver the proceeds obtained by such sale to the shareholders aiming around one (1) month after the obtainment of such permission.

Taking into consideration the time period required for the series of procedures from the effectuation date of the Share Consolidation till the sale, as described above, the Company has determined that the sale of the Company Shares equivalent to the total number of fractional shares less than one (1) share occurring as a result of the Share Consolidation is prospected to be made, and delivery of the proceeds obtained by such sale is prospected to be made to the shareholders, at the respective timings.

(3) Treatment of fractional shares less than one share, and the amount of money expected to be paid to shareholders as a result of such treatment and the reasonableness of such amount

As described in “(i) Whether the treatment under Article 235, Paragraph 1 of the Companies Act or the treatment under Article 234, Paragraph 2 of the said act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the said act is planned, and the reasons therefor” of “(2) Matters relating to the method of handling of fractional shares” above, the amount of monies prospected to be delivered to the shareholders by the treatment of the fractional shares occurring due to Share Consolidation is scheduled to be an amount multiplying JPY 2,800, which is the same amount as the Tender Offer Price, by the number of the Company Shares owned by the shareholders described or recorded in the Company’s final shareholder registry as of December 19, 2024, the business day preceding the effectuation date of the Share Consolidation.

The Company determined that, with respect to the Tender Offer Price of JPY 2,800, the price is reasonable price that ensures the interests that general shareholders of the Company should enjoy because (i) it is an amount agreed upon as a result of engaging in sufficient negotiations with the Tender Offeror with the substantial involvement of the Special Committee, upon sufficient measures being taken to ensure the fairness of the transaction terms

related to the Transaction including the Tender Offer Price described in “(4) Measures to ensure the fairness of the Tender Offer and measures to avoid conflicts of interest” of “Particulars regarding the appropriateness of provisions concerning the particulars set forth in Article 180, Paragraph 2, Items 1 and 3 of the Companies Act (matters regarding the appropriateness of the provisions of share consolidation ratio)” below, on and after the time that the Company was informed by the Tender Offeror that it was considering to change the Tender Offer Price, as described in “B. Review and negotiation process” above, (ii) based on the Company’s explanation that there are no material changes to the information such as earnings status and investment plans in the Business Plan which forms the basis of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), the Company received an explanation from UBS Securities and PLUTUS and confirmed that there are no circumstances that would require a change in the conclusions in the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), (iii) from among the calculation results of the share value of the Company Shares in the Share Valuation Report (UBS Securities), the amount is above the scope of the calculation results by the market share price method and the comparable company analysis, and the amount is within the scope of the calculation results by the DCF method and above the median of the range, (iv) from among the calculation results of the share value of the Company Shares in the Share Valuation Report (PLUTUS), the amount is above the scope of the calculation results by the market share price method and the comparable company analysis, and the amount is within the scope of the calculation results by the DCF method and above the median of the range, (v) it is an amount adding a premium of 48.58% on JPY 1,884.5, the closing price of the Company Shares in the Prime Market of the TSE on June 13, 2024, the business day preceding June 14, 2024, the date of announcement of the Tender Offer, and an amount adding a premium of 41.84% on JPY 1,974, the simple average of the closing prices for the immediately preceding one (1) month till such date, and an amount adding a premium of 42.78% on JPY 1,961, the simple average of the closing prices for the immediately preceding three (3) months till such date, and an amount adding a premium of 33.40% on JPY 2,099, the simple average of the closing prices for the immediately preceding six (6) months till such date, and even in comparison with the twenty nine (29) cases (the average value/median value of the premium standard are as follows: 43.0%/40.5% immediately prior to the date of announcement, 45.4%/43.1% for the immediately preceding one (1) month, 48.9%/46.1% for the immediately preceding three (3) months, and 49.9%/50.3% for the immediately preceding six (6) months) of takeover bid transactions (transactions with the aim of rendering consolidated subsidiaries and affiliates accounted for by the equity method as wholly owned subsidiaries by the listed parent company, or management buyout transactions) with conflict of interest relationship of a total transaction amount of JPY 50 billion or more which were completed during the period from June 28, 2019, when the Ministry of Economy, Trade and Industry announced the “Fair M&A Guidelines: Enhancing Corporate Value and Securing Shareholders’ Interests”, till May 31, 2024, the Company could evaluate that it is a reasonable standard attached with a reasonable premium in relation to the market share value on the business date immediately prior to the date of announcement and on the immediately preceding one (1) month (while the premiums for the simple average of the closing prices for the immediately preceding three(3) months and the simple average of the closing prices for the immediately preceding six (6) months respectively fall short of the premium standard above, the Company deems that the market share value of the Company Shares for the immediately preceding one (1) month formed after the announcement of the Company’s Financial Results and the Company’s Management Plan most reflects the Company’s corporate value, and deems that it is a reasonable standard by the securement of sufficient premium in relation to the market share value of such period).

Also, at the Board of Directors meeting held on June 14, 2024, the Company expressed its affirmative opinion to

the Tender Offer, and resolved to recommend the Company's shareholders to tender in the Tender Offer, and furthermore at the Board of Directors meeting held on August 6, 2024, the Company continuously expressed its affirmative opinion to the Tender Offer, and resolved to recommend the Company's shareholders to tender in the Tender Offer, and to maintain its opinion to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender in the Tender Offer, and thereafter, up till the resolution of the Board of Directors meeting held on October 24, 2024 where it determined to convene the Extraordinary General Shareholders Meeting, the Company has confirmed that no material changes have occurred to the various conditions which form the basis of the Company's determination related to the Tender Offer Price.

From the above, the Company has determined that the amount of monies prospected to be delivered to the shareholders by treatment of the fractional shares occurring due to the Share Consolidation is appropriate.

(4) Measures to ensure the fairness of the Tender Offer and measures to avoid conflicts of interest

While the Share Consolidation is to be performed as the procedures of the second stage in the so-called two-stage takeover after the Tender Offer as a part of the Transaction, although the Tender Offer does not fall under a tender offer by a controlling shareholder, considering that (i) the Tender Offeror owns 39,540,400 shares (Ownership Ratio: 32.52%) of the Company Shares and rendered the Company as an affiliate accounted for by the equity method, (ii) from among the Company's 9 directors, 1 concurrently serves as the Tender Offeror's director (Junko Tsuboi) currently, 1 served as the Tender Offeror's executive officer in the past (Shinro Fujita), and from among the Company's 5 auditors, 1 served as the Tender Offeror's executive officer in the past (Naoya Maruo), (iii) if the Tender Offeror becomes the Company's controlling shareholder after the completion of the Tender Offer, the Squeeze-Out Procedures scheduled after the Tender Offer would fall under "significant transactions, etc. with controlling shareholders" provided in the Corporate Code of Conduct of the TSE, in light of the fact that the Transaction performs these as a series of transactions, the Tender Offeror and the Company have taken the following measures from the perspectives of securing the fairness of the Tender Offer from the Tender Offer stage, as well as eliminating arbitrariness of decision-making related to the Transaction, and securing fairness, transparency and objectivity of the decision-making process of the Company, and avoiding suspicions of conflicts of interest.

The descriptions related to the Tender Offeror from among the following descriptions are based upon the explanations provided by the Tender Offeror

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

(a) Name of the valuation institution and relationship with the Company and the Tender Offeror

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

The Tender Offeror believes that the Tender Offer with the Tender Offer Price after the Changes to Terms and Conditions of Tender Offer for Shares, Etc. (JPY 2,800) would provide the shareholders of the Company with a reasonable opportunity to sell the Company Shares, in light of the fact that such price is the amount obtained by adding up each of the following premiums: a premium of 48.58% on

JPY 1,884.5, which was the closing price of the Company Shares on the Prime Market of the TSE on June 13, 2024, the business day immediately preceding the announcement date of the Tender Offer, i.e., June 14, 2024; a premium of 41.84% on JPY 1,974, which was the simple average of the closing prices for the preceding one (1) month period until the same date; a premium of 42.78% on JPY 1,961, which was the simple average of the closing prices for the preceding three (3) month period until the same date; and a premium of 33.40% on JPY 2,099, which was the simple average of the closing prices for the preceding six (6) month period until the same date. In determining the Tender Offer Price after the Changes to Terms and Conditions of Tender Offer for Shares, Etc., the Tender Offeror does not obtain another valuation report from Nomura Securities in addition to the Share Valuation Report (Nomura Securities) that the Tender Offeror obtained from Nomura Securities on June 13, 2024.

(b) Summary of the calculation related to the Company Shares

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

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

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

Under the market share price method, with the calculation base date being June 13, 2024, based upon the calculation base date closing price of 1,884.5 yen of the Company Shares in the Prime Market of the TSE, the closing price simple average value of 1,927 yen of the immediately preceding five (5) business days (from June 7, 2024 to June 13, 2024 (inclusive)), the closing price simple average value of 1,974 yen of the immediately preceding one (1) month (from May 14, 2024 to June 13, 2024 (inclusive)), the closing price simple average value of 1,961 yen of the immediately preceding three (3) months (from March 14, 2024 to June 13, 2024 (inclusive)), and the closing price simple average value of 2,099 yen of the immediately preceding six (6) months (from December 14, 2023 to June 13, 2024 (inclusive)), the scope of the value per share of the Company Shares is calculated as from 1,884.5 yen to 2,099 yen.

Under the comparable multiple valuation method, the value of the Company Shares is calculated through comparisons with the financial index indicating such matters as the market price and

profitability of the listed companies engaging in businesses relatively similar to the Company, and the scope of the value per share of the Company Shares is calculated as from 1,571 yen to 2,075 yen.

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

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

(c) Summary of calculation of the Stock Acquisition Rights

The Stock Acquisition Rights are granted to the Company's directors and Executive Officers as well as the directors of the Company's subsidiaries as officer compensation equivalent to retirement benefits, and as the conditions for the exercise of rights thereof, the Stock Acquisition Rights Holders are entitled to exercise the Stock Acquisition Rights only all at once, (i) with respect to the Stock Acquisition Rights receiving allocation based on the position of the Company's director or Executive Officer, limited during the period from the day following the day on which it lost the position of the Company's director or Executive Officer till the day on which ten (10) days have elapsed, and (ii) with respect to the Stock Acquisition Rights receiving allocation based on the position of the director of the Company's subsidiary, limited during the period from the day following the day on which it lost the position of such subsidiary's director till the day on which ten (10) days have elapsed (each condition for exercise accompanying the loss of position above shall hereinafter be collectively referred to as the "Condition for Exercise regarding Loss of Position"); and the Stock Acquisition Rights may be exercised all at once limited to the case where the Condition for Exercise regarding Loss of Position is met, and taking into account the fact that the Tender Offeror may not exercise the rights even if it obtained the Stock Acquisition Rights, the Tender Offeror is said to have determined the Stock Acquisition Right Purchase Price as JPY 1 for one (1) Stock Acquisition Right.

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

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

(a) Name of the valuation institution and relationship with the Company and the Tender Offeror

In expressing its opinion related to the Tender Offer, in order to ensure the fairness of the decision-making process for the Tender Offer Price presented by the Tender Offeror, the Company requested UBS Securities, which is the Company's financial advisor and third-party valuation institution independent from the Tender Offeror and the Company, to calculate the share value of the Company Shares and, on June 13, 2024, obtained the Share Valuation Report (UBS Securities) which is subject to the conditions precedent set forth in (Note 1) to B. below and other certain conditions.

Upon considering to express the Company's opinion regarding the Changes to Terms and Conditions of Tender Offer for Shares, Etc., based on the Company's explanation that there are no material changes to information such as earnings status or investment plan in the Business Plan which forms the basis of the Share Valuation Report (UBS Securities), as the Company received an explanation from UBS Securities that there are no circumstances that would require a change in the conclusions in the Share Valuation Report (UBS Securities), the Company has not newly obtained a Share Valuation Report regarding the share value of the Company Shares.

UBS Securities does not fall under a related party of the Company or the Tender Offeror and has no material interest in the Transaction including the Tender Offer. The Company has not obtained from UBS Securities an opinion letter (fairness opinion) concerning the fairness of the Tender Offer Price based upon other measures to ensure the fairness of the Tender Offer Price implemented in relation to the Transaction or measures to avoid conflicts of interest. The remuneration to UBS Securities in connection with the Transaction consists of solely contingency fees payable subject to conditions such as the successful completion of the Transaction. The Company understands that, as a general theory, adoption of contingency fees would incentivize the service provider to complete the transaction and may affect its independence, however, in light of UBS Securities' achievements as financial advisor in similar transactions and its social reputation among other factors, the Company determined that it would be able to receive fair and objective advice even under such compensation structure of solely contingency fees, and considering such matters as the general practices in similar transactions and the appropriateness of the compensation structure in which the Company would bear corresponding monetary burden in the event that the Transaction is not successfully completed, the Company decided that the independence would not be negated due to the compensation being contingency fees paid subject to the successful completion of the Tender Offer and appointed UBS Securities as the Company's financial advisor and third-party valuation institution under the compensation structure above.

(b) Summary of calculation

Upon reviewing the calculation method which should be used in the calculation of the share value of the Company from among multiple share value calculation methods, on the premise that the Company is a going concern, based on the idea that it is appropriate to evaluate the share value of the Company from multiple aspects, UBS Securities analyzes the share value of the Company under the conditions and other certain terms described in (Note 1) below by using the market share price method due to the

fact that the Company is listed on the prime market of the TSE and share price exists, the comparable company analysis due to the fact that there exist multiple listed companies comparable to the Company and it is possible to analogize the share value of the Company by the comparable company analysis, and the DCF method in order to reflect the future business activity circumstances in the valuation.

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

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

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

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

Under the DCF method, based on the financial forecast of the Company considering various factors such as the Business Plan and publicly announced information, the corporate value and share value of the Company are evaluated by discounting the Company's free cash flow to the current value at a certain discount rate, and the scope of the share value per share of the Company's Shares is calculated (Note 2) as from JPY 2,356 to JPY 3,205. A discount rate from 7.0% to 7.5% is adopted, and permanent growth rate method and multiple method is adopted in the calculation of the terminal value, and calculation is made using a permanent growth rate method from 1.5% to 2.0% and a ratio of EBITDA to the corporate value from 11.5 times to 15.5 times. The Business Plan does not include business years in which substantial increase or decrease of profit is prospected. Also, the Business Plan is not premised upon the implementation of the Tender Offer. Therefore, the synergy effect expected to be realized by the completion of the Tender Offer is not added to the Business Plan or the valuation.

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

(Unit: billions of yen)

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

As described in “(iii) Establishment of Special Committee at the Company and procurement of a report from the Special Committee” of “(4) Measures to ensure the fairness of the Transaction and measures to avoid conflicts of interest” below, the Special Committee has confirmed that the Business Plan is not unreasonable upon confirming such matters as its contents, the important conditions precedent and the reasonability of its preparation process.

(Note 1) The Share Valuation Report (UBS Securities) has been delivered solely for the Board of Directors of the Company to examine, in its capacity, the Tender Offer Price from a financial point of view. The Share Valuation Report (UBS Securities) does not express any opinion or view on the consideration to be received by holders of any kind of securities (including the Stock Acquisition Rights), creditors, or other stakeholders of the Company in connection with the Transaction. The Share Valuation Report (UBS Securities) does not express any opinion or view on the following: (a) the terms of, or other aspects of, the Transaction (including, without limitation, the manner or structure of the Transaction or other elements) or (b) the relative advantage of the Transaction compared with other strategies or transactions that may be adopted or implemented by the Company, or business decision-making related to promoting or implementing the Transaction. Furthermore, the Share Valuation Report (UBS Securities) does not express any opinion or make any recommendations in connection with the Transaction or any matters related thereto, as to whether the Company’s shareholders should tender their shares in the Transaction, or how they should exercise their voting rights or conduct themselves. The Share Valuation Report (UBS Securities) also does not express any opinion or view on the fairness (whether financial or otherwise), as compared with the Tender Offer Price in the Transaction, of the amount, nature, or other aspects of any remuneration for officers, directors, or employees of any party to the Transaction. The Share Valuation Report (UBS Securities) does not express any opinion on the price at which the Company Shares should be transacted at any time, including after the Transaction is publicly announced or commences.

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

No representation, warranty, or undertaking, express or implied, is or will be given by UBS Securities or its directors, officers, employees, agents, representatives, or advisors in relation to the accuracy,

completeness, reliability, or sufficiency of the information contained in the Share Valuation Report (UBS Securities) or the reasonableness of any assumption contained in the Share Valuation Report (UBS Securities).

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

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

The Share Valuation Report (UBS Securities) may also contain forward-looking statements, projections, estimates, forecasts, targets, and/or opinions (collectively, the "Forecasts") provided to UBS Securities by the Company, and UBS Securities has relied upon the opinion of the Company as to the reasonableness and achievability of the Forecasts (and the assumptions and bases thereof). UBS Securities has assumed that the Forecasts represent the best assessments and judgments of the management the Company which were available at the time of the Share Valuation Report (UBS Securities) and that the Forecasts will be realized in the amounts and time periods contemplated by the management of the Company. All assumptions contained in the Share Valuation Report (UBS Securities) have been discussed and agreed with the Company. The Forecasts involve significant assumptions and subjective judgments which may or may not prove to be correct, and there can be no assurance that any Forecasts are a reliable indicator of future performance, nor that they are attainable or will be realized. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any Forecasts contained in the Share Valuation Report (UBS Securities). The Share Valuation Report (UBS Securities) was prepared based on the economic, regulatory, market, and other conditions as in effect on the date thereof and the information made available to UBS Securities as of the same date. Subsequent changes in these conditions may affect the information contained in the Share Valuation Report (UBS Securities). The Share Valuation Report (UBS Securities) speaks as at the date thereof (unless an earlier date is otherwise indicated therein), and in furnishing the Share Valuation Report (UBS Securities), no obligation is undertaken, nor is any representation or undertaking given, by any person: (i) to provide the Company with any additional information, (ii) to update, revise, or re-affirm any information in the Share Valuation Report (UBS Securities), including any Forecasts, or (iii) to correct any inaccuracies therein which may become apparent.

The analyses conducted by UBS Securities described in the Share Valuation Report (UBS Securities) are summaries of the material financial analyses presented by UBS Securities to the Board of Directors of the Company in connection with the Share Valuation Report (UBS Securities) and are not comprehensive descriptions of all analyses undertaken or information referred to by UBS Securities in connection with the Share Valuation Report (UBS Securities). The preparation of the Share Valuation Report (UBS Securities) and its underlying analysis are a complex analytical process involving various

judgments about the appropriateness and relevance of methods of financial analysis and the application of those methods to the particular circumstances; therefore, a part or summary of the analysis results do not necessarily accurately present all aspects of the analyses. UBS Securities' analysis results must be considered holistically, and reference to a part or summary thereof, without considering all of such analysis results as a whole, may give rise to failure to obtain a correct understanding of the processes underlying UBS Securities' analyses. None of the companies reviewed in UBS Securities' analyses as a comparable company is identical to any business units or subsidiaries of the Company, and these companies were selected because they were publicly traded companies with businesses that, for purposes of UBS Securities' analyses, could be considered similar to those of the Company. The analyses made by UBS Securities necessarily involve complex considerations and judgments concerning differences in financial and business characteristics of the companies reviewed for comparison with the Company and other factors that could affect these companies.

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

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

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

(c) Summary of calculation of the Stock Acquisition Rights

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

subsidiary, within the period during which the Stock Acquisition Rights are exercisable, and considering such matters as that such rights cannot be exercised even if the Tender Offeror obtained the Stock Acquisition Rights, all the Stock Acquisition Right Purchase Prices have been rendered as JPY 1.

(iii) Establishment of Special Committee at the Company and procurement of a report from the Special Committee

(a) Background of establishment, etc.

After receiving a proposal related to the Transaction from the Tender Offeror on February 21, 2024, since although the Tender Offeror does not fall under the Company's controlling shareholder, etc., it is the Company's largest shareholder which is a major shareholder and other related company and the Transaction falls under a transaction in which there typologically exist structural conflict of interest issues and information asymmetry issues, similarly as for transactions with controlling shareholders, etc., for the purposes of taking care for the Company's decision-making related to the Transaction, and excluding arbitrariness and the likelihood of conflict of interest in the decision-making process of the Company's Board of Directors, and ensuring the fairness of the decision-making process, as well as confirming that the decision-making by the Company's Board of Directors is not disadvantageous to the minority shareholders of the Company, based on advice from U&I, by the Board of Directors meeting dated February 22, 2024, the Company established, as a system to perform review, negotiations and decision-making related to the Transaction from the perspectives of enhancing the Company's corporate value and ensuring the interests of the minority shareholders of the Company from a position independent from the Tender Offeror, the Special Committee comprised of 3 persons, namely, Keiichiro Hashimoto (independent director of the Company, outside director as well as chairperson of the board and the audit committee of INFRONEER Holdings Inc., as well as former representative director chairman and CEO of Metropolitan Expressway Company Limited) ("Committee Head Hashimoto"), Mitsuaki Nakakubo (independent director of the Company, attorney, partner at Asahi Law Offices) ("Committee Member Nakakubo") and Akira Matsumoto (independent director of the Company, certified public accountant, representative director and president of MIT Corporate Advisory Services Co., Ltd.) (Committee Member Matsumoto"), and the Company inquired the Special Committee (i) whether the purposes of the Transaction is reasonable (including whether the Transaction contributes to enhancement of the Company's corporate value), (ii) whether the appropriateness of the transaction terms in the Transaction (including the Tender Offer Price in the Transaction) is ensured, (iii) whether sufficient care is taken for the interests of the minority shareholders of the Company through fair procedures in the Transaction, (iv) on the premises of (i) through (iii) and other matters, whether the Transaction can be considered as not being disadvantageous for the minority shareholders of the Company, (v) the appropriateness of the Company's Board of Directors to express an affirmative opinion for the Tender Offer for the Company Shares and to recommend the Company's shareholders to tender in the Tender Offer (these shall hereinafter be collectively referred to as the "Consultation Matters").

In addition, upon the establishment of the Special Committee, the Board of Directors meeting of the Company resolved that (i) the Company's Board of Directors shall respect to the maximum extent the decision of the Special Committee upon making decisions regarding the Transaction and that (ii) the

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

(b) Process of the review

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

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

Matters at the Special Committee.

- The Special Committee asked the Company in advance in writing about such matters as the significance, purpose, and effects of the Transaction, the effect of the Company becoming a wholly-owned subsidiary of the Tender Offeror and delisting under the Transaction, and the group governance after the Transaction. At the 6th Special Committee meeting held on April 25, 2024 and the 12th Special Committee meeting held on June 10, 2024, the Special Committee had a question-and-answer session with Kazuyuki Shimada, the President & CEO, Representative Director of the Company, in person.
- The Special Committee also asked the Tender Offeror in writing about such matters as the significance, purpose, and effects of the Transaction, the effect of the Transaction making the Company a wholly-owned subsidiary of the Tender Offeror and delisting through the Transaction, and the group governance after the Transaction. The Special Committee received a written response dated May 7, 2024, and at the 8th Special Committee meeting held on May 17, 2024, the Special Committee conducted a question-and-answer session with Yoshinori Isozaki, Representative Director of the Board & CEO of the Tender Offeror, and Takeshi Minakata, Representative Director of the Board, President and COO of the Tender Offeror, and other persons, in person.
- At the 4th Special Committee meeting held on April 12, 2024, and the 5th Special Committee meeting held on April 16, 2024, the Special Committee received an explanation from the Company regarding the Company's Business Plan as a business plan that the Company should assume as the premise for negotiating the tender offer price under the Tender Offer, and held a question-and-answer session with the Company's Executive Officers. Subsequently, at the 7th Special Committee meeting held on May 8, 2024, the Special Committee confirmed the reasonableness of the Business Plan, and that the Business Plan would be shared with the Tender Offeror.
- The Special Committee asked PLUTUS, its own unique independent financial advisor and third-party valuation institution, to provide advice from a financial point of view, including the policy for negotiating the Tender Offer Price with the Tender Offeror. The Special Committee also asked PLUTUS to calculate the value of the Company Shares. The Special Committee received advice from PLUTUS on such matters as the reasons for choosing the calculation method, the reasons for the selection of similar companies under the comparable company analysis, the major assumptions for the calculation by the discounted cash flow method (the "DCF Method"), the calculation process in each calculation method, and the analytical of the calculation results using each calculation method. After a question-and-answer session, deliberations and discussions with PLUTUS, the Special Committee confirmed the reasonableness of such matters. The Special Committee received the share valuation report dated June 13, 2024 (the "Share Valuation Report (PLUTUS)") from PLUTUS. In addition, the Special Committee received a fairness opinion dated June 13, 2024 (the "Fairness Opinion") from PLUTUS stating that the terms and conditions of the Transaction, including the tender offer price of the Tender Offer, are fair.
- The Special Committee received from UBS Securities, the Company's financial advisor and third-party valuation institution, explanations on such matters as the Company's method of calculating the value of the Company Shares, the reason for choosing such calculation method, the reason for selecting similar companies under the comparable company analysis, the main assumptions for calculating using the DCF method, the results of calculating using the respective methods, and the

level of premiums in the recent similar cases. The Special Committee confirmed the reasonableness of such matters after conducting a question- and-answer session, discussions and deliberations with UBS Securities and also obtaining advice from PLUTUS from time to time. The Special Committee received from UBS Securities, as a consequence of the final calculation, the share valuation report dated June 13, 2024 (the “Share Valuation Report (UBS Securities)”).

- The Special Committee has received legal advice and explanations from U&I, the Company’s legal advisor, on such matters as the measures to be taken to ensure the fairness of the procedures in the Transaction, the method and process of deliberations at the Special Committee, and the contents of the contractual negotiations with the Tender Offeror.
- Upon receiving reports from the Company and the Company’s advisors from time to time on negotiations with the Tender Offeror regarding the terms and conditions of the Transaction, including the Tender Offer Price, the Special Committee reviewed and deliberated the negotiation policy based on the advice from the Company’s advisors, as well as PLUTUS and MHM, stated the required views on our negotiation policy as follows, conducted negotiations with the Tender Offeror, directly to the extent deemed necessary by the Special Committee, through UBS Securities, and reached an agreement on the tender offer price of JPY 2,690 per Company Shares (the “Tender Offer Price”). Specifically, it is substantially as follows.
 - (a) At the 7th Special Committee meeting held on May 8, 2024, the Special Committee expressed its opinion that, if the initial proposal of the tender offer price that the Company receives from the Offeror is the level less than JPY 2,500, it would be appropriate to strongly request an increase in the tender offer price immediately without further consultation with the Special Committee because it cannot be said at all the interest of the minority shareholders of the Company is taken into consideration given the initial analysis of the value of the shares by the Company and the Special Committee’s respective financial advisors and the premium level in the past cases similar to the Transaction.
 - (b) Between the meeting dates, the Special Committee received a report from UBS Securities that UBS Securities had received a proposal from the Tender Offeror on May 9, 2024 to increase the tender offer price to JPY 2,300 and that on May 13, 2024, UBS had strongly requested the Tender Offeror to consider an increase of the tender offer price and to make a proposal again in accordance with the opinion of the Special Committee set forth in above (a).
 - (c) At the 9th Special Committee meeting held on May 23, 2024, the Special Committee received a report from UBS Securities that UBS Securities had received a proposal from the Tender Offeror on May 21, 2024 to render the tender offer price as JPY 2,450, and expressed its opinion that it would be appropriate to strongly request an increase in the tender offer price.
 - (d) Between the meeting dates, the Special Committee received a report from UBS Securities that on May 24, 2024, UBS Securities had strongly requested the Tender Offeror to consider an increase of the tender offer price and to make a proposal again, in accordance with the opinion of the Special Committee in above (c)).
 - (e) At the 10th Special Committee meeting held on May 31, 2024, the Special Committee received a report form UBS Securities that UBS Securities had received a proposal from the Tender Offeror on May 29, 2024 to render the tender offer price as JPY 2,550, and expressed its opinion that it would be appropriate to request an increase in the tender offer price.

- (f) Between the meeting dates, the Special Committee received a report from UBS Securities that on May 31, 2024, UBS Securities had requested the Tender Offeror to consider an increase of the tender offer price and to make a proposal again in accordance with the opinion of the Special Committee in above (e).
 - (g) At the 11th Special Committee meeting held on June 6, 2024, the Special Committee received a report from UBS Securities that UBS Securities had received a proposal from the Tender Offeror on June 4, 2024, to render the tender offer price as JPY 2,585, and expressed its opinion that it would be appropriate to request an increase in the tender offer price.
 - (h) After the 11th Special Committee meeting held on June 6, 2024, the Special Committee received a report from UBS Securities that on June 6, 2024, UBS Securities had requested the Tender Offeror to consider an increase of the tender offer price and to make a proposal again in accordance with the opinion of the Special Committee in above (g).
 - (i) Upon the receiving the report of above (h), in light of the circumstances of negotiations between the Company and the Tender Offeror, the Special Committee exchanged opinions on the tender offer price with the Tender Offeror twice, on June 7 and June 11, 2024, and informed that the contents of the Tender Offeror's proposal date June 4, 2024 could not be said to consider the interests of the Company's minority shareholders at all.
 - (j) Between the opinion exchange as above (i) and the 13th Special Committee meeting held on June 13, 2024, the Special Committee received a report from UBS Securities that UBS Securities had received a proposal from the Tender Offeror on June 12, 2024 to render the tender offer price as JPY 2,690 and the stock acquisition rights purchase price as JPY 1.
 - (k) The Special Committee approved the said tender offer price as the Tender Offer Price at the 13th Special Committee meeting held on June 13, 2024.
- At the 9th Special Committee meeting held on May 23, 2024, the Special Committee received explanation from UBS Securities and U&I on the contents of the Tender Offer Agreement submitted by the Tender Offeror as well as the contents of the Company's comments planned to be made to it, and the Special Committee made indications regarding the provisions, etc. which the Special Committee considered that it was necessary to consider. After that, the Special Committee approved the submission of reconsidered comments in accordance with the indications made by the Special Committee. Regarding the subsequent status of negotiations of the Tender Offer Agreement, the Special Committee received reports and information sharing, from time to time, by emails between the meeting dates and at the 10th Special Committee meeting held on May 31, 2023, the 11th Special Committee meeting held on June 6, 2024, and the 13th Special Committee meeting held on June 13, 2024 from UBS Securities and U&I, and discussed the Company's policy for negotiation. Finally, at the 13th Special Committee meeting held on June 13, 2024, the Special Committee approved the contents of the Tender Offer Agreement.
 - At the 11th Special Committee meeting held on June 6, 2024 and the 13th Special Committee meeting held on June 13, 2024, the Special Committee received an explanation from UBS Securities and Uryu & Itoga on the content of the draft of the Opinion Expression Press Release, held a question-and-answer session, and confirmed that complete information disclosure was planned to be

made.

Upon making the additional report, during the period from July 29, 2024 to August 5, 2024, the Special Committee held a total of two (2) meetings for a total of approximately 4 hours as formal meetings. In addition, during each meeting day, the Special Committee carefully discussed and considered these Consultation Matters based on the Proposal for Change of Tender Offer Terms as outlined below, by performing such acts as reporting, information sharing, deliberation, and decision-making through gathering, e-mail, and other means from time to time.

- On July 29, 2024, the Special Committee received a report from UBS Securities that the Tender Offeror decided to extend the Tender Offer Period till August 13, 2024, for a total of forty (40) business days and not to change the Tender Offer Price, and that the Company disclosed a press release to that effect.
- At the 14th Special Committee meeting held on August 1, 2024, the Special Committee received an explanation from the Company that there were no material changes to earnings status and investment plans in the Company's Business Plan which formed the basis of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS).
- Upon receiving reports from the Company and the Company's advisors from time to time, the Special Committee discussed and reviewed, with advice from PLUTUS and MORI HAMADA MATSUMOTO, the negotiations with the Tender Offeror concerning the terms of the Transaction, including the tender offer price, and expressed the required views on the Company's negotiation policy as follows, and as a result of the negotiations with the Tender Offeror through UBS Securities, an agreement was reached at the tender offer price of JPY 2,800 per one (1) Company Share (hereinafter referred to as the "Tender Offer Price After the Change"). Specifically, the outline is as follows.
 - (a) The Special Committee received a report from UBS Securities that it had received a proposal dated July 30, 2024 from the Tender Offeror, setting the revised Tender Offer Price at JPY 2,800 and another extension of the Tender Offer Period that is until August 21 or August 28, 2024.
 - (b) In response, on August 1, 2024, the Special Committee expressed its opinion that, in light of the fact that the Company's share value was fluctuating significantly above the Tender Offeror's proposed price of JPY 2,800 on and after July 29, 2024, it is necessary to make extremely careful considerations as to recommending the Company's minority shareholders to tender in the Tender Offer on the premise of the proposal rendering the tender offer price as JPY 2,800, and it is reasonable to request to increase the tender offer price to a standard exceeding the Company's closing share price on the day preceding the date of announcement of the change to the tender offer terms at least. On the other hand, the Special Committee expressed its opinion that it approves the proposal to extend the Tender Offer Period till

August 21 or August 28, 2024, from the perspective of ensuring the period necessary for minority shareholders to sufficiently consider tendering in the Tender Offer given the changes to the tender offer price.

- (c) On August 1, 2024, the Special Committee received a report from UBS Securities that in accordance with the comments from the Special Committee in (b) above, on August 1, 2024, UBS Securities requested the Tender Offeror to reconsider the increase in the tender offer price and that it accepted the proposal to extend the Tender Offer Period till August 21 or August 28, 2024.
- (d) On August 1, 2024, the Special Committee received a report from UBS Securities that the Tender Offeror seriously considered increasing the tender offer price and as a result, the Tender Offeror did not consider increasing the tender offer price to more than JPY 2,800.
- (e) At the 14th Special Committee meeting held on August 1, 2024, towards the reply from the Tender Offeror in (d) above, the Special Committee expressed its opinion that it is difficult at the present to determine whether or not to recommend the minority shareholders of the Company to tender in the Tender Offer on the premise of the proposal rendering the tender offer price as JPY 2,800, and that the Company should request again to reconsider the increase of the tender offer price.
- (f) The Special Committee received a report from UBS Securities that, in accordance with the comments from the Special Committee in (e) above, on August 2, 2024, UBS Securities requested the Tender Offeror to reconsider the increase of the tender offer price because it is difficult at the present to determine whether or not to recommend the Company's minority shareholders to tender in the Tender Offer on the premise of the proposal rendering the tender offer price as JPY 2,800.
- (g) During the meetings, the Special Committee received a report from UBS Securities that the Tender Offeror seriously considered again the increase of the tender offer price, and that the tender offer price of JPY 2,800 was the maximum evaluation amount that the Tender Offeror considered appropriate given such matters as the Tender Offeror's investment standards, and that it did not consider increasing the Tender Offer Price to more than JPY 2,800.
- (h) At the 15th Special Committee meeting held on August 5, 2024, the Special Committee approved to the change of the tender offer price to JPY 2,800.
- At the 15th Special Committee meeting held on August 5, 2024, the Special Committee received an explanation from UBS Securities, the Company's financial advisor and third-party valuation institution and PLUTUS, the Special Committee's unique financial advisor and third-party valuation institution, that considering that there are no significant changes to the Business Plan received from the Company at the 14th Special Committee meeting, there are no circumstances

that would require a change in the conclusion of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), and the Fairness Opinion dated June 13, 2024 obtained from PLUTUS even considering the current market environment.

(c) Details of the decision

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

(a) Contents of the report

1. It is recognized that the Transaction contributes to the enhancement of the Company's corporate value and that the purposes of the Transaction are reasonable.
2. It is recognized that the appropriateness of the Tender Offer Price and the other transaction terms in the Transaction is ensured.
3. It is recognized that sufficient care for the interests of the minority shareholders of the Company is made through fair procedures in the Transaction.
4. It is recognized that the determination of the Transaction (including the Squeeze-Out Procedures) by the Company's Board of Directors is not disadvantageous to the minority shareholders of the Company.
5. The Company's Board of Directors should resolve to express its affirmative opinion to the Tender Offer. With respect to whether or not to tender in the Tender Offer, the Company's Board of Directors should resolve to recommend its shareholders to tender their shares in the Tender Offer and to leave the decision up to the Stock Acquisition Rights Holders.

Based on the circumstances from July 29, 2024 to August 5, 2024 as stated in the above "B. Process of the review", the Special Committee carefully discussed and reviewed the Consultation Matters after considering the Proposal for Change of Tender Offer Term, taking into account the legal advice received from MORI HAMADA MATSUMOTO and the advice received from PLUTUS. As a result of that, the Special Committee, with the unanimous consent of all committee members, submitted an Additional Report as of August 6, 2024 with the following summary to the Board of Directors.

1. through 4. shall not be changed.

5. The Company's Board of Directors should maintain the resolution to express its affirmative opinion to the Tender Offer. We also do not consider that it is unreasonable for the Company's Board of Directors to maintain its opinion to recommend the Company's shareholders to tender in the Tender Offer and to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender in the Tender Offer.

(b) Reasons for the report

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

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

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

Since becoming an affiliate accounted for by equity method of the Tender Offeror in September 2019, the Company has been proceeding with creating synergy in the areas of “product development” and “channel infrastructure” with the Tender Offeror Group as the creation of synergy based upon the capital and business alliance (the “Capital and Business Alliance”) under the capital and business alliance agreement dated August 6, 2019 between the Company and the Tender Offeror. The Company understands that large synergy is being created in “product development” as above; however the Company understands that the results achieved in the area of “channel infrastructure” are not as the Company initially envisaged. Specifically, although the Company planned mutual customer referral to channels held by both companies and sales of products of both companies’ groups, the Company is of the understanding that the Company has not attained the results as the Company had initially envisaged. The Company acknowledges that, with regard to the sharing of the business information and know-how, etc. between the Tender Offeror Group and the Company Group, there are limits such as psychological obstructions and limitations due to such restrictions as competition related laws and regulations and terms of contracts with third parties which prohibit information disclosure to parties other than group companies in a parent-subsiary relationship.

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

- (ii) Measures to increase corporate value after the Transaction and synergies from the Transaction

A. The synergies from the Transaction anticipated by the Tender Offeror

The Tender Offeror has determined that, after it makes the Company its wholly-owned subsidiary, it is possible to build a business model like no other by the mutual supplementary relationship of the unique strengths held by both and to aim to establish a position advantageous in terms of competition which contributes to the solution of health issues. Specifically, the Tender Offeror has strengths in marketing abilities and sales abilities nurtured through material development, and alcohol and drinking business utilizing fermentation and biotechnology, and health food business in the Asia Pacific region

excluding Japan obtained through the acquisition of Blackmore Limited. The Tender Offeror considers that the Company has strengths in superb customer relations ability polished through directly operated channels (mail order, directly operated stores) occupying 70% of the sales even in the fiscal year ended March 31, 2024, technology to commercialize utilizing insights gained from the voices of customers in applied research, as well as the strengths of the brand built due to these, in order to eliminate “negatives” in society such as “anxiety”, “complaints” and “inconvenience” which it has sought consistently since its foundation. It considers that it is possible to further strengthen the relationship with customers by building a business model utilizing the respective strengths of the Tender Offeror Group and the Company Group, and commercializing the materials produced by the natural method of fermentation utilizing the insights gained from strong relations with customers, and delivering to consumers in broad channels and regions including Direct to Customer (D to C) and overseas. It is confident that it can lead to continuous growth and realize maximization of the brand value and corporate value due to this.

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

(a) Channel synergy

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

(b) Synergy by sharing best practices

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

(c) Overseas development synergy

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

throughout the Asia Pacific

(d) Technology synergy

- Development of highly differentiated products and further promotion of market creation by deepening joint research which has already produced certain results, such as developing the Tender Offeror Group's immunity research results and unique materials to the Company Group's cosmetics and supplements and expanding the utilization scope;
- Utilization of the Company Group's internal absorption efficiency technology to the products of the Tender Offeror Group

(e) Synergy by communalizing and sharing functions

- Commonalization and alliance reinforcement of locations manufacturing supplements and logistic networks, as well as managerial divisions such as planning, IT, general affairs and finance

(f) ESG synergy

- Reinforcement of endeavors for ESG by horizontal development of environment technology and packaging technology

B. The synergies from the Transaction anticipated by the Company

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

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

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

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

The Tender Offeror Group has strengths in basic research from long term perspectives such as by performing raw material development in the areas of fermentation and biotechnology

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

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

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

(c) Promotion of sales strategy unified as a group

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

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

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

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

Australia which is similarly under the Tender Offeror Group.

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

C. Summary

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

(iii) Dyssynergies from the Transaction

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

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

group called the Tender Offeror Group even after the Transaction.

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

After the Tender Offeror makes the Company its wholly-owned subsidiary, the Tender Offeror is said to be desiring to discuss with the Company again and to implement the measures to maximize the synergy and to maximize the corporate value of the Company group. In the implementation of such measures, the Tender Offeror is said to endeavor to enhance the corporate value by accelerating the profit growth of the entire Tender Offeror Group by maintaining such matters as the founding ideal, management ideal, corporate name, product name and brand of the Company Group, and sharing between the Tender Offeror and the Company the common understanding that connecting with each individual customer through communications in the "domains from Food & Beverages to Pharmaceuticals", and the domains of "Beauty" and "Health", supports the customer base and supplements each other, thereby further enhancing the customer relations capacity, and promoting business in close alliance with the Company Group.

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

In addition, with respect to the Stock Acquisition Rights, since the Stock Acquisition Right Purchase Price is JPY 1, and in the event that although the Tender Offer is completed the Tender Offeror cannot obtain all of the Stock Acquisition Rights in the Tender Offer and Stock Acquisition Rights remain without being exercised, the Tender Offeror plans to request the Company to perform procedures reasonably required for the implementation of the Transaction such as recommending the Stock Acquisition Rights Holders (if the Prospected Stock Acquisition Rights Exerciser (currently as of today, this means collectively, from among the 4 current directors, 10 current Executive Officers and 1 Deputy Executive Officer of the Company and the current 2 directors of the Company's subsidiary who are Stock Acquisition Rights Exercisers, 1 current Deputy Executive Officer and 1 current director of the Company's subsidiary) exercises the Stock Acquisition Right, then, excluding such Prospected Stock Acquisition Rights Exerciser) to waive the Stock Acquisition Rights, and the Performance-Linked Stock Compensation Plan targeting the Company's directors and Executive Officers, etc. is scheduled to be abolished after

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

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

(v) Summary

From the above, the Special Committee does not have any objections to the understanding of such matters as the management environment and managerial tasks of the Company above, and evaluates that the implementation of both the Transaction and the measures for enhancing corporate value after the Transaction would contribute to the enhancement of the corporate value of the Company as above. On the other hand, the Special Committee also does not have any objections to the point that the dyssynergy by the Transaction is considered to be relatively small in comparison with the merit of prospective enhancement of corporate value of the Company. In addition, regarding the management policy of the Company after the Transaction, there are no particular differences of opinion between the Tender Offeror and the Company, and there are no particular concerns. Therefore, the Transaction can be recognized to ultimately contribute to the enhancement of corporate value of the Company.

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

(i) Appropriateness of the Tender Offer Price

A. Formulation procedures and contents of the business plans

The Company obtained the Share Valuation Report (UBS Securities) on June 13, 2024 from UBS Securities which is independent from the Tender Offeror and the Company and a third-party valuation institution of the Company, and the Special Committee obtained the Share Valuation Report (PLUTUS) on June 13, 2024 from PLUTUS which is independent from the Tender Offeror and the Company and a third-party valuation institution unique to the Special Committee. Both the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS) presuppose the Business Plan prepared by the Company based on the

Company's Business Plan announced on May 8, 2024 (The Business Plan does not include a business year in which a substantial increase or decrease in profits is expected. The Business Plan does not presuppose the implementation of the Tender Offer. The synergies expected to be realized through the completion of the Tender Offer are not added to the Business Plan and the value calculation. Provided, however, in the value calculation by PLUTUS, only the effect of reducing listing maintenance costs is taken into account.).

As the period that the Company is able to reasonably estimate, the Business Plan uses the period up to the fiscal year ending March 31, 2029, in which 2 business years are added to the period ending March 31, 2027 which is the last fiscal year of the publicly announced management plan of the Company. In addition, the secondees from the Tender Offeror, officers who concurrently hold positions with the Tender Offeror, and other persons related to the Tender Offeror, including persons from the Tender Offeror, were not involved in the formulation procedures of the Business Plan. There is no reason to doubt the fairness of the procedures of formulating the Business Plan, and there are no unreasonable points in the contents of the Business Plan.

B. Review of the results of calculation of UBS Securities

(a) Selection of Calculation Method

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

(b) Summary of the Calculation

The ranges of values per share of Company Shares calculated by UBS Securities in the

above methods are as follows:

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

(c) Rationality of the Contents of the Calculation

a. Market share price analysis

With the calculation base date being June 13, 2024, based upon the base date closing price of JPY 1884.5 of the Company Shares in the prime market of the TSE, the closing price simple average value of JPY 1,974 of the immediately preceding one (1) month, the closing price simple average value of JPY 1,961 of the immediately preceding three (3) months, and the closing price simple average value of JPY 2,099 of the immediately preceding six (6) months, UBS Securities calculates the share value of the Company. It is common to calculate the value based on these values in the market share price method, and there are no unreasonable points in the calculation by the said market share price analysis.

b. Comparable company analysis

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

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

c. DCF analysis

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

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

basis for calculating the figures and the calculation methods used by UBS Securities. In addition, UBS Securities uses the permanent growth rate method and the multiple method commonly used in the share value calculation practice (enterprise value /EBITDA ratio) in calculating the going-concern value, referring to Nominal GDP growth rate in countries where the Company sells as the scope of the permanent growth rate method, uses 1.5% to 2.0% , and referring to the historical EBITDA multiple level of the Company and comparable listing companies as the range of that multiple, uses 11.5 times to 15.5 times. Therefore, there is no particular unreasonable point in explaining the basis and methods of calculating the values based on UBS Securities, though the multiple range is wide. Based on the above, no unreasonable points can be found with regard to the content of DCF analyses conducted by UBS Securities.

C. Review of the results of the calculation of PLUTUS

(a) Selection of Calculation Method

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

(b) Summary of the Results of the Calculation

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

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

(c) Rationality of the Contents of the Calculation

a. Market share price analysis

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

preceding six (6) months, PLUTUS calculates the share value of the Company. It is common to calculate the value based on these values in the market share price method, and there are no unreasonable points in the calculation by the market share price analysis.

b. Comparable company analysis

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

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

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

c. DCF analysis

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

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

In addition, PLUTUS uses the permanent growth rate method and the multiples method (enterprise value/EBIT ratio and enterprise value /EBITDA ratio), which are commonly used in the stock value calculation practice, and uses 0% for the permanent growth rate, and also uses 16.0 times for the enterprise value /EBIT ratio and 11.3 times for the enterprise value /EBITDA ratio, referring to similar companies.

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

D. Premium Analysis

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

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

E. Summary

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

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

The Tender Offer Price exceeds the maximum of the valuation range in the market share price analysis and the comparable company analysis of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), and due to the fact that both are within the scope of valuation range of DCF analysis (In particular, in the DCF analysis of the Share Valuation Report (Plutus), it is above the median of the valuation range), the fact that it is a premium level of the previous day's closing price of 42.7%, and the fact that premium comparable to the referenced transactions as above D. (upon determining that the market share value of the Company Shares in the immediately preceding one (1) month formed after the announcement of the Company's Summary of Consolidated Financial Results and the Company's Management Plan most reflects the corporate value of the Company and due to the fact that sufficient premium is ensured in relation to the market share value in such period), it is considered appropriate.

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

(ii) Appropriateness of the Stock Acquisition Purchase Price

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

The Stock Acquisition Rights were granted to the Company's directors and the Executive Officers as well as the directors of the Company's subsidiaries as price-linked remuneration at the time of retirement. It is not unreasonable that the Company did not conduct the above verification in light

of the fact that after the completion of the Tender Offer, in order for the economic interests which should be enjoyed by the Stock Acquisition Rights Holders not to be impaired, the Company and the Tender Offeror agree to engage in discussion and perform reviews towards the introduction and implementation of the new officer compensation plan which makes allowance for such economic interests, and the Tender Offeror also plans to determine upon discussion with the Company the specific contents of the officer compensation plan promptly after the commencement date of settlement related to the Tender Offer after the completion of the Tender Offer.

(iii) Appropriateness of the Other Transaction Terms

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

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

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

(iv) Summary

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

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

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

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

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

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

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

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

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

All the members of the Special Committee have been notified as independent directors of the Company. There are no cases where the member is an Executive Officer of the Company's parent company or sister company, an executive officer of the Company's main business partner, a

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

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

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

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

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

- (iii) Procurement of the Share Valuation Report and the Fairness Opinion from the Special Committee's

independent financial advisor and third-party valuation institution

The Special Committee has obtained the Share Valuation Report (PLUTUS) from PLUTUS which is a financial advisor and third-party valuation institution unique to the Special Committee and is independent from the Tender Offeror and the Company. The Special Committee also obtained the Fairness Opinion on the Tender Offer Price from PLUTUS as of June 13, 2024. In addition, there are no ongoing contractual relationships or matters between PLUTUS and the Tender Offeror and the Company, and in light of the recent business relationship with both companies, PLUTUS is recognized to be independent from the Tender Offeror and the Company, and the remuneration for PLUTUS in this case is assumed to be a fixed amount of remuneration to be paid regardless of the completion or non-completion of the Transaction plus the number of hours worked multiplied by the hourly charge, and since such remuneration does not include contingency fees payable subject to the condition of such matters as the completion of the Transaction, independence from the completion of the Tender Offer is also recognized.

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

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

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

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

The Company has appointed U&I on February 22, 2024 as a legal advisor independent from the Tender Offeror and the Company to obtain professional advice on the fairness and appropriateness of the Company's Board of Directors in the decision-making process for the Tender Offer, and has received legal advice from U&I as to the manner and process of the Company's Board of Directors' decision-making, including the various procedures relating to the Tender Offer, and other points of concern. U&I has not executed an advisory contract, etc. with the Tender Offeror, and there are no cases which are currently requested to be handled. On the other hand, U&I has executed an advisory contract with the Company, and there are cases which U&I is actually requested to handle. However, in March 2023, the transaction amount was less than 0.1% of the consolidated sales amount of the Company, and about 0.2% in the preceding fiscal year. It is substantially the same as these in relation to cases other than the Transaction which U&I is currently being requested to handle. Therefore, it is recognized that U&I's independence from the Tender Offeror and the Company is secured. Also, as the fee for U&I for the Transaction is time charged, independence

from the completion or non-completion of the Transaction is also be recognized.

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

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

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

The Company has internally established within the Company a system to review, negotiate and make decisions on the Transaction in a position independent from the Tender Offeror, from the perspectives of excluding structural conflict of interest issues.

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

In addition, in the resolution of the Board of Directors dated February 22, 2024, the Company decided not to participate in the deliberations and resolutions of Shinro Fujita who is a director of the Company and formerly belonged to the Tender Offeror, and Junko Tsuboi who is a director of the Company concurrently serving as a director of the Tender Offeror, from the viewpoint of eliminating as much as possible the risk of structural conflicts of interest and information asymmetry problems in the Transaction. All seven directors of the Company, excluding the above-mentioned directors, have deliberated and made such resolutions unanimously. In addition, Naoya Maruo, the Company's Corporate Auditor, who formerly belonged to the Tender Offeror, did not attend the Board of Directors meeting from the same viewpoint, and all the 4 Corporate Auditors of the Company other than Naoya Maruo attended the Board of Directors meeting above and expressed their opinion of having no objection to the resolution above.

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

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

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

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

In addition, the Tender Offer Agreement provides that, in the case where a transaction which may obstruct or render difficult the implementation of all or a part of the Transaction (including a tender offer targeting all or a part of the Company Shares by a third party; "Competitive Transaction") is commenced, the Company shall be entitled to change or revoke the expression of its affirmative opinion to the Tender Offer in the event that (i) upon the taking into account the transaction price, transaction timing, specificity of the proposal contents, attributes of such third party, past transaction achievements and definiteness of fund procurement, definiteness of transaction implementation and other circumstances, the Company's Board of Directors reasonably determines that such Competitive Transaction enhances the Company's corporate value and contributes to the common interests of the shareholders more than the Transaction in comparison, (ii) the Company gives written notice to the Tender Offeror to such effect and all the material terms of such Competitive Transaction and grants an opportunity to amend the terms of the Transaction or the other terms of the Transaction and to submit to the Company the amended terms within five (5) business days calculating from the day following the day on which the Tender Offer receives such notice, and (iii) even upon taking into account such amended terms (if the Tender Offeror did not make any amendments, then based on the terms prior to making amendments), the Company's Board of Directors reasonably determines that such Competitive Transaction enhances the Company's corporate value and contributes to the common interests of the shareholders more than the Transaction in comparison, and that not changing or revoking its resolution of expressing its affirmative opinion to the Tender Offer may constitute a breach of the obligation of due care of a prudent manager of the Company's directors. No agreement has been made to the effect that the Company would make payment of the Tender Offeror of monies such as breakup fee (indemnity) in the event that the Company decides to change or revoke its affirmative opinion in accordance with the agreement above.

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

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

(i) The Tender Offeror is said to be planning to make Demand for Shares, etc. Cash-Out (as defined in the "a. Demand for Share, etc. Cash-Out" of "(5) Policy on reorganization, etc. after the Tender

Offer (matters relating to the so-called two-stage takeover)” of “3. Details of, and grounds and reasons for, the opinion on the Tender Offer” of the Opinion Expression Press Release) or to request the Company to hold the extraordinary general shareholders meeting which includes as its agenda making partial amendments to the articles of incorporation for abolishing the provisions of the number of unit shares on the condition of the Share Consolidation or the effectuation of the Share Consolidation, in accordance with the number of shares which the Tender Offeror shall obtain by the completion of the Tender Offer, promptly after the completion of settlement of the Tender Offer, and the Tender Offeror is said not to adopt a method under which the right of claim to purchase shares or the right of claim to determine the price is not ensured to the Company’s shareholders, and (ii) since the Tender Offeror is clarifying that, upon making Demand for Shares, etc. Cash-Out or performing the Share Consolidation, the money delivered as consideration to the Company’s shareholders shall be calculated so that it would be the same as the amount obtained by multiplying the Tender Offer Price by the number of the Company Shares owned by each such shareholder (excluding the Company and the Tender Offeror), and the money delivered as consideration to the Stock Acquisition Rights Holders shall be calculated so that it would be the same as the amount obtained by multiplying the Stock Acquisition Right Purchase Price by the number of Stock Acquisition Rights respectively owned by each such Stock Acquisition Rights Holder, the Tender Offeror is said to be taking care to ensure that the Company’s shareholders have the opportunity to appropriately decide whether or not to tender in the Tender Offer and that there would not occur any pressure thereby.

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

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

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

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

In addition, the minimum number of tendered shares to be purchased is said to exceed the number of the Company Shares (40,723,400 shares; the number of shares equivalent to so-called “majority

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

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

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

(x) Full disclosure of information to minority shareholders

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

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

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

(xi) Summary

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

4. Conclusion

From the above, as described in 1. above, the Transaction is considered to contribute to the enhancement of the Company's corporate value, and the purpose of the Transaction is considered to be reasonable. As described in (4) above, the appropriateness of the transaction terms of the Transaction is considered to be ensured. As described in (5) above, fair procedures are implemented in the Transaction from the perspective of ensuring the interests of the minority shareholders of the Company, and sufficient consideration is given to the interests of the minority shareholders of the Company. Accordingly, it is appropriate for the Company's Board of Directors to resolve to express an affirmative opinion for the Tender Offer and to recommend the Company's shareholders to tender in the Tender Offer.

However, as described in (4)(ii) above, the Company has not independently verified whether or not the Stock Acquisition Rights Purchase Price for the Stock Acquisition Rights appropriately reflects the Company's corporate value, and it is appropriate to resolve that the decision on whether or not to tender in the Tender Offer shall be left to the judgment of the Stock Acquisition Rights Holders.

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

(c) Reasons for the additional report

1. Consideration as to Whether or not the Transaction Contributes to the Enhancement of the Company's Corporate Value

The implementation of the Transaction and the measures to enhance corporate value after the Transaction can both be evaluated to contribute to the enhancement of the Company's corporate value, and the Transaction can be recognized to contribute to the Company's corporate value even taking the dyssynergies, etc. by the Transaction into account, as described in the Report, and the changes to the Tender Offer Price After the Change and the Tender Offer Period based upon the Proposal for Change of Tender Offer Terms (the "Change of Tender Offer Terms") do not affect such consideration contents.

2. Consideration of the Appropriateness of the Transaction Terms of the Transaction

It is as described in the Report that (a) there do not exist any circumstances to doubt the fairness of the preparation process of the Business Plan which forms the basis of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), and no unreasonable points can be found in the contents of the Business Plan, (b) no unreasonable points can be found in the calculation method or the calculation contents adopted by UBS and PLUTUS, and (c) the Tender

Offer Price is considered to be appropriate given the calculation results of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS) as well as the premium analysis by PLUTUS; and neither is the change of the Tender Offer Period a circumstance which affects such consideration contents, given that there are no material changes to the information such as the earnings status and investment plans in the Business Plan, even after the time of receiving the Proposal for Change of Tender Offer Terms. In addition, as there is no circumstances that would require a change in the conclusions in the Share Valuation Report (UBS Securities), the Share Valuation Report (PLUTUS), or the Fairness Report even after receiving the Proposal for Change of Tender Offer Terms, the Tender Offer Price After the Change exceeds the maximum of the evaluation range under the market share price method and the comparable company analysis of the Share Valuation Report (UBS Securities) and the Share Valuation Report (PLUTUS), and at the same time, it exceeds the median of the evaluation range under any of the DCF methods; therefore, it is recognized to be appropriate.

3. Consideration of the Fairness of the procedure of the Transaction

Considering that sufficient measures to ensure fairness are taken in the Transaction, such as the obtainment of the Fairness Opinion from PLUTUS, which is a third-party valuation institution and financial advisor unique to the Special Committee independent from the Tender Offeror and the Company, it is as described in the Report that fair procedures are implemented from the perspective of benefiting the minority shareholders and sufficient care is taken for the Company's minority shareholders through fair procedures, and the Change of Tender Offer Terms is not a circumstance which affects such consideration contents.

4. Summary

From the above, even given the Change of Tender Offer Terms, we do not consider that it is unreasonable for the Company's Board of Directors to maintain its resolution to express its affirmative opinion to the Tender Offer, and to maintain its resolution to recommend the Company's shareholders to tender in the Tender Offer and to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender their Stock Acquisition Rights in the Tender Offer.

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

(1) Name of the valuation institution and relationship with the Company and the Tender Offeror

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

Upon considering to express its opinion on the Changes to Terms and Conditions of Tender Offer for Shares, Etc., based on the Company's explanation that there are no material changes to information such as earnings status or investment plan in the Business Plan which forms the basis of the Share

Valuation Report (PLUTUS), as the Special Committee was provided an explanation from PLUTUS that there are no circumstances that would require a change in the conclusions in the Share Valuation Report (PLUTUS), the Special Committee has not newly obtained a Share Valuation Report regarding the share value of the Company Shares or an opinion letter (fairness opinion) regarding the fairness of the Tender Offer Price.

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

(2) Summary of the calculation related to the Company Shares

Upon reviewing the calculation method which should be used in the calculation of the share value of the Company from among multiple share value calculation methods, on the premise that the Company is a going concern, based on the idea that it is appropriate to evaluate the share value of the Company from multiple aspects, PLUTUS evaluates the share price of the Company by using the market share price method due to the fact that the Company is listed on the prime market of the TSE and share price exists, and the comparable company analysis due to the fact that there exist multiple listed companies comparable to the Company and it is possible to analogize the share value of the Company by the comparable company analysis, and the DCF method in order to reflect the future business activity circumstances in the valuation. The scopes of the share value per one (1) Company Share valued by PLUTUS based upon each method above are as follows.

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

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

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

Under the DCF method, on the premise of various factors such as the Business Plan prepared by the Company and publicly announced information, the corporate value and share value of the Company are evaluated by discounting the free cash flow prospected to be created by the Company on and after the year ending March 31, 2025 to the current value at a certain discount rate, and the scope of the share value per share of the Company Shares is calculated as from JPY 2,149 to JPY 3,067. The discount rate is the Weighted Average Cost of Capital, and a rate from 6.1% to 7.0% is adopted. Permanent growth rate method and multiple method is adopted in the calculation of the terminal value, and calculation of the value of the Company Shares is made using a permanent growth rate method of 0%, a ratio of EBITDA to the corporate value of 16.0 times, and a ratio of EBITDA of 11.3 times.

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

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

(Unit: billions of yen)

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

Upon calculating the share value of the Company Shares, PLUTUS has adopted the information provided by the Company and publicly announced information, etc. as they are, and is premised upon the fact that these materials and information, etc. are entirely accurate and complete, and has not performed any independent verification regarding such accuracy or completeness. PLUTUS has not performed any independent valuation or appraisal in relation to the Company's assets or debts (including off-the-book assets or debts, or other contingent debts), and has not requested appraisal or evaluation to any third-party institution. It is based on the premise that the information related to the Company's financial forecast has been reasonably prepared based on the best judgment obtainable at the time of calculation by the Company's management. Provided, however, that with respect to the Company's business plan on which it based its calculation, PLUTUS has performed interviews multiple times and has analyzed and reviewed its contents. In addition, as described in "(iii) Establishment of special committee at the Company and procurement of a report from the special committee" below, the Special Committee has confirmed that the Business Plan is not unreasonable upon confirming such matters as its contents, the important conditions precedent and the reasonability of its preparation process.

(3) Summary of the valuation of the Stock Acquisition Rights

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

(4) Summary of Fairness Opinion

On June 13, 2024, the Special Committee has obtained a Fairness Report from PLUTUS to the effect that the Tender Offer Price of JPY 2,690 per share is fair from the financial perspectives of the Company's shareholders excluding the Tender Offeror. The Fairness Opinion expresses the opinion that the Tender Offer Price of JPY 2,690 per share is fair from the financial perspectives of the Company's shareholders in light of such matters as the results of the valuation of the Company Shares based upon the Business Plan prepared by the Company. The Fairness Opinion has been issued by PLUTUS upon receiving disclosure from the Company of such matters as the current business circumstances and future business plans, as well as the results of calculation of the share value of the Company Shares implemented upon receiving explanation of such matters, and in addition, undergoing review of such matters as the Company's business environment, economic, market and financial circumstances to the extent deemed necessary by PLUTUS, as well as procedures for review at an examination meeting independent from PLUTUS's engagement team.

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

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

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

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

The Fairness Opinion expresses an opinion regarding the fairness of the Tender Offer Price from financial perspectives for the purposes of being used as reference materials when the Company reviews the fairness of the Transaction including the Tender Offer. Therefore, the Fairness Opinion does not express any opinion on the superiority or inferiority with transactions which may be options alternate to the Transaction, the benefits occurring due to the implementation of the Transaction, or the appropriateness of the implementation of the Transaction.

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

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

(v) Advice from an independent law firm at the Special Committee

As described in "(iii) Establishment of Special Committee at the Company and procurement of a report from the Special Committee" above, the Special Committee has appointed MHM as a legal advisor independent from the Company and the Tender Offeror, and has received legal advice including advice on such matters as the measures which should be taken to ensure the fairness of the procedures in the Transaction, the Company's decision-making method and its process regarding the Transaction.

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

(vi) Advice from an independent law firm at the Company

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

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

(vii) Establishment of independent review system at the Company

As described in “A. Proposal from the Tender Offeror and details of the development of review system” of “1. Reasons for share consolidation” above, the Company has internally built within the Company a system to review, negotiate and make decisions on the Transaction in a position independent from the Tender Offeror, from the perspectives of excluding structural conflict of interest issues.

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

The Company has obtained approval from the Special Committee that there are no issues regarding the review system of the Transaction built internally within the Company including the handlings above, from the perspectives of independence and fairness.

(viii) Receipt of approval of majority of disinterested directors of the Company and the opinion of all disinterested Audit & Supervisory Board members of the Company that they have no objection

Based on the Share Valuation Report (UBS Securities) obtained from UBS Securities and the legal advice from U&I, with respect to a maximum extent for the contents of the Report submitted by the Special Committee, the Company has carefully discussed and reviewed the terms and conditions of the Tender Offer. As a result, as described in “C. Contents of the Company’s decision” of “1. Reasons for share consolidation” above, at the Company’s Board of Directors meeting held on June 14, 2024, the Company resolved to express its opinion in favor of the Tender Offer, and to recommend its shareholders to tender their shares in the Tender Offer, and to leave the decision up to the Stock Acquisition Rights Holders as to whether or not to tender their Stock Acquisition Rights in the Tender Offer.

In the resolution of the Board of Directors held on June 14, 2024 above, from among 9 directors of the Company, 7 directors excluding Shinro Fujita and Junko Tsuboi participated, and the resolution was unanimously adopted by all the directors who participated. Since, from among the Company’s directors, Shinro Fujita formerly belonged to the Tender Offeror and Junko Tsuboi concurrently serves as the Tender Offeror’s director, they did not participate in the deliberation and resolution in the Board of Directors meeting held on June 14, 2024 above from the perspectives of excluding to the extent possible any likelihood of the deliberation and resolution at the Board of Directors meeting being impacted by structural conflict of interest issues and information asymmetry issues regarding the Transaction, and did not participate in the discussion and negotiation with the Tender Offeror regarding the Tender Offer from the Company’s position.

From among the 5 Board of Company Auditors members of the Company, all 4 excluding Naoya Maruo attended the Board of Directors meeting above and all of the attending Board of Company Auditors members expressed their opinion that they have no objection to the resolution above. Since Naoya Maruo formerly belonged to the Tender Offeror, he did not attend the Board of Directors meeting held on June 14, 2024 above, and refrained from expressing his opinion, from the perspectives of excluding to the extent possible any likelihood of the deliberation and resolution at the Board of Directors meeting held on June 14, 2024 being impacted by structural conflict of interest issues and information asymmetry issues regarding the Transaction.

Thereafter, in response to the fact that the Tender Offeror had determined the Changes to Terms and Conditions of Tender Offer for Shares, Etc., as a result of careful discussion and review regarding the Changes to Terms and Conditions of Tender Offer for Shares, Etc., based upon the opinion of the Special Committee, at the Board of Directors meeting held on August 6, 2024, based on “C. Contents of the Company’s decision” of “1. Purpose and reasons for share consolidation” above, the Company resolved that the Company continues to maintain its affirmative opinion regarding the Tender Offer, as well as its opinion that the Company recommends its shareholders to tender their shares in the Tender Offer, and leaves the decision up to the Stock Acquisition Rights Holders as to whether or not to tender in the Tender Offer.

In the resolution of the Board of Directors held on August 6, 2024 above, from among 9 directors of the Company, 7 directors excluding Shinro Fujita and Junko Tsuboi participated, and the resolution was unanimously adopted by all the directors except for 1 director who participated. Since, from among the Company’s directors, Shinro Fujita formerly belonged to the Tender Offeror and Junko Tsuboi concurrently serves as the Tender Offeror’s director, they did not participate in the deliberation and resolution in the Board of Directors meeting held on August 6, 2024 above from the perspectives of excluding to the extent possible any likelihood of the deliberation and resolution at the Board of Directors meeting being impacted by structural conflict of interest issues and information asymmetry issues regarding the Transaction, and did not participate in the discussion and negotiation with the Tender Offeror regarding the Tender Offer from the Company’s position.

From among the 5 Board of Company Auditors members of the Company, all 4 excluding Naoya Maruo attended the Board of Directors meeting held on August 6, 2024 above and all of the attending Board of Company Auditors members expressed their opinion that they have no objection to the resolution above. Since Naoya Maruo formerly belonged to the Tender Offeror, he did not attend each of the Board of Directors meeting held on August 6, 2024 above, and refrained from expressing his opinion, from the perspectives of excluding to the extent possible any likelihood of the deliberation and resolution at each of the Board of Directors meeting being impacted by structural conflict of interest issues and information asymmetry issues regarding the Transaction.

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

While the shortest period provided by laws and regulations in relation to the Tender Offer Period is twenty (20) business days, the Tender Offeror is said to have set the period as sixty-one (61) business days. By setting the Tender Offer period for a relatively long period of time in light of the shortest period provided in laws and regulations, it is said that the Tender Offeror is contemplating to ensure an appropriate decision-making opportunity for the Company’s shareholders and Stock Acquisition Rights Holders as to whether to tender in the Tender Offer, and also to ensure an opportunity for parties other than the Tender Offeror to

purchase, etc. the Company Shares, thereby ensuring the appropriateness of the Tender Offer Price.

In addition, the Tender Offer Agreement provides that, in the case where a transaction which may obstruct or render difficult the implementation of all or a part of the Transaction (including a tender offer targeting all or a part of the Company Shares by a third party; “Competitive Transaction”) is commenced, the Company shall be entitled to change or revoke the expression of its affirmative opinion to the Tender Offer in the event that (i) upon taking into account the transaction price, transaction timing, specificity of the proposal contents, attributes of such third party, past transaction achievements and definiteness of fund procurement, definiteness of transaction implementation and other circumstances, the Company’s Board of Directors reasonably determines that such Competitive Transaction enhances the Company’s corporate value and contributes to the common interests of the shareholders more than the Transaction in comparison, (ii) the Company gives written notice to the Tender Offeror to such effect and all the material terms of such Competitive Transaction and grants an opportunity to amend the terms of the Transaction or the other terms of the Transaction and to submit to the Company the amended terms within five (5) business days calculating from the day following the day on which the Tender Offer receives such notice, and (iii) even upon taking into account such amended terms (if the Tender Offeror did not make any amendments, then based on the terms prior to making amendments), the Company’s Board of Directors reasonably determines that such Competitive Transaction enhances the Company’s corporate value and contributes to the common interests of the shareholders more than the Transaction in comparison, and that not changing or revoking its resolution of expressing its affirmative opinion to the Tender Offer may constitute a breach of the obligation of due care of a prudent manager of the Company’s directors, and at the same time, the Company obtains a written opinion to the same effect from the Company’s lawyers or the Special Committee gives a written opinion which is in favor of the Company’s changing or revoking the resolution of the affirmative opinion. No agreement has been made to the effect that the Company would make payment of the Tender Offeror of monies such as breakup fee (indemnity) in the event that the Company decides to change or revoke its affirmative opinion in accordance with the agreement above. For details of the Tender Offer Agreement, please refer “4. Matters concerning material agreements related to the Tender Offer” of the Opinion Expression Press Release.

- (x) Establishment of measures to ensure opportunity for the Company’s shareholders and Stock Acquisition Rights Holders to make an appropriate decision on whether to tender their shares in the Tender Offer
As described in “(5) Policy on reorganization, etc. after the Tender Offer (matters relating to the so-called two-stage takeover)” above, (i) the Tender Offeror is said to be planning to make Demand for Share, etc. Cash-Out or request the Company to hold the extraordinary general shareholders meeting which includes as its agenda of Share Consolidation and partial amendments to the articles of incorporation to the effect of abolishing the provisions of the number of unit shares on the condition of consolidation of the Share Consolidation is effected, in accordance with the number of shares which the Tender Offeror shall obtain by the completion of the Tender Offer, promptly after the completion of settlement of the Tender Offer, and the Tender Offeror is said not to adopt a method under which the right of claim to purchase shares or the right of claim to determine the price is not ensured to the Company’s shareholders, and (ii) since the Tender Offeror is clarifying that, upon making Demand for Share, etc. Cash-Out to perform Share Consolidation, the money delivered as consideration to the Company’s shareholders shall be calculated so that it would be the same as the amount obtained by multiplying the Tender Offer Price by the number of the Company

Shares owned by each such shareholder (excluding the Company and the Tender Offeror), and the money delivered as consideration to the Stock Acquisition Rights Holders shall be calculated so that it would be the same as the amount obtained by multiplying the Stock Acquisition Right Purchase Price by the number of Stock Acquisition Rights respectively owned by each such Stock Acquisition Rights Holder, the Tender Offeror is said to be taking care to ensure that the Company's shareholders and Stock Acquisition Rights Holders have the opportunity to appropriately decide whether or not to tender in the Tender Offer and that there would not occur any pressure thereby.

In addition, while the shortest period provided by laws and regulations in relation to such matters as purchase related to the Tender Offer Period is twenty (20) business days, the Tender Offeror is said to have set the tender offer period as sixty-one (61) business days. By setting the Tender Offer Period for a long period of time in light of the shortest period provided in laws and regulations, it is said that the Tender Offeror is contemplating to ensure an appropriate decision-making opportunity for the Company's shareholders and Stock Acquisition Rights Holders as to whether to tender in the Tender Offer, thereby ensuring the appropriateness of the Tender Offer Price.

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

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

shares) held currently as of today by the Tender Offeror (81,446,766 shares).

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

4. Disposition of material assets, assumption of material liabilities and other events affecting the status of company's assets that occurred to the Company after the end of the final business year

(1) Tender Offer

As described in "1. Reasons for share consolidation" above, the Tender Offeror implemented the Tender Offer during the period from June 17, 2024 till September 11, 2024. As a result of the Tender Offer, the Tender Offeror has come to own 91,487,263 shares of the Company Shares (Ownership Ratio 75.24%) as of September 19, 2024 (the commencement date of the settlement of the Tender Offer).

(2) Revisions to the dividend forecast (no dividend) and abolition of the shareholders benefit system

As announced in "Notice regarding Revisions to the Dividend Forecast (No Dividend) of the Fiscal Year Ending March 31, 2025 and Abolition of the Shareholders Benefit System" dated June 14, 2024, at the Company's Board of Directors meeting held on the same date, the Company, on the condition that the Tender Offer would be completed, revised the dividend forecast of the fiscal year ending March 31, 2025 announced in the Company's Summary of Financial Results, and resolved that it would not perform the dividend at the end of the interim period, and end of the fiscal year ending March 31, 2025, and that it would abolish the shareholders benefit system from the year ending March 31, 2025. Please refer to such announcement contents for the details.

(3) Announcement of "Notice concerning Change of Major Shareholder" and submission of the extraordinary report

Since the Company confirmed that there was a change of major shareholder, it announced the "Notice concerning Change of Major Shareholder" dated August 26, 2024, and submitted an extraordinary report to the Director-General of the Kanto Local Finance Bureau on the same date. Please refer to the contents of such announcement and the extraordinary report for the details.

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the proposal

- (1) In the event that the Proposal 1 “Share Consolidation” is approved and passed as per the original proposal and the Share Consolidation is effectuated, the total number of authorized shares of the Company Shares shall decrease to 11 shares in accordance with the provisions of Article 182, Paragraph 2 of the Companies Act. In order to clarify such point, on the condition that the Share Consolidation is effectuated, Article 6 (Total Number of Authorized Shares) of the current Articles of Incorporation shall be amended.
- (2) In the event that the Proposal 1 “Share Consolidation” is approved and passed as per the original proposal and the Share Consolidation is effectuated, the total number of authorized shares of the Company shall become 3 shares, and there would be no need to provide for the number of share units. Accordingly, on the condition that the Share Consolidation is effectuated, in order to abolish the provisions of the number of share units of the Company Shares which are currently 100 shares per one (1) share unit, Article 7 (Number of Share Units) and Article 8 (Additional Purchase of Shares Less Than One Share Unit) of the current Articles of Incorporation shall be deleted, and the provision numbers shall be moved up accompanying such amendment.
- (3) In the event that the Proposal 1 “Share Consolidation” is approved and passed as per the original proposal and the Share Consolidation is effectuated, the Company Shares shall be delisted and only the Tender Offeror shall own one (1) or more shares of the Company Shares, and also due to the treatment of fractional shares after the Share Consolidation, only the Tender Offeror shall become the Company’s shareholder; therefore, the provisions related to the record date of the annual general shareholders meeting and the provisions related to the electronic provision system of the materials of the general shareholders meeting shall lose their necessity. Accordingly, on the condition that the Share Consolidation is effectuated, the entire texts of Article 12 (Record Date of the Annual General Shareholders Meeting) and Article 14 (Electronic Provision Measures, etc.) of the current Articles of Incorporation shall be deleted, and the provision numbers shall be moved up accompanying such amendment.

2. Details of amendment

The details of the amendment are as follows. The amendment to the Articles of Incorporation related to this agenda shall take effect on December 20, 2024, the effectuation date of the Share Consolidation, on the condition that Proposal 1 “Share Consolidation” is approved and passed as per the original proposal and the Share Consolidation is effectuated.

(Underlines indicate the amended parts.)

Current Articles of Incorporation	Draft Amendment
<p>Article 6 Total Number of Authorized Shares The total number of authorized shares of the Company shall be <u>467,676,000 shares.</u></p> <p><u>Article 7 Number of Share Units</u> <u>The number of share units of the Company shall be</u> <u>100 shares.</u></p>	<p>Article 6 Total Number of Authorized Shares The total number of authorized shares of the Company shall be <u>11 shares.</u></p> <p>(Deleted)</p>

<p><u>Article 8 Additional Purchase of Shares Less Than One Share Unit</u> <u>The shareholders of the Company, in accordance with the provisions of the Share Handling Regulations, shall be entitled to make a claim to sell the number of shares which will, when together with the number of the share already held by such shareholders, constitutes one unit.</u></p>	<p>(Deleted)</p>
<p>Articles <u>9</u> through <u>11</u> (Provisions abbreviated)</p>	<p>Articles <u>7</u> through <u>9</u> (No change)</p>
<p><u>Article 12 Record Date of the Annual General Shareholders Meeting</u> <u>The record date for the voting rights of the annual general shareholders meeting of the Company shall be March 31 every year.</u></p>	<p>(Deleted)</p>
<p>Article <u>13</u> (Provisions abbreviated)</p>	<p>Article <u>10</u> (No change)</p>
<p><u>Article 14 Electronic Provision Measures, etc.</u> <u>1. Upon convening the general shareholders meeting, the Company shall take electronic provision measures for information which are the contents of reference documents, etc. of the general shareholders meeting.</u> <u>2. From among the matters for which it takes electronic provision measures, the Company shall be entitled to not describe on the document all or a part of the matters permitted not to describe on the document to be delivered to the shareholders who have made a claim to deliver the document on or before the record date of the voting rights, pursuant to the Ordinance of the Ministry of Justice.</u></p>	<p>(Deleted)</p>
<p>Articles <u>15</u> through <u>42</u> (Provisions abbreviated)</p>	<p>Articles <u>11</u> through <u>38</u> (No change)</p>