



February 10, 2023

For Immediate Release:

Company name: Fullcast Holdings Co., Ltd.
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Announcement Regarding the Decision on Matters Related to the Acquisition of Treasury Shares and Tender Offer for Treasury Shares

At the Board of Directors meeting held on February 10, 2023, based on the provision of Article 156, Paragraph 1 of the Companies Act (Act No. 86, 2005, including subsequent revisions, the “Companies Act”) as applied mutatis mutandis pursuant to the provision of Article 165, Paragraph 3 of the Companies Act and the Articles of Incorporation of our Company, our Company decided to acquire treasury shares and to conduct a tender offer of treasury shares (the “Tender Offer”) as a specific method of acquiring treasury shares. Details are as follows.

1. Objective of the Tender Offer

Our Company’s shareholder return policy is to enhance returns of profits to shareholders, targeting a total return ratio of 50%. Going forward, we will implement shareholder returns with a target (the “profit return target”) of achieving a total return ratio of 50% through dividends and share buybacks combined by enhancing profitability and further improving management efficiency. This will enable us to achieve an ROE of 20% or higher, which is an indicator used for “improvement of corporate value.”

Our Company has a basic policy of offering a dividend from surplus twice a year, comprising an interim dividend and a year-end dividend. The Articles of Incorporation stipulate that our Company can offer an interim dividend as prescribed in Article 454, Paragraph 5 of the Companies Act. The decision-making body for the dividend is the Board of Directors for both the interim dividend and year-end dividend. With regards to internal reserves, we plan to improve our business base in order to achieve our sustainable growth through allocation to preparation for future business expansion, development of systems, and enhancement of internal programs such as employee education.

Our Company paid a total dividend of 44 yen per share (interim dividend: 21 yen; year-end dividend: 23 yen) in the fiscal year ended December 2021 based on the concept of achieving a 50% total return ratio, totaling 1,604 million yen. In addition, at the Board of Directors meeting held on February 10, 2022, it was resolved to acquire treasury shares up to a total number of shares of 533,900 and a total acquisition cost of 903 million yen (acquisition period: February 14–March 24, 2022). In accordance with these resolutions, our Company implemented the acquisition of its ordinary shares (total number of shares acquired: 393,500 shares (ownership ratio at the time of acquisition: 1.08% (Note 1)); total acquisition cost: 902,848,400 yen) through a market purchase on the Tokyo Stock Exchange, Inc. (the “TSE”). As a result, profit return to shareholders totaled 2,507 million yen, and the total return ratio relative to profit attributable to owners of parent of 5,012 million yen for the fiscal year ended December 2021 was 50% (rounded to the nearest whole number).

(Note 1): Our Company’s total number of shares issued as of December 31, 2021 (37,486,400 shares) stated in 29th Securities Report for the Fiscal Year Ended December 31, 2021 filed on March 28, 2022, and the total number of shares issued as of February 28, 2022 (37,486,400 shares) stated in Share Buyback

Report filed on March 14, 2022, have not changed. Our Company's total number of shares as of February 28, 2022 stated in the relevant Share Buyback Report was 1,143,166 shares, and the number of treasury shares acquired from February 16, 2022, to February 28, 2022, was 138,400 shares (excluding the number of treasury shares acquired through requests for the purchase of shares constituting less than one unit, and the same shall apply hereinafter to the number of treasury shares acquired). Our Company's total number of shares issued as of February 10, 2022 was 37,486,400 shares and the number of treasury shares as of the same date was 1,004,766 shares. Therefore, it is the ratio (rounded to the third decimal place, and the same shall apply hereinafter in the calculation of the ownership ratio at the time of acquisition) to the number of shares (36,481,634 shares) calculated by subtracting the number of treasury shares (1,004,766 shares) from the total number of shares issued (37,486,400 shares).

Other than the aforementioned, our Company has also implemented the acquisition of treasury shares in addition to paying dividends based on the profit return target in the past, as described below. The Articles of Incorporation stipulate that our Company can acquire treasury shares based on the resolution of the Board of Directors as prescribed in Article 165, Paragraph 2 of the Companies Act.

Resolution Date of Board of Directors	Acquisition (purchase) period	Number of shares acquired (Ownership ratio at the time of acquisition)	Total acquisition cost	Method
February 12, 2016	February 22 to June 23, 2016	148,500 shares (0.39% (Note 2))	99,957,100 yen	Market Offer
February 10, 2017	February 13 to March 23, 2017	453,400 shares (1.18% (Note 3))	497,995,500 yen	Market Offer
February 9, 2018	February 13 to March 23, 2018	276,600 shares (0.73% (Note 4))	681,916,800 yen	Market Offer
February 8, 2019	February 12 to March 11, 2019	400,000 shares (1.06% (Note 5))	706,000,000 yen	Tender Offer
March 29, 2019	April 4 to April 24, 2019	49,800 shares (0.13% (Note 6))	120,193,900 yen	Market Offer
February 7, 2020	February 10 to March 10, 2020	449,500 shares (1.21% (Note 7))	991,597,000 yen	Tender Offer
February 12, 2021	February 15 to March 24, 2021	286,400 shares (0.78% (Note 8))	551,875,800 yen	Market Offer

(Note 2): Our Company's total number of shares issued as of December 31, 2015 (38,486,400 shares) stated in the 23rd Securities Report for the Fiscal Year Ended December 31, 2015 filed on March 28, 2016, and the total number of shares issued as of February 29, 2016 (38,486,400 shares) stated in Share Buyback Report filed on March 15, 2016, have not changed. Our Company's number of treasury shares as of February 29, 2016 stated in the relevant Share Buyback Report was 89,600 shares, and the number of treasury shares acquired from February 25, 2016, to February 29, 2016, was 89,600 shares. Our Company's total number of shares issued as of February 12, 2016 was 38,486,400 shares and the number of treasury shares as of the same date was 0 shares. Therefore, it is the ratio to the total number of shares issued (38,486,400 shares).

(Note 3): Our Company's total number of shares issued as of December 31, 2016 (38,486,400 shares) stated in the 24th Securities Report for the Fiscal Year Ended December 31, 2016 filed on March 27, 2017, and the total number of shares issued as of February 28, 2017 (38,486,400 shares) stated in Share Buyback Report filed on March 15, 2017, have not changed. Our Company's number of treasury shares as of February 28, 2017 stated in the relevant Share Buyback Report was 315,600 shares, and the number of treasury shares acquired from February 16, 2017, to February 28, 2017, was 167,100 shares. Our

Company's total number of shares issued as of February 10, 2017 was 38,486,400 shares and the number of treasury shares as of the same date was 148,500 shares. Therefore, it is the ratio to the number of shares (38,337,900 shares) calculated by subtracting the number of treasury shares (148,500 shares) from the total number of shares issued (38,486,400 shares).

(Note 4): Our Company's total number of shares issued as of December 31, 2017 (38,486,400 shares) stated in the 25th Securities Report for the Fiscal Year Ended December 31, 2017 filed on March 26, 2018, and the total number of shares issued as of February 28, 2018 (38,486,400 shares) stated in Share Buyback Report filed on March 15, 2018, have not changed. Our Company's number of treasury shares as of February 28, 2018 stated in the relevant Share Buyback Report was 697,100 shares, and the number of treasury shares acquired from February 16, 2018, to February 28, 2018, was 95,200 shares. Our Company's total number of shares issued as of February 9, 2018 was 38,486,400 shares and the number of treasury shares as of the same date was 601,900 shares. Therefore, it is the ratio to the number of shares (37,884,500 shares) calculated by subtracting the number of treasury shares (601,900 shares) from the total number of shares issued (38,486,400 shares).

(Note 5): Our Company's total number of shares issued as of December 31, 2018 (38,486,400 shares) stated in the 26th Securities Report for the Fiscal Year Ended December 31, 2018 filed on March 29, 2019, and the total number of shares issued as of February 28, 2019 (38,486,400 shares) stated in Share Buyback Report filed on March 14, 2019, have not changed. Our Company's number of treasury shares as of February 28, 2019 stated in the relevant Share Buyback Report was 878,552 shares, and the number of treasury shares acquired from February 13, 2019, to February 28, 2019, was 0 share. Our Company's total number of shares issued as of February 8, 2019 was 38,486,400 shares and the number of treasury shares as of the same date was 878,552 shares. Therefore, it is the ratio to the number of shares (37,607,848 shares) calculated by subtracting the number of treasury shares (878,552 shares) from the total number of shares issued (38,486,400 shares).

(Note 6): Our Company's total number of shares issued as of December 31, 2018 (38,486,400 shares) stated in the 26th Securities Report for the Fiscal Year Ended December 31, 2018 filed on March 29, 2019, and the total number of shares issued as of March 31, 2019 (38,486,400 shares) stated in Share Buyback Report filed on April 12, 2019, have not changed. Our Company's number of treasury shares as of March 31, 2019 stated in the relevant Share Buyback Report was 878,552 shares, and the number of treasury shares acquired from March 30, 2019, to March 31, 2019, was 0 share. Our Company's total number of shares issued as of March 29, 2019 was 38,486,400 shares and the number of treasury shares as of the same date was 878,552 shares. Therefore, it is the ratio to the number of shares (37,607,848 shares) calculated by subtracting the number of treasury shares (878,552 shares) from the total number of shares issued (38,486,400 shares).

(Note 7): Our Company's total number of shares issued as of December 31, 2019 (38,486,400 shares) stated in the 27th Securities Report for the Fiscal Year Ended December 31, 2019 filed on March 30, 2020, and the total number of shares issued as of February 29, 2020 (38,486,400 shares) stated in Share Buyback Report filed on March 13, 2020, have not changed. Our Company's number of treasury shares as of February 29, 2020 stated in the relevant Share Buyback Report was 1,328,352 shares, and the number of treasury shares acquired from February 10, 2020, to February 29, 2020, was 0 share. Our Company's total number of shares issued as of February 7, 2020 was 38,486,400 shares and the number of treasury shares as of the same date was 1,328,352 shares. Therefore, it is the ratio to the number of shares (37,158,048 shares) calculated by subtracting the number of treasury shares (1,328,352 shares) from the total number of shares issued (38,486,400 shares).

(Note 8): Our Company's total number of shares issued as of December 31, 2020 was (38,486,400 shares) stated in the 28th Securities Report for the Fiscal Year Ended December 31, 2020 filed on March 29, 2021, and the total number of shares issued as of February 28, 2021 was (37,486,400 shares) stated in Share Buyback Report filed on March 12, 2021. Our Company's number of treasury shares as of February 28, 2021 stated in the relevant Share Buyback Report was 858,440 shares, and the number of treasury

shares acquired from February 17, 2021, to February 26, 2021, was 80,500 shares. In addition, our Company retired 1,000,000 treasury shares on February 16, 2021, as described in the “Announcement Regarding the Decision on Matters Related to the Acquisition and Cancellation of Treasury Shares” released on February 12, 2021, bringing our Company’s total number of shares issued as of February 12, 2021 to 38,486,400 shares, and the number of treasury shares as of the same date was 1,777,940 shares. Therefore, it is the ratio to the number of shares (36,708,460 shares) calculated by subtracting the number of treasury shares (1,777,940 shares) from the total number of shares issued (38,486,400 shares).

Guided by this policy, our Company has revised upward its full-year consolidated business forecasts for the fiscal year ended December 31, 2022 as announced in the “Announcement on Revisions to the Full-Year Consolidated Business Forecast and Year-End Dividend Forecast” dated November 11, 2022. Reflecting the revised forecast of profit attributable to owners of parent from 6,173 million yen to 6,521 million yen, the year-end dividend forecast for the fiscal year ended December 31, 2022 has been revised to 35 yen per share, up 3 yen from the 32 yen per share announced on August 12, 2022, based on the profit return target. As a result, the annual dividend forecast for the fiscal year ended December 31, 2022, including the interim dividend, is 58 yen per share (interim dividend: 23 yen, year-end dividend: 35 yen), up 14 yen from the previous fiscal year.

Furthermore, in mid-November 2022, our Company discussed ways to implement the return of profits to shareholders to achieve the profit return target for the fiscal year ended December 31, 2022. Believing that implementing a certain amount of share repurchases would contribute to improving our capital efficiency, such as basic earnings per share (EPS) and return on equity (ROE), in addition to enhancing the return of profits to shareholders, our Company has begun considering the repurchase of treasury shares as an option. When acquiring treasury shares, we believe that our Company will be able to acquire a certain size of treasury shares in a relatively short period of time if a portion of our Company’s ordinary shares held by its major shareholders are repurchased. Therefore, we considered the possibility of acquiring a portion of our Company’s ordinary shares held by its major shareholder and largest shareholder (as of June 30, 2022), Hirano Associates Co., Ltd.(number of shares held: 13,626,600 shares; ownership ratio at that time (Note 9): 37.75%; the “Hirano Associates”). Hirano Associates is an asset management company where the spouse of Takehito Hirano, the Chairman of the Company, serves as Representative Director, and in which Takehito Hirano owns all of the voting rights.

(Note 9): It is the ratio (rounded to the third decimal place) to the number of shares (36,098,493 shares) calculated by subtracting the number of treasury shares as of September 30, 2022 (1,387,907 shares) stated in “Consolidated Financial Results Announcement for the First Three Quarters of the Fiscal Year Ended December 31, 2022 [Japanese Standards] (Consolidated),” released on November 11, 2022 from our Company’s total number of shares issued as of September 30, 2022 (37,486,400 shares) stated in the 30th Third Quarter Report for the Fiscal Year Ended December 31, 2022 filed on November 14, 2022.

The specific method of treasury shares acquisition was thoroughly considered, taking into account (i) equality among shareholders, (ii) transparency of transactions, (iii) ability to purchase shares of our Company’s ordinary share at a certain discount to the market price, which, if purchased at such price, would reduce the outflow of our assets outside our Company, and (iv) acquisition of a certain size of our Company’s ordinary share from major shareholders as treasury shares. Consequently, in mid-November 2022, our Company decided that a tender offer method was appropriate rather than a market offer approach through a financial instruments exchange. Additionally, in determining the number of shares planned for purchase in the Tender Offer, we decided to set the number based on the acquisition cost that would achieve a 50% total return ratio relative to profit attributable to owners of parent for the fiscal year ended December 31, 2022 because the objective of the Tender Offer purports to return profit to shareholders to achieve the profit return target. Also, in determining the purchase price of the Tender Offer (the “Tender Offer Price”), after considering the fact that our Company’s ordinary shares are listed on the financial instruments exchange, with importance placed on ensuring the clarity and objectivity of standards, we determined that market prices should be the important factor as an appropriate price of our Company’s

ordinary shares that would serve as the basis. Then, in mid-November 2022, in order to prevent as much as possible an outflow of assets from the perspective of respecting the interests of shareholders who will continue to hold our Company's ordinary share without applying for the Tender Offer, we concluded that it would be preferable to set the offer at a discounted price compared to the market price.

On November 14, 2022, following the aforementioned considerations, our Company sounded Hirano Associates out about the possibility of tendering if our Company conducted the Tender Offer and the Tender Offer Price was set at a certain discount from the market price of our Company's ordinary share on the TSE Prime Market, and on November 15, 2022, our Company obtained the response that Hirano Associates would consider tendering.

In response, our Company deliberated on the discount rate to the market price for the Tender Offer Price and the price of our Company's ordinary share that would serve as the basis for the discount. Then, on February 8, 2023, regarding the discount rate to the market price, we used the discount rate to the market price of the Tender Offer Price for the tender offer for treasury shares (purchase period: February 12, 2019 to March 11, 2019; the "2019 Tender Offer") made by our Company pursuant to the resolution of the Board of Directors dated February 8, 2019 and the tender offer for treasury shares (purchase period: February 10, 2020 to March 10, 2020; the "2020 Tender Offer") made by our Company pursuant to the resolution of the Board of Directors dated February 7, 2020, and 41 cases (the "Cases") of tender offer for treasury shares announced between the date of the announcement of the 2020 Tender Offer (February 7, 2020), which was our most recent tender offer for treasury shares, and December 2022. In the 2019 Tender Offer and the 2020 Tender Offer, a discount rate of 10% was used to the closing price on the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer, and in the Cases, the largest number of cases (21) used a discount rate of around 10% (9% to 11%). In light of this, we considered it appropriate to use the same level discount rate. In addition, on February 8, 2023, as for the reasonable price of our Company's ordinary share used as the basis for the discount, our Company believes that using the closing price of the business day immediately before the day on which the Board of Directors resolves to conduct the Tender Offer fully reflects our recent business results and ensures more objectivity and reasonableness as the basis for the calculation. We therefore concluded that it would be appropriate to use the closing price of our Company's ordinary share on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023).

After discussing the above, on February 9, 2023, our Company engaged in final consultation with Hirano Associates about the Tender Offer and set the number of shares planned for purchase in the Tender Offer at 485,900 shares (ownership ratio (Note 10): 1.35%), and offered Hirano Associates the Tender Offer Price at 2,505 yen (rounded to the nearest whole yen, and the same shall apply hereinafter in the calculation of the Tender Offer Price) discounted by 10% from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023). As a result, on February 9, 2023, our Company obtained a response from Hirano Associates to the effect that if we conducted Tender Offer under the above conditions, Hirano Associates would tender 485,900 shares, a portion of our Company's ordinary shares (ownership ratio: 1.35%, the "Agreed Shares"), and would continue to hold 13,140,700 shares (ownership ratio: 36.39%) of our Company's ordinary shares that it would not tender in the Tender Offer. If the total number of shares tendered in the Tender Offer (the "Tendered Share Certificates") exceeds the number of shares planned for purchase, our Company will not purchase all or part of the excess portion. Since the purchase will be made on the pro rata method stipulated in Paragraph 5 of Article 27-13 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent amendments; the "Law") which is applied mutatis mutandis pursuant to Paragraph 2 of Article 27-22-2 of the Law, and Article 21 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Listed Share Certificates, etc. by Issuer (Ordinance of the Ministry of Finance No. 95 of 1994, including subsequent amendments; the "Ordinance"), our Company will acquire a portion of 485,900 share of the Agreed Shares. We have, however, obtained a response from Hirano Associates stating that they plan to continue to own our Company's ordinary share tendered in the Tender Offer but which we were unable to acquire.

(Note 10): “Ownership ratio” refers to the ownership as a percentage of 36,109,349 shares calculated as the total number of shares issued as of December 31, 2022 stated as 37,486,400 shares in Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2022 [Japanese Standards] (Consolidated), which our Company released on February 10, 2023, (the “Company’s Financial Results Summary”) less 1,377,051 shares of treasury shares that our Company owned as of the same date as stated in our Company’s Financial Results Summary (rounded to the second decimal place. The same shall apply to the calculation of the percentage of ownership hereinafter).

Based on the aforementioned process, our Company resolved at the Board of Directors meeting held on February 10, 2023, (i) based on the provision of Article 156, Paragraph 1 of the Companies Act as applied mutatis mutandis pursuant to the provision of Article 165, Paragraph 3 of the Companies Act and the Articles of Incorporation of our Company, to acquire treasury shares and to conduct the Tender Offer as a specific method, and (ii) to determine the Tender Offer Price to be 2,505 yen, a 10% discount from the closing price 2,783 yen of our Company’s ordinary shares on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023).

In addition, with respect to the number of shares planned for purchase in the Tender Offer, based on the acquisition as treasury shares of the number of shares that would achieve the profit return target, we limited the number of shares to 485,900 shares (ownership ratio: 1.35%) equal to the Agreed Shares.

In view of this, the return of profit to shareholders will be 3,311 million yen for the year ended December 31, 2022 totaling (i) the total amount of dividends paid to our Company’s shareholders of 2,094 million yen (full-year total per share: 58 yen); (ii) the total acquisition cost of 1,217 million yen to be acquired our Company’s ordinary shares through the Tender Offer (the amount calculated by multiplying the number of Agreed Shares (485,900 shares) by the Tender Offer Price (2,505 yen)), and the total return ratio relative to profit attributable to owners of parent of 6,622 million yen for the year ended December 31, 2022 is planned to be 50% (rounded to the nearest whole number).

The spouse of Takehito Hirano serves as Representative Director of Hirano Associates, in which Takehito Hirano owns all of the voting rights. Therefore, considering the possibility of Takehito Hirano, Chairman of our Company, having a special interest with respect to the Tender Offer, he was not involved in the consultation and negotiation regarding the terms of the Tender Offer from the standpoint of our Company. Moreover, he did not participate in any of the deliberation and the resolution at the aforementioned Board of Directors meeting on February 10, 2023.

The funds required for the Tender Offer will be allocated entirely from cash on hand. However, the liquidity on hand on a consolidated basis (Cash and deposits) as of December 31, 2022 as stated in our Company’s Financial Results Summary, is 20,626 million yen (liquidity ratio on hand: 3.8 months (Note 11)), and even after allocating 1,218 million yen as funds required for the Tender Offer purchase, etc., we expect to have approximately 19,409 million yen (liquidity ratio on hand: 3.6 months) in liquidity on hand. Furthermore, cash flows generated from our future operations are expected to accumulate to a certain degree in light of our operating cash flows of 6,796 million yen as of December 31, 2022, as stated in our Company’s Financial Results Summary. Therefore, we believe that there will be no problem with our short-term solvency and that our financial soundness and stability will be maintained after the Tender Offer.

(Note 11): The value (rounded to second decimal place) is calculated by dividing the liquidity on hand on a consolidated basis as of December 31, 2022 as stated in our Company’s Financial Results Summary by our monthly sales (divided by 12 months of consolidated net sales for the fiscal year ended December 31, 2022) as calculated from our Company’s Financial Results Summary.

The method of disposal of the treasury shares to be acquired by means of the Tender Offer is yet to be determined.

2. Details of the resolution of the Board of Directors on the acquisition of treasury shares

(1) Details of resolution

Type of share certificates	Total	Total acquisition cost
Ordinary shares	486,000 shares (Upper limit)	1,217,430,000 yen (Upper limit)

(Note 1). Total number of shares issued: 37,486,400 shares (As of February 10, 2023)

(Note 2). Percentage of the total shares issued: 1.30% (rounded to third decimal place)

(Note 3). Acquisition period: From Monday, February 13 to Friday, April 28, 2023

(2) Listed share certificates, etc. relating to own shares already acquired based on the said resolutions

There are no relevant matters.

3. Tender Offer outline

(1) Schedule, etc.

1) Resolution of Board of Directors	Friday, February 10, 2023
2) Publication date for commencing the Tender Offer	Monday, February 13, 2023 Electronic public notice will be posted, and the posting of the electronic public notice will be published in the Nihon Keizai Shimbun newspaper. (Internet address for electronic public notice: https://disclosure2.edinet-fsa.go.jp/)
3) Filing date for the Tender Offer registration statement	Monday, February 13, 2023
4) Period of the Tender Offer	From Monday, February 13 to Monday, March 13, 2023 (20 business days)

(2) Tender Offer Price

2,505 yen per share of ordinary shares

(3) Basis for Calculation of Tender Offer Price

1) Basis for Calculation

In determining the Tender Offer Price, after considering the fact that our Company's ordinary shares are listed on the financial instruments exchange, with importance placed on ensuring the clarity and objectivity of standards, we determined that market prices should be the important factor as an appropriate price of our Company's ordinary shares that would serve as the basis. Then, in order to prevent as much as possible an outflow of assets from the perspective of respecting the interests of shareholders who will continue to hold our Company's ordinary share without applying for the Tender Offer, we concluded that it would be preferable to set the offer at a discounted price compared to the market price. The discount rate to market price on the Tender Offer Price was considered with reference to the discount rate to market price on the tender offer price in the 2019 Tender Offer and the 2020 Tender Offer as well as in 41 Cases. In the 2019 Tender Offer and the 2020 Tender Offer, a discount rate of 10% was used to the closing price on the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer, and in this Cases, the largest number of cases (21) used a discount rate of around 10% (9% to 11%). In light of this, we considered it appropriate to use the same level discount rate. As for the reasonable price of our Company's ordinary share used as the basis for the discount, we used the closing price on the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer, to fully reflect our recent

business results in the stock price. Our Company believes that objectivity and reasonableness can be better secured as the basis for the calculation. We therefore concluded that it would be appropriate to use the closing price of our Company's ordinary share on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023).

On February 9, 2023, our Company engaged in final consultation with Hirano Associates about the Tender Offer and offered Hirano Associates the Tender Offer Price at 2,505 yen discounted by 10% from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023). As a result, on the same day, our Company obtained a response from Hirano Associates stating that they would tender 485,900 Agreed Shares (ownership ratio: 1.35%) if we conducted the Tender Offer under the above conditions.

Based on the aforementioned process, our Company resolved at the Board of Directors meeting held on February 10, 2023, to determine the Tender Offer Price to be 2,505 yen, a 10% discount from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023).

The Tender Offer Price of 2,505 yen represents a discount of 9.99% (rounded to the third decimal place, and the same shall apply hereinafter in the calculation of the discount rate) from the closing price of 2,783 yen of our Company's ordinary shares on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting (February 10, 2023) for resolving to conduct the Tender Offer, 8.61% from the simple average closing price of 2,741 yen (rounded to the nearest whole yen, and the same shall apply hereinafter in the calculation of the simple-average closing price) of our Company's ordinary shares for the past 1 month until the said date, and 12.14% from the simple average closing price of 2,851 yen of our Company's ordinary shares for the past 3 months until the said date.

The disparities between the purchase price in our Company's most recent acquisition of treasury shares and the Tender Offer Price is as follows.

In accordance with the Board of Directors' resolution dated February 9, 2018, we acquired our Company's ordinary shares (acquisition period: February 13, 2018 to March 23, 2018; total number of shares acquired: 276,600 shares; total acquisition cost: 681,916,800 yen) through a market purchase on the TSE. The simple average of the acquisition cost was 2,465 yen (rounded to the nearest whole yen, and the same shall apply hereinafter in the calculation of the simple average of the acquisition cost). The purchase price was 2,465 yen, producing disparities of 40 yen with the 2,505 yen Tender Offer Price. This is because the closing price of 2,783 yen for our Company's ordinary share on the TSE Prime Market on February 9, 2023 (the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer), which was the basis for the Tender Offer Price, was 318 yen higher than the simple average 2,465 yen of the acquisition cost for the market purchase, but the Tender Offer Price is set at a price with a 10% discount from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market, on the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer.

In accordance with the Board of Directors' resolution dated February 8, 2019 and March 29, 2019, we acquired our Company's ordinary shares through the 2019 Tender Offer (purchase price: 1,767 yen; purchase period: February 12, 2019 to March 11, 2019; total number of shares acquired: 400,000 shares) and a market purchase (acquisition period: April 4, 2019 to April 26, 2019; total number of shares acquired: 49,800 shares; total acquisition cost: 120,193,900 yen) on the TSE. The purchase price for the 2019 Tender Offer was 1,767 yen, producing disparities of 738 yen with the 2,505 yen Tender Offer Price. This is because the closing price of 2,783 yen for our Company's ordinary share on the TSE Prime Market on February 9, 2023 (the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer), which was the basis for the Tender Offer Price, was 820 yen higher than the closing price of 1,963 yen on the First Section of the TSE on February 7, 2019 (the business day before the date of the Board of

Directors meeting for resolving to conduct the 2019 Tender Offer), which was the basis for the tender offer price in the 2019 Tender Offer. In addition, the simple average of the acquisition cost for the market purchase was 2,414 yen, producing disparities of 91 yen with the 2,505 yen Tender Offer Price. This is because the closing price of 2,783 yen for our Company's ordinary share on the TSE Prime Market on February 9, 2023 (the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer), which was the basis for the Tender Offer Price, was 369 yen higher than the simple average 2,414 yen of the acquisition cost for the market purchase, but the Tender Offer Price is set at a price with a 10% discount from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer.

In accordance with the Board of Directors' resolution dated February 7, 2020, we acquired our Company's ordinary shares (purchase price: 2,206 yen; purchase period: February 10, 2020 to March 10, 2020; total number of shares acquired: 449,500 shares) through the 2020 tender offer. The purchase price for the 2020 Tender Offer was 2,206 yen, producing disparities of 299 yen with the 2,505 yen Tender Offer Price. This is because the closing price of 2,783 yen for our Company's ordinary share on the TSE Prime Market on February 9, 2023 (the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer), which was the basis for the Tender Offer Price, was 332 yen higher than the closing price of 2,451 yen on the First Section of the TSE on February 6, 2020 (the business day before the date of the Board of Directors meeting for resolving to conduct the 2020 Tender Offer), which was the basis for the tender offer price in the 2020 Tender Offer.

In accordance with the Board of Directors' resolution dated February 12, 2021, we acquired our Company's ordinary shares (acquisition period: February 15, 2021 to March 24, 2021; total number of shares acquired: 286,400 shares; total acquisition cost: 551,875,800 yen) through a market purchase on the TSE, and the simple average of the acquisition cost is 1,927 yen. The purchase price was 1,927 yen, producing disparities of 578 yen with the 2,505 yen Tender Offer Price. This is because the closing price of 2,783 yen for our Company's ordinary share on the TSE Prime Market on February 9, 2023 (the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer), which was the basis for the Tender Offer Price, was 856 yen higher than the simple average 1,927 yen of the acquisition cost for the market purchase, but the Tender Offer Price is set at a price with a 10% discount from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer.

In accordance with the Board of Directors' resolution dated February 10, 2022, we acquired our Company's ordinary shares (acquisition period: February 14, 2022 to March 24, 2022; total number of shares acquired: 393,500 shares; total acquisition cost: 902,848,400 yen) through a market purchase on the TSE, and the simple average of the acquisition cost is 2,294 yen. The purchase price was 2,294 yen, producing disparities of 211 yen with the 2,505 yen Tender Offer Price. This is because the closing price of 2,783 yen for our Company's ordinary share on the TSE Prime Market on February 9, 2023 (the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer), which was the basis for the Tender Offer Price, was 489 yen higher than the simple average 2,294 yen of the acquisition cost for the market purchase, but the Tender Offer Price is set at a price with a 10% discount from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer.

2) Calculation Background

In determining the Tender Offer Price in mid-November 2022, our Company determined that it would be desirable to purchase the shares at a certain discount to the market price.

And, our Company deliberated on the discount rate to the market price for the Tender Offer Price and the price of our Company's ordinary share that would serve as the basis for the discount. On February 8, 2023, we considered it appropriate to use a discount rate of about 10% (9% to 11%) to the market price. As an

appropriate price of our Company's ordinary share that would serve as the basis for the discount, we decided to use the closing price of our Company's ordinary share on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023).

On February 9, 2023, our Company engaged in final consultation with Hirano Associates about the Tender Offer and offered Hirano Associates the Tender Offer Price at 2,505 yen discounted by 10% from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023). As a result, on the same day, our Company obtained a response from Hirano Associates stating that they would tender 485,900 Agreed Shares (ownership ratio: 1.35%) if we conducted the Tender Offer under the above conditions.

Based on the aforementioned process, our Company resolved at the Board of Directors meeting held on February 10, 2023, to determine the Tender Offer Price to be 2,505 yen, a 10% discount from the closing price 2,783 yen of our Company's ordinary shares on the TSE Prime Market on February 9, 2023, the business day before the date of the Board of Directors meeting for resolving to conduct the Tender Offer (February 10, 2023).

(4) Number of Share Certificates Planned for Purchase

Type of share certificates	Number of share certificates planned for purchase	Number of planned excess amount of shares	Total
Ordinary shares	485,900 shares	- shares	485,900 shares

Note 1: If the total number of Tendered Share Certificates does not exceed the number of share certificates planned for purchase (485,900 shares), our Company will purchase all of the Tendered Share Certificates. If the total number of Tendered Share Certificates exceeds the number of share certificates planned for purchase (485,900 shares), our Company will not purchase all or some of the surplus. Our Company will conduct delivery related to the purchase of share certificates and other settlements according to the pro rata method stipulated in Paragraph 5 of Article 27-13 of the Law which is applied mutatis mutandis pursuant to Paragraph 2 of Article 27-22-2 of the Law, and Article 21 of the Ordinance (if the number of Tendered Share Certificates includes shares less than one unit (100 shares), the number of shares to be purchased calculated using the pro rata method will be limited to the number of Tendered Share Certificates in each case).

Note 2: Even if the shares are less than one unit, such shares are also subject to the Tender Offer. If the shareholders execute their right to demand purchase of shares less than one unit in accordance with the Companies Act, our Company may purchase its own shares during the period of the Tender Offer (the "Tender Offer Period") in accordance with the legal procedure.

(5) Funds Required for Tender Offer

1,238,749,500 yen

Note: The purchase costs for all the number of shares planned for purchase (485,900 shares), plus the estimated total of purchase handling charges, expenses including expenses required for the public notice regarding the Tender Offer, and printing expenses for the Tender Offer explanation and other necessary documents.

(6) Settlement Method

1) Name and address of the head office of financial instruments business operator/bank that will conduct settlement of the Tender Offer

Mizuho Securities Co., Ltd. 1-5-1 Otemachi, Chiyoda-ku, Tokyo

2) Commencement date of settlement

Wednesday, April 5, 2023

3) Settlement method

When the Tender Offer Period ends, a written notice for purchase through the Tender Offer will be sent by mail without delay to the address of the shareholders who tendered in the Tender Offer (the “Tendering Shareholders,” and standing proxies in the case of shareholders resident overseas (including corporate shareholders, the “Non-Japanese Shareholders.”)). The purchase will be made in cash. The amount after deducting the applicable withholding tax (Note) relating to deemed dividends from the purchase amount will be, at the direction of Tendering Shareholders (standing proxies in the case of Non-Japanese Shareholders), remitted to the place designated by Tendering Shareholders (standing proxies in the case of Non-Japanese Shareholders) by the tender offer agent or paid into the accounts of Tendering Shareholders registered for the application at the tender offer agent without delay after the commencement date of settlement.

Note: Tendering Shareholders who tendered in the Tender Offer will treat the tax as follows (*).

(a) For individual shareholders

If the proceeds received through the application for the Tender Offer exceed the amount corresponding to the attributable shares for the purchase out of the amounts of stated capital, etc. (the amounts of consolidated individual stated capital, etc. in the case of a consolidated corporation) of the corporation issuing shares, the tender offeror, the excess part (the “Deemed Dividend”) will be treated as income pertaining to dividend income. In addition, the amount after deducting the Deemed Dividend from the proceeds received through the Tender Offer will be treated as income arising from the transfer of shares.

In the cases there is no Deemed Dividend, all proceeds through the Tender Offer will be treated as income arising from the transfer of shares.

As a general rule, the 20.315% withholding tax will be imposed on Deemed Dividend. (The tax rate of 20.315% comprises the income tax and the special income tax for reconstruction (in accordance with the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake,” Act No. 117 of 2011 (hereinafter, referred to as the “Special Income Tax for Reconstruction”)) of 15.315% and the 5% local inhabitant tax.) (Local inhabitant tax will not be imposed on non-residents.). Provided, however, that if the individual shareholder corresponds to a large shareholder specified in Article 4-6-2, Paragraph 12 of the Order for Enforcement of the Act on Special Measures Concerning Taxation, the amount equivalent to 20.42% (income tax and Special Income Tax for Reconstruction only) will be withheld. In addition, as a general rule, the amount after deducting the acquisition cost of shares from income deemed as arising from the transfer of shares is subject to separate self-assessment taxation (Non-residents who do not own permanent establishments in Japan are not subject to taxation as a general rule.). When applying for the Tender Offer with the shares in the tax-free accounts set out in Article 37-14 (tax exemptions on income from transfers of small amounts of publicly-traded shares in tax-free accounts) in the Act on Special Measures Concerning Taxation, if such tax-free accounts are accounts at Mizuho Securities Co., Ltd., which is a financial instrument business operator, as a general rule, tax will be exempted on income from the transfer of shares in the Tender Offer. In the case that such tax-free accounts are accounts at financial instruments business operators other than Mizuho Securities Co., Ltd., the treatment may differ from the above.

(b) For corporate shareholders

As a general rule, the amount obtained by multiplying the amount of the dividend by 15.315% (income tax and Special Income Tax for Reconstruction) will be withheld for the amount of Deemed Dividend. In addition, the proceeds received through the Tender Offer excluding the Deemed Dividend will be regarded as the amount of compensation relating to the transfer of securities.

- (c) Non-Japanese Shareholders who qualify for the reduction or exemption of income tax and Special Income Tax for Reconstruction on the said Deemed Dividend in accordance with the applicable tax treaty, and wish to apply for the reduction or exemption, are requested to submit a registration document concerning the tax treaty to the tender offer agent by the last day of the Tender Offer Period.
- (*) Shareholders should make their own decisions after consulting a certified tax accountant or other professional with regard to any specific questions and concerns on tax matters.

(7) Other

- 1) The Tender Offer is not carried out within the United States or aimed at the United States, directly or indirectly, or implemented using United States mail or methods or means of interstate commerce or international commerce (including but not limited to facsimile, electronic mail, internet communication, telex, and telephone) or through securities exchange facilities in the United States. Application to the Tender Offer cannot be conducted by using the aforementioned methods or means or through the aforementioned facilities or from within the United States.

In addition, the Tender Offer registration statement and related purchase documents will not be sent or distributed by mail or by other methods in, to or from the United States, and such sending or distribution may not be conducted. Applications for the Tender Offer that violate the aforementioned restrictions directly or indirectly cannot be accepted. When applying for the Tender Offer, Tendering Shareholders (the standing proxy in the case of Non-Japanese Shareholders) may be requested to represent and warrant the following to the tender offer agent.

Tendering Shareholders were not located in the United States either at the time of application for the Tender Offer or at the time of sending the tender offer application form. Tendering Shareholders did not receive or send any information (including copies) related to the Tender Offer, directly or indirectly, in, to, or from the United States. Tendering Shareholders did not use United States mail or other methods or means of interstate commerce or international commerce (including but not limited to facsimile, electronic mail, internet communication, telex, and telephone) or securities exchange facilities in the United States, directly or indirectly, for purchase or providing a signature on the tender offer application form. Tendering Shareholders are not acting as proxies or trustees/delegates without discretion for other individuals (excluding the cases in which the said other individual provides all of the instructions related to the tender offer outside of the United States).

- 2) On February 9, 2023, our Company obtained a response from Hirano Associates to the effect that if we conducted Tender Offer, Hirano Associates would tender 485,900 Agreed Shares (percentage of ownership: 1.35%), and would continue to hold 13,140,700 shares (ownership ratio: 36.39%) of our Company's ordinary shares that it would not tender in the Tender Offer. If the total number of Tendered Share Certificates exceeds the number of shares planned for purchase, the tender would be carried out according to the pro rata method, and our Company would acquire some of 485,900 Agreed Shares. Our Company obtained the response from Hirano Associates to the effect that, it would continue to hold our Company's ordinary shares that our Company was unable to acquire despite it being tendered in the Tender Offer.
- 3) On February 10, 2023, our Company announced "Announcement Concerning Dividends of Surplus." At the Board of Directors meeting held on February 10, 2023, our Company resolved to offer a total dividend of 58 yen (interim dividend: 23 yen, year-end dividend: 35 yen) for the fiscal year ended December 31, 2022. See the relevant press release for details.
- 4) On February 10, 2023, our Company released "Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2022 [Japanese Standards] (Consolidated)." An overview of our Company's Financial Results Summary based on the relevant press release is as follows. The said content has not received an auditing from an audit firm in accordance with the provision of Article 193-2, Paragraph 1 of

the Law. See the relevant press release for details.

Overview of Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2022
[Japanese Standards] (Consolidated)

(January 1 to December 31, 2022)

(a) Profit and loss (Consolidated)

Fiscal year	FY 12/22 (30th term)
Net Sales	64,645 million yen
Cost of Sales	43,184 million yen
SG&A expenses	11,637 million yen
Non-operating profit	144 million yen
Non-operating expenses	83 million yen
Profit attributable to owners of parent	6,622 million yen

(b) Performance per share (Consolidated)

Fiscal year	FY 12/22 (30th term)
Basic earnings per share	183.11 yen
Dividend paid per share	58.00 yen
Net assets per share	657.21 yen

(Reference) Status of treasury shares holdings as of February 10, 2023

Total number of shares issued (excluding treasury shares): 36,110,749 shares

Number of treasury shares: 1,375,651 shares