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March 11, 2024

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President and CEO
(Securities code: 2491)
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Notice Regarding Purchase of Treasury Shares and Tender Offer for Treasury Shares

The Company resolved at the board of directors meeting held today to conduct a purchase of treasury shares by a tender offer for treasury shares, pursuant to the Articles of Incorporation of the Company, under Article 459, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”) (the “Tender Offer”).

1. Purpose of the Purchase, etc.

The Company regards the return of profits to shareholders as one of the important agenda items. Regarding the distribution of profits, the Company decided to implement dividends according to the Company’s performance, while securing retained earnings toward investments for future growth, and the Company’s target consolidated dividend payout ratio is 50% or more for the fiscal years 2023 to 2025. The Company’s basic policy is to implement an interim dividend and year-end dividend, totaling two dividends per year. Pursuant to the resolution of the 16th general meeting of shareholders held on March 26, 2012, pursuant to Article 459, paragraph (1) of the Companies Act, the Company stipulated in its Articles of Incorporation that the Company may implement dividends of surplus with a resolution of the board of directors. In accordance with the above policy, the dividend for the year ended December 2023 was set at 53 yen per share (interim dividend: 25 yen, year-end dividend: 28 yen), resulting in a consolidated dividend payout ratio of 50.4%.

In addition, it is stipulated in the Company’s Articles of Incorporation that the Company may acquire its own shares through market transactions by a resolution of the board of directors instead of a resolution of the general meeting of shareholders, in accordance with the provisions of Article 165, paragraph (2) of the Companies Act. The purpose of this provision is to enable the equity strategy to be flexibly adapted by giving the board of directors authority with respect to purchases of treasury shares. In the past, the Company has made purchases of treasury shares from the viewpoint of aiming to enhance the return of profits to shareholders through enhancement of capital efficiency. Specifically, (A) 5,300 shares (ownership ratio at the time of the purchase (Note 1): 2.74%) at 139,443,000 yen on May 23, 2012, by means of off-auction own share repurchase trading (ToSTNeT-3) of the Tokyo Stock Exchange, Inc. (the “TSE”) in accordance with the resolution of the board of directors meeting held on May 22, 2012, (B) 20,364 shares (ownership ratio at the time of the purchase (Note 2): 10.84%) at 649,997,290 yen during the period from August 27, 2012 to October 17, 2012, by means of a market purchase on the TSE in accordance with the resolution of the board of directors meeting held on August 23, 2012, (C) 1,992 shares (ownership ratio at the time of the purchase (Note 3): 1.18%) at 99,976,700 yen during the period from December 3, 2012 to December 6, 2012, by means of a market purchase on the TSE in accordance with the resolution of the board of directors meeting held on November 20, 2012, and (D) 1,126,200 shares (ownership ratio at the time of the purchase (Note 4): 3.39%) at 378,398,100 yen during the

period from November 1, 2016 to August 31, 2017, by means of a market purchase on the TSE in accordance with the resolution of the board of directors meeting held on October 26, 2016, were repurchased by the Company respectively.

- (Note 1) The ratio (rounded to two decimal places) based on the number of shares (193,186 shares) obtained by deducting the number of treasury shares (14 shares) held by the Company as of December 31, 2011, as stated in the “Summary of Financial Statements for the First Quarter of the 17th FY” filed on May 10, 2012 by the Company, from the total number of shares issued (193,200 shares) as of the same date, as stated in the above “Summary of Financial Statements for the First Quarter of the 17th FY”.
- (Note 2) The ratio (rounded to two decimal places) based on the number of shares (187,946 shares) obtained by deducting the number of treasury shares (5,314 shares) held by the Company as of June 12, 2012, as stated in the “Summary of Financial Statements for the Second Quarter of the 17th FY” filed on August 9, 2012 by the Company, from the total number of shares issued (193,260 shares) as of the same date, as stated in the above “Summary of Financial Statements for the Second Quarter of the 17th FY”.
- (Note 3) The ratio (rounded to two decimal places) based on the number of shares (169,530 shares) obtained by deducting the number of treasury shares (23,790 shares) held by the Company as of September 30, 2012, as stated in the “Summary of Financial Statements for the Third Quarter of the 17th FY” filed on November 8, 2012 by the Company, from the total number of shares issued (193,320 shares) as of the same date, as stated in the above “Summary of Financial Statements for the Third Quarter of the 17th FY”.
- (Note 4) The ratio (rounded to two decimal places) based on the number of shares (33,228,800 shares) obtained by deducting the number of treasury shares (1,242,200 shares) held by the Company as of June 30, 2016, as stated in the “Summary of Financial Statements for the Third Quarter of the 21st FY” filed on November 8, 2016 by the Company, from the total number of shares issued (34,471,000 shares) as of the same date, as stated in the above “Summary of Financial Statements for the Third Quarter of the 21st FY”.

In these circumstances, around early March 2023, LY Corporation (“LY”; according to LY, its current trade name was changed from Z Holdings Corporation as of October 1, 2023), a wholly owning parent of the Company’s parent company and the largest shareholder Z Intermediate Holdings Corporation (“**ZHD Intermediate**”; number of shares owned at that time (Note 5): 16,788,400 shares, ownership ratio at that time (Note 6): 51.92%) (number of shares owned as of today: 16,788,400 shares, ownership ratio (Note 7): 51.92%) shared with the Company that, deliberation on various options on capital policies regarding the Company was ongoing, and that the options include revision of the positioning of the Company as LY’s subsidiary through the sale of a portion of the Company’s common shares owned by LY through ZHD Intermediate (the “**LY Owned Shares**”), mainly from the perspectives of the selection and focusing of the business portfolio at LY. Thus, from early April 2023, the Company continuously discussed the revision of the capital relationship with LY, to enable the maximization of corporate value for both companies’ shareholders. During the process of discussion, the Company concluded that: (i) from the perspectives of aiming for the reduction of the risk of business concentration to LY, and expansion of business fields, as acknowledged by the Company as its management issues, the Company’s unique growth strategies may be deliberated on and promoted, and enhancement of the Company’s corporate value and ensuring to secure the common interests of shareholders may be expected through lowering LY’s equity ratio in the Company at this time, while maintaining a certain capital relationship with LY; (ii) there is a possibility that, in the case where deliberation on the revision of the positioning of the Company as a subsidiary of LY through the sale of a portion of the LY Owned Shares by LY is formalized when the Company does not expect it, the Company is forced to suspend investment projects such as M&A projects under contemplation, and to dedicate considerable resources to the deliberation of the sale of a portion of the LY Owned Shares by LY. Thus, the Company concluded that there is a risk of hindrance in realizing the Company’s mid-term management plan. However, the Company could reduce the risk of LY selling a portion of the Company’s shares at a time when the Company does not expect it, by reducing LY’s equity ratio through the Company’s acquisition of its treasury shares. This is since an acquisition of the treasury shares is a transaction to which the Company

will be a party, and thus for which the Company may independently determine the time of implementation, among others; (iii) the Company's acquisition of the LY Owned Shares as treasury shares will contribute to improving the Company's capital efficiency including earnings per share (EPS) and return on equity (ROE), and will lead to a return of profit to shareholders. Thus, around early September 2023, it has been determined that while the revision of the capital relationship with LY is under continuous discussion, it is reasonable to lower LY's equity ratio in the Company through the Company's acquisition of its treasury shares. In consideration of the foregoing, from around early September 2023, deliberation on the acquisition of a portion of the LY Owned Shares begun within the Company.

- (Note 5) The number of Company shares owned by ZHD Intermediate stated in the "Securities Report for the 27th Fiscal Year" submitted on March 28, 2023, issued by the Company (the "**Securities Report for the Fiscal Year Ended December 2022**").
- (Note 6) This means the percentage (rounded to the second decimal place) of the difference (32,337,762 shares) of the total number of issued shares of the Company as of the date of the Securities Report for the Fiscal Year Ended December 2022 (34,471,000 shares) as stated in the securities report above, less the number of treasury shares held by the Company as of December 31, 2022, stated in the securities report above (2,133,699 shares).
- (Note 7) "Ownership ratio" means the percentage (rounded to the second decimal place) of the difference (32,337,762 shares) of the total number of issued shares of the Company as of December 31, 2023 (34,471,000 shares) as stated in the "Consolidated Financial Results for the fiscal year Ended December 2023 (Japanese GAAP)" announced by the Company on January 30, 2024 (the "**Financial Results for the Fiscal Year Ended December 2023**"), less the number of treasury shares held by the Company as of that date (2,133,238 shares); the same applies hereinafter in the calculation of the ownership ratio.

With regard to the specific method of acquiring treasury shares, after consideration from the perspectives such as (i) the fact that the acquisition involves a purchase of treasury shares in excess of a certain large quantity and amount, (ii) equality among shareholders, (iii) transparency of the transaction, (iv) the fact that since the common shares of the Company can be repurchased at a certain discount to the market price, it would result in a reduction in the outflow of the Company's assets outside the Company and (v) ensuring that shareholders are given a certain period for deliberation and the opportunity to tender their shares while observing the market trends, the Company has concluded that the acquisition of treasury shares through the method of a tender offer is most suitable instead of the market purchase method through a financial instruments exchange. Based on the deliberation above, on September 29, 2023, the Company inquired LY about the acquisition of a portion of the LY Owned Shares as treasury shares through a tender offer (the "**Acquisition of Treasury Shares**"). Thereafter, from late September 2023 to early December 2023, the Company had an initial consultation on the possibility of deliberation on the Acquisition of Treasury Shares with LY, and on December 8, 2023, LY contacted the Company stating that, if the sale is of a scale in which the Company will be an equity method affiliate and will be removed from LY's consolidation, the acquisition of treasury shares by the Company for a portion of the LY Owned Shares can be considered. Thus, on December 25, 2023, the Company appointed Nomura Securities Co., Ltd. ("**Nomura Securities**") as a financial advisor independent from the Company, ZHD Intermediate and LY, and Nishimura & Asahi (Gaikokuho Kyodo Jigyo) ("**N&A**") as a legal advisor independent from the Company, ZHD Intermediate and LY, and commenced full-scale deliberation on the Acquisition of Treasury Shares.

As of today, ZHD Intermediate and its wholly owning parent company, LY, are the Company's parent companies (number of shares owned by ZHD Intermediate as of today: 16,788,400 shares, ownership ratio: 51.92%), and the implementation of the Acquisition of Treasury Shares through the Tender Offer constitutes a transaction with a controlling shareholder as defined in the Securities Listing Regulations of the TSE. Therefore, it is necessary to obtain an "opinion to the effect that a matter will not undermine the interests of the minority shareholders" from persons who have no interest in the controlling shareholder. Thus, at the board of directors meeting held on January 9, 2024 (the "**Board of Directors Meeting dated January 9, 2024**"), the Company established a special committee with committee

members being the Company's four independent directors (Mr. Takao Nakamura, Mr. Toshio Takahashi, Mr. Makoto Suzuki, and Ms. Haruka Ikeda) who have no interest in ZHD Intermediate and/or LY (the "**Special Committee**"), and consulted the Special Committee whether it would be disadvantageous to the Company's minority shareholders if the Company decides to implement the Acquisition of Treasury Shares through the Tender Offer (the "**Consultation Matters**"). Also, at the Board of Directors Meeting dated January 9, 2024, it was resolved that: (i) the Company would respect the report from the Special Committee on the Consultation Matters as much as possible, and if the Special Committee determines that the decision on implementation of the Acquisition of the Treasury Shares through the Tender Offer is disadvantageous to the Company's minority shareholders, the Company would not determine the implementation of the Tender Offer; (ii) in the discussions and/or negotiations on the terms and conditions of the transactions of the Acquisition of the Treasury Shares between the Company and LY, the Special Committee may confirm the negotiation policies in advance, receive reports on the status thereof in a timely manner, and give opinions, recommendations or requests, or directly discuss and/or negotiate with third parties including LY, as necessary; (iii) the Company's executive directors must provide to the Special Committee, information deemed necessary for deliberation by the Special Committee, and the Special Committee may seek provision of such necessary information from the Company's executive directors, and (iv) the Special Committee may appoint its own external advisors as necessary for the deliberation of the Consultation Matters (costs in such cases are to be borne by the Company). At the first Special Committee meeting held on January 9, 2024, the Special Committee confirmed that there were no issues found concerning the expertise of the Company's financial advisor Nomura Securities, and approved the appointment of Nomura Securities subject to confirmation that there are no issues found concerning the independence of Nomura Securities; and at the sixth special committee meeting held on February 15, 2024, the Special Committee confirmed that there were no issues found concerning the independence of Nomura Securities. Furthermore, at the first Special Committee meeting held on January 9, 2024, the Special Committee confirmed that there were no issues found concerning the independence or expertise of the Company's legal advisor N&A, and approved the appointment thereof.

In determining the price of purchase of the Tender Offer (the "**Tender Offer Price**"), in late January 2024, the Company determined that it would be appropriate to (i) use the market price of the common shares of the Company as a basis in order to emphasize the clarity and objectivity of the price that is the basis for the purchase, and (ii) to conduct the purchase of treasury shares at a price that represents a discount to the market price of the common shares of the Company in order to prevent the flow of assets outside the Company as much as possible, thereby respecting the interests of shareholders that will continue to own the common shares of the Company without tendering in the Tender Offer. Further, when determining the total price of purchase in the Tender Offer (the "**Total Tender Offer Price**"), in consideration of the Company's distributable amount, financing, and investment capacity, it was considered that the funds necessary for operation of the Company's business were secured; and in early February 2024, it was determined that an amount of approximately 11 billion yen was appropriate. In consideration of the deliberations above, and after confirming the opinions of the Special Committee in advance, on February 9, 2024, the Company inquired LY to tender their shares in the Tender Offer in the case where the Company implemented the Tender Offer (i) with reference to the discount rate to market price determined in past cases of tender offer of treasury shares, the Tender Offer Price being the price obtained by a discount of about 15% on the basis of the lowest price out of the simple average closing price of the Company's common shares at the TSE on March 8, 2024, which is the immediately preceding business day of the date of resolution of the board of directors meeting pertaining to the implementation of the Tender Offer (the "**Immediately Preceding Business Day Before Announcement**"), and the closing prices for the past one month or past three months up to March 8, 2024, and (ii) the Total Tender Offer Price being 11 billion yen. Regarding the discount rate, with reference to the fact that the largest discount rate of 49 tender offers excluding 14 tender offers not appropriate to refer to, such as tender offers where a premium was set, or the tender offers where the tender offer price was determined based on a share valuation report out of 63 tender offers for treasury shares announced between January 1, 2021 and February 8, 2024 (6 tender offers with a discount rate below 10% (rounded to the nearest whole number, hereinafter the same in the calculation of discount rate), 38 tender offers with a discount rate of 10% or more and less than 11%, and 5 tender offers with

a discount rate of 11% or more and 15% or less, the “**Referenced Cases**”) was around 15%; by the analysis of the volatility of the Company’s common shares, it was concluded that within the scope of the Company’s common share price fluctuation, the share price is less likely to fall below the Tender Offer Price during the period for the purchase regarding the Tender Offer, etc. (the “**Tender Offer Period**”) if a discount of 10% is set, and that therefore 15%, which is the largest discount rate of the Referenced Cases, is an appropriate standard for the initial proposal. On February 14, 2024, the Company received a response to this from LY to the effect that LY agrees to set the Total Tender Offer Price at 11 billion yen, and also received a proposal to (i) determine the discount rate to be 10%, based on the fact that many of the cases regarding a tender offer for treasury shares conducted in 2022 and onward accompanied by a change in its major shareholders, which are similar to the Tender Offer, have adopted a discount of 10%, and that the discount rate for the Tender Offer should also be the same as those similar cases in order to be accountable to LY’s shareholders, and (ii) determine the price to be the basis for the discount (the “**Basic Price**”) to be either the simple average of the closing price for the past one month up to the Immediately Preceding Business Day Before Announcement, or the simple average of the closing price for the term from the date of the announcement of the financial results for the full year (January 30, 2024) up to the Immediately Preceding Business Day Before Announcement, based on the ideas that instead of setting the basic figure to be at a certain point in time, (a) an average share price of a certain period (which is an equalized value) should be adopted in order to rule out the effect of a temporal share price fluctuation, etc. and ensure its objectiveness and reasonableness as a basis for the calculation of the Basic Price, and (b) the market price that considers the evaluation for the full-year’s financial results (announced on January 30, 2024) is more reasonable and thus should be used as the basis. As a result of the deliberation conducted by the Company and the Special Committee based on such proposal, it has been concluded that there is no significant objection against the proposal; however, there is a concern that depending on future share price fluctuation, the tender offer price may exceed the closing price of the Immediately Preceding Business Day Before Announcement, and therefore it may end up being a tender offer for treasury shares with premiums represented in the closing price on the Immediately Preceding Business Day Before Announcement. Based on such deliberation, on February 20, 2024, the Company proposed to LY that in principle, the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement; however, if the determination of the Tender Offer Price based on such basis will represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, then the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the closing price of the Immediately Preceding Business Day Before Announcement, instead of the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement. In response to the foregoing, on February 27, 2024, the Company received a proposal from LY that in reality, it is less likely that the price calculated by applying a 10% discount on the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement, would represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, and even if it did happen, the price should be below the standard of the Tender Offer Price that LY could consider. Therefore, LY proposed that in principle, the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement; however, if the determination of the Tender Offer Price based on such basis will represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, then LY and the Company will conduct discussions in good faith. As a result of deliberation by the Company and the Special Committee based on such proposal, it was concluded that LY’s proposal could actually avoid the tender offer price representing a premium on the closing price of the Immediately Preceding Business Day Before Announcement. Therefore, on March 1, 2024, the Company responded to LY that it agreed to the proposal by LY. The Company determined that the Tender Offer Price will be 1,029 yen, which represents a 10% discount on 1,143 yen, the simple average closing price (rounded to the nearest whole yen; the same applies hereinafter in the calculation of the simple average closing price) of the Company’s common shares listed on the Prime Market of the TSE for up to 1 month prior to March 8, 2024, which is the Immediately Preceding Business Day Before

Announcement, and that therefore, 10,689,990 shares will be purchased (rounded up to the nearest whole number), calculated by dividing 11 billion yen (the total purchase amount) by 1,029 yen (the Tender Offer Price). The number of common shares of the Company that ZHD Intermediate plans to tender in the Tender Offer if the Company implements the Tender Offer, is equal to the number of shares to be purchased, which equals to 10,689,990 shares (ownership ratio: 33.06%) (the “**Pre-Tendered Shares**”), which is part of the Company’s common shares owned by ZHD Intermediate as of today 16,788,400 shares (ownership ratio: 51.92%).

The Company has entered into a tender offer agreement (the “**Tender Agreement**”) with ZHD Intermediate on March 11, 2024 for ZHD Intermediate to tender the Pre-Tendered Shares in the Tender Offer. Under the Tender Agreement, as the conditions precedent for ZHD Intermediate to tender the Pre-Tendered Shares in the Tender Offer (the “**Tender**”), it has been set forth that: (i) there is no material inaccuracy regarding the Company’s representations and warranties set forth in the Tender Agreement; (ii) the Company is not in a material breach regarding the Company’s obligations set forth in the Tender Agreement; (iii) there is no judgement, decision, or other determinations made by legal or administrative organs or the like, which restrict or prohibit the Tender, or any risk of those being made; (iv) the Special Committee has submitted the Committee Report (defined below) to the Company’s board of directors, and the content thereof has not been changed or withdrawn; and (v) there is no material fact about the business of the Company as set forth in Article 166, Paragraph (2) of the Act, which has not been publicized by the Company as set forth in Article 166, Paragraph (4) of the Act, or the fact in connection with the implementation of a tender offer, etc., as set forth in Article 167, Paragraph (2) of the Act, which has not been publicized by the tender offeror, etc. as set forth in Article 167, Paragraph (4) of the Act. Furthermore, under the Tender Agreement, it has been set forth that ZHD Intermediate will not bear an obligation to conduct the Tender, or if it has already conducted the Tender, then it may cancel the agreement pertaining to the purchase of the Pre-Tendered Shares and accept a third party’s offer or proposal, without bearing any compensation for damage, penalty, or other monetary payment, and without incurring any other obligation, burden, or conditions, if (i) by the final day of the Tender Offer Period, ZHD Intermediate had received, without violating the provisions of the Tender Agreement, a specific and realizable offer or proposal from a person other than the Company, concerning an acquisition of the Company’s common shares (whether by tender offer, organizational restructuring, or other methods) at a consideration (whether by money, shares, or other types) that is, in comparison to after-tax pay, equivalent to a price exceeding the Tender Offer Price, and (ii) by receiving a written opinion or advice from an external attorney stating that ZHD Intermediate’s conduct of the Tender or ZHD Intermediate not withdrawing the Tender that has already been conducted may be reasonably deemed as ZHD Intermediate’s director’s violation of their duty of due care of a prudent manager, ZHD Intermediate determines so.

The number of shares to be purchased in the Tender Offer is set to be 10,689,990 shares (ownership ratio: 33.06%) which equals to the number of the Pre-Tendered Shares, and if the total number of shares, etc. tendered in the Tender Offer (the “**Tendered Shares**”) exceeds the number of shares to be purchased, the purchase will be conducted by the pro-rata method. As a result of the purchase by the pro-rata method, part of the Pre-Tendered Shares will not be purchased. However, the Company has received an explanation from LY to the effect that currently, there is no policy specifically determined on the handling of such portion of shares that were not purchased. In addition, the Company has received an explanation from LY to the effect that currently, there is no policy specifically determined on the handling of 6,098,410 shares of the LY Owned Shares that will not be tendered in the Tender Offer (ownership ratio: 18.86%), and the Company will continue to aim for the enhancement of corporate value and creation of mutual interests of the Company’s shareholders through the creation of a synergistic effect with LY, while maintaining a certain capital relationship. If all of the Pre-Tendered Shares were purchased in the Tender Offer, LY’s voting rights ratio (Note 8) will be 20% or above, and the Company is expected to be an equity-method affiliated company of LY from its subsidiary.

(Note 8) “Voting rights ratio” means the percentage (rounded to the second decimal place) of the number of voting rights (216,477 voting rights) pertaining to the difference (21,647,772 shares) of the total number of issued shares as of December 31, 2023, stated in the Financial

Results for the Fiscal Year Ended December 2023 (34,471,000 shares) less the number of treasury shares held by the Company as of that date (2,133,238 shares) and the number of Pre-Tendered Shares (10,689,990 shares) represented by the number of voting rights (60,984 voting rights) pertaining to the number of shares of the common shares of the Company held by LY after the Tender Offer (6,098,410 shares).

Also, as stated above, on January 9, 2024, the Company referred the Consultation Matters to the Special Committee, and the Company received from the Special Committee a report (the “**Committee Report**” dated March 11, 2024 to the effect that the Company’s decision with respect to implementing the Acquisition of Treasury Shares through the Tender Offer is considered not to undermine the interests of the minority shareholders of the Company. For details, please refer to “(B) Process of Calculation” in “(3) Basis of Calculation of the Purchase Price” in “3. Summary of the Tender Offer” below.)

The Tender Offer is planned to be financed entirely using the Company’s own funds. As the Company’s liquidity on hand (cash and deposits) on a consolidated basis as of December 31, 2023, as stated in the Financial Results for the Fiscal Year Ended December 2023 was 21,534 million yen, and since the Company has secured funds that will be sufficient even after considering the Company’s standards of operating funds that have been consistently secured in order to avoid any hindrance to the Company’s ordinary business operations, and investment capacity that the Company wishes to secure for its future growth, after the appropriation of the funds for purchase of the Tender Offer, the liquidity on hand may be sufficiently secured, and the retained earnings generated by business are expected to accumulate to a certain extent. It is therefore believed that the Company’s financial health and stability can be maintained in the future.

Based on the above, the Company resolved at the board of directors meeting held on March 11, 2024 (the “**Board of Directors Meeting dated March 11, 2024**”) that, by a unanimous vote of all the Company’s directors who participated in the deliberations or resolutions (6 directors excluding Mr. Taku Hasegawa, Mr. Koichiro Tanabe, Mr. Yoshimasa Kasuya, and Mr. Hajime Hatanaka), (i) to conduct a purchase of treasury shares pursuant to the Articles of Incorporation of the Company, under Article 459, paragraph (1) of the Companies Act, (ii) to implement the Tender Offer as a specific method of such purchase of treasury shares, (iii) to set the Tender Offer Price at 1,029 yen, which represents a 10% discount on 1,143 yen, the simple average closing price of the Company’s common shares listed on the Prime Market of the TSE for up to one month prior to March 8, 2024, which is the Immediately Preceding Business Day Before Announcement, and (iv) the maximum number of shares to be purchased in the Tender Offer to be 10,689,990 shares, (ownership ratio: 33.06%), which is the same number as the Pre-Tendered Shares. Mr. Taku Hasegawa, Mr. Koichiro Tanabe, Mr. Yoshimasa Kasuya, and Mr. Hajime Hatanaka, who are the Company’s directors are all seconded from LY, and as such, they have not participated in the deliberations or resolutions of the board of directors meeting of the Company including the Board of Directors Meeting dated January 9, 2024, and the Board of Directors Meeting dated March 11, 2024, with respect to the agenda concerning the execution of the Tender Offer, from the perspective of avoiding any suspicion of a conflict of interest. In addition, they have not participated in any discussions or negotiations with LY from the Company’s standpoint on various terms and conditions of the Tender Offer.

The Company has not obtained a share valuation report from a third party appraiser in determining the Tender Offer Price, given that the common shares of the Company is listed on the TSE Prime Market and has a market price, the market price is an objective reference point when calculating and determining the Tender Offer Price, and acquiring the LY Owned Shares from ZHD Intermediate as the parent company at a price that represents a discount to the market price is considered not to undermine the interests of the minority shareholders of the Company.

In addition, with respect to the policy for the disposal of treasury shares acquired through the Tender Offer, nothing has been determined at this time.

2. Details of the Resolution of the Shareholders (and the Board of Directors) Meeting Concerning the Purchase of Treasury Shares

(1) Details of the Resolution

Type of Shares, Etc.	Total Number of Shares	Aggregate Purchase Amount
Common shares	10,690,090 shares (maximum)	11,000,102,610 yen (maximum)

(Note 1) Total number of issued shares: 34,471,000 shares (as of today)

(Note 2) Proportion of the total number of issued shares: 31.01% (rounded to the second decimal place)

(Note 3) Acquisition period: From March 12, 2024 to May 31, 2024

(Note 4) Because there is a possibility that the number of shares to be purchased may exceed the number of shares expected to be purchased as a result of the units of shares being adjusted on a pro rata basis due to the number of tendered shares exceeding the number of shares expected to be purchased, the total number of shares subject to the board of directors resolution includes one unit of shares (100 shares) in addition to the number of shares expected to be purchased.

(2) Listed Shares, Etc. Relating to the Treasury Shares Previously Purchased Pursuant to the Resolution

Not applicable.

3. Summary of the Tender Offer

(1) Timetable

(A) Date of Board of Directors Resolution	Monday, March 11, 2024
(B) Date of Public Notice of Commencement of the Tender Offer	Tuesday, March 12, 2024 Electronic public notice will be issued, and the issuance of such notice will be stated in the Nihon Keizai Shimbun. (URL for electronic notice: https://disclosure2.edinet-fsa.go.jp/)
(C) Date of Submission of Tender Offer Registration Statement	Tuesday, March 12, 2024
(D) Period of Tender Offer	From Tuesday, March 12, 2024 to Tuesday, April 9, 2024 (20 business days)

(2) Purchase Price of the Tender Offer

1,029 yen per share of common shares

(3) Basis of Calculation of the Purchase Price

(A) Basis of Calculation

In determining the Tender Offer Price, the Company determined in late January 2024 that it would be appropriate to (i) use the market price of the common shares of the Company as a basis in order to emphasize the clarity and objectivity of the price that is the basis for the purchase, and (ii) to conduct the purchase of treasury shares at a price that represents a discount to the market price of the common shares of the Company in order to prevent the flow of assets outside the Company as much as possible, thereby respecting the interests of shareholders that continue to hold the common shares of the Company without tendering in the Tender Offer. Further, when determining the Total Tender Offer Price, in consideration of the Company's distributable amount, financing, and investment capacity, it was determined in early February 2024 that funds necessary for operation of the Company's business had been secured, and that an amount of approximately 11 billion yen was appropriate. In consideration of the deliberations above, and after confirming the opinions of the Special Committee in advance, on February 9, 2024, the Company inquired with LY to tender their shares in the Tender Offer in the case where the Company implemented the Tender Offer with (i) reference to the discount rate to market price determined in past cases of the tender offer of treasury shares, the Tender Offer Price being the price obtained by a discount of about 15% on the basis of the lowest price out of the simple average closing price of the Company's common shares at the TSE on March 8, 2024, which is the Immediately Preceding Business Day Before Announcement, and the closing prices for the past one month or past three months up to March 8, 2024, and (ii) the Total Tender Offer Price being 11 billion yen. Regarding the discount rate, with reference to the fact that the largest discount rate of the Referenced Cases was around 15%; by the analysis of the volatility of the Company's common shares, it was concluded that within the scope of the Company's common share price fluctuation, the share price is less likely to fall below the Tender Offer Price during the Tender Offer Period if a discount of 10% is set, and that therefore 15%, which is the largest discount rate of the Referenced Cases, is an appropriate standard for the initial proposal. On February 14, 2024, the Company received a response to this from LY to the effect that LY agrees to set the Total Tender Offer Price at 11 billion yen, and also received a proposal to (i) determine the discount rate to be 10%, based on the fact that many of the cases regarding a tender offer for treasury shares conducted in 2022 and onward accompanied by a change in its major shareholders, which are similar to the Tender Offer, have adopted a discount of 10%, and that the discount rate for the Tender Offer should also be the same as those similar cases in order to be accountable to LY's shareholders, and (ii) determine the Basic Price to be either the simple average of the closing price for the past one month up to the Immediately Preceding Business Day Before Announcement, or the simple average of the closing price for the term from the date of the announcement of the financial results for the full year (January 30, 2024) up to the Immediately Preceding Business Day Before Announcement, based on the ideas that instead of setting the basic figure to be at a certain point in time, (a) an average share price of a certain period (which is an equalized value) should be adopted in order to rule out the effect of a temporal share price fluctuation, etc. and ensure its objectiveness and reasonableness as a basis for the calculation of the Basic Price, and (b) the market price that considers the evaluation for the full-year's financial results (announced on January 30, 2024) is more reasonable and thus should be used as the basis. As a result of the deliberation conducted by the Company and the Special Committee based on such proposal, it has been concluded that there is no significant objection against the proposal; however, there is a concern that depending on future share price fluctuation, the tender offer price may exceed the closing price of the Immediately Preceding Business Day Before Announcement, and therefore it may end up being a tender offer for treasury shares with premiums represented in the closing price on the Immediately Preceding Business Day Before Announcement. Based on such deliberation, on February 20, 2024, the Company proposed to LY that in principle, the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement; however, if the determination of the Tender Offer Price based on such

basis will represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, then the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the closing price of the Immediately Preceding Business Day Before Announcement, instead of the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement. In response to the foregoing, on February 27, 2024, the Company received a proposal from LY that in reality, it is less likely that the price calculated by applying a 10% discount on the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement, would represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, and even if it did happen, the price should be below the standard of the Tender Offer Price that LY could consider. Therefore, LY proposed that in principle, the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement; however, if the determination of the Tender Offer Price based on such basis will represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, then LY and the Company will conduct discussions in good faith. As a result of deliberation by the Company and the Special Committee based on such proposal, it was concluded that LY's proposal could actually avoid the tender offer price representing a premium on the closing price of the Immediately Preceding Business Day Before Announcement. Therefore, on March 1, 2024, the Company responded to LY that it agreed to the proposal by LY. The Company determined that the Tender Offer Price will be 1,029 yen, which represents a 10% discount on 1,143 yen, the simple average closing price of the Company's common shares listed on the Prime Market of the TSE for up to one month prior to March 8, 2024, which is the Immediately Preceding Business Day Before Announcement, and that therefore, 10,689,990 shares will be purchased (rounded up to the nearest whole number), calculated by dividing 11 billion yen (the total purchase amount) by 1,029 yen (the Tender Offer Price).

Based on the above, the Company resolved at the Board of Directors Meeting dated March 11, 2024, by a unanimous vote of all the Company's directors who participated in the deliberations or resolutions (6 directors excluding Mr. Taku Hasegawa, Mr. Koichiro Tanabe, Mr. Yoshimasa Kasuya, and Mr. Hajime Hatanaka), (i) to conduct a purchase of treasury shares pursuant to the Articles of Incorporation of the Company, under Article 459, paragraph (1) of the Companies Act, (ii) to implement the Tender Offer as a specific method of such purchase of treasury shares, (iii) to set the Tender Offer Price at 1,029 yen, which represents a 10% discount on 1,143 yen, the simple average closing price of the Company's common shares listed on the Prime Market of the TSE for up to one month prior to March 8, 2024, which is the Immediately Preceding Business Day Before Announcement, and (iv) the maximum number of shares to be purchased in the Tender Offer to be 10,689,990 shares, (ownership ratio: 33.06%), which is the same number as the Pre-Tendered Shares.

The Tender Offer Price of 1,029 yen represents a discount of 2.83% on the closing price of the common shares of the Company on the Prime Market of the TSE as of March 8, 2024 (1,059 yen), which is the Immediately Preceding Business Day Before Announcement, a discount of 9.97% on the simple average closing price of the common shares of the Company over the one-month period prior to the same day (1,143 yen), and a discount of 23.15% on the simple average closing price of the common shares of the Company over the three month period prior to the same day (1,339 yen).

(B) Process of Calculation

(Process of Determining the Tender Offer Price)

In determining the Tender Offer Price, the Company determined in late January 2024 that it would be appropriate to (i) use the market price of the common shares of the Company as a basis in order

to emphasize the clarity and objectivity of the price that is the basis for the purchase, and (ii) to conduct the purchase of treasury shares at a price that represents a discount to the market price of the common shares of the Company in order to prevent the flow of assets outside the Company as much as possible, thereby respecting the interests of shareholders that continue to hold the common shares of the Company without tendering in the Tender Offer. Further, when determining the Total Tender Offer Price, in consideration of the Company's distributable amount, financing, and investment capacity, it was determined in early February 2024 that funds necessary for operation of the Company's business had been secured, and that an amount of approximately 11 billion yen was appropriate. In consideration of the deliberations above, and after confirming the opinions of the Special Committee in advance, on February 9, 2024, the Company inquired with LY to tender their shares in the Tender Offer in the case where the Company implemented the Tender Offer with (i) reference to the discount rate to market price determined in past cases of the tender offer of treasury shares, the Tender Offer Price being the price obtained by a discount of about 15% on the basis of the lowest price out of the simple average closing price of the Company's common shares at the TSE on March 8, 2024, which is the Immediately Preceding Business Day Before Announcement, and the closing prices for the past one month or past three months up to March 8, 2024, and (ii) the Total Tender Offer Price being 11 billion yen. Regarding the discount rate, with reference to the fact that the largest discount rate of the Referenced Cases was around 15%; by the analysis of the volatility of the Company's common shares, it was concluded that within the scope of the Company's common share price fluctuation, the share price is less likely to fall below the Tender Offer Price during the Tender Offer Period if a discount of 10% is set, and that therefore 15%, which is the largest discount rate of the Referenced Cases, is an appropriate standard for the initial proposal. On February 14, 2024, the Company received a response to this from LY to the effect that LY agrees to set the Total Tender Offer Price at 11 billion yen, and also received a proposal to (i) determine the discount rate to be 10%, based on the fact that many of the cases regarding a tender offer for treasury shares conducted in 2022 and onward accompanied by a change in its major shareholders, which are similar to the Tender Offer, have adopted a discount of 10%, and that the discount rate for the Tender Offer should also be the same as those similar cases in order to be accountable to LY's shareholders, and (ii) determine the Basic Price to be either the simple average of the closing price for the past one month up to the Immediately Preceding Business Day Before Announcement, or the simple average of the closing price for the term from the date of the announcement of the financial results for the full year (January 30, 2024) up to the Immediately Preceding Business Day Before Announcement, based on the ideas that instead of setting the basic figure to be at a certain point in time, (a) an average share price of a certain period (which is an equalized value) should be adopted in order to rule out the effect of a temporal share price fluctuation, etc. and ensure its objectiveness and reasonableness as a basis for the calculation of the Basic Price, and (b) the market price that considers the evaluation for the full-year's financial results (announced on January 30, 2024) is more reasonable and thus should be used as the basis. As a result of the deliberation conducted by the Company and the Special Committee based on such proposal, it has been concluded that there is no significant objection against the proposal; however, there is a concern that depending on future share price fluctuation, the tender offer price may exceed the closing price of the Immediately Preceding Business Day Before Announcement, and therefore it may end up being a tender offer for treasury shares with premiums represented in the closing price on the Immediately Preceding Business Day Before Announcement. Based on such deliberation, on February 20, 2024, the Company proposed to LY that in principle, the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement; however, if the determination of the Tender Offer Price based on such basis will represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, then the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the closing price of the Immediately Preceding Business Day Before Announcement, instead of the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement. In response to the foregoing, on February 27, 2024, the Company received a proposal from LY that

in reality, it is less likely that the price calculated by applying a 10% discount on the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement, would represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, and even if it did happen, the price should be below the standard of the Tender Offer Price that LY could consider. Therefore, LY proposed that in principle, the Tender Offer Price should be calculated by applying a 10% discount to the Basic Price, with the Basic Price being the simple average of the closing price for the one month up to the Immediately Preceding Business Day Before Announcement; however, if the determination of the Tender Offer Price based on such basis will represent a premium on the closing price of the Immediately Preceding Business Day Before Announcement, then LY and the Company will conduct discussions in good faith. As a result of deliberation by the Company and the Special Committee based on such proposal, it was concluded that LY's proposal could actually avoid the tender offer price representing a premium on the closing price of the Immediately Preceding Business Day Before Announcement. Therefore, on March 1, 2024, the Company responded to LY that it agreed to the proposal by LY.

Based on the above, the Company resolved at the Board of Directors Meeting dated March 11, 2024, by a unanimous vote of all the Company's directors who participated in the deliberations or resolutions (6 directors excluding Mr. Taku Hasegawa, Mr. Koichiro Tanabe, Mr. Yoshimasa Kasuya, and Mr. Hajime Hatanaka), (i) to conduct a purchase of treasury shares pursuant to the Articles of Incorporation of the Company, under Article 459, paragraph (1) of the Companies Act, (ii) to implement the Tender Offer as a specific method of such purchase of treasury shares, (iii) to set the Tender Offer Price at 1,029 yen, which represents a 10% discount on 1,143 yen, the simple average closing price of the Company's common shares listed on the Prime Market of the TSE for up to one month prior to March 8, 2024, which is the Immediately Preceding Business Day Before Announcement, and (iv) the maximum number of shares to be purchased in the Tender Offer to be 10,689,990 shares, (ownership ratio: 33.06%), which is the same number as the Pre-Tendered Shares.

(Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest; Outline of Opinion Obtained From a Party That has No Interest in the Controlling Shareholder Stating that the Transaction, etc. will not Undermine the Interests of the Minority Shareholders)

(a) Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest

With regard to the specific method of acquiring treasury shares, after consideration from the perspectives such as (A) the fact that the acquisition involves a purchase of treasury shares in excess of a certain large quantity and amount, (B) equality among shareholders, (C) transparency of the transaction, (D) the fact that since the common shares of the Company can be repurchased at a certain discount to the market price, it would result in a reduction in the outflow of the Company's assets outside the Company and (E) ensuring that shareholders are given a certain period for deliberation and the opportunity to tender their shares while observing the market trends, the Company has decided to implement a tender offer, instead of a market purchase through a financial instruments exchange.

Mr. Taku Hasegawa, Mr. Koichiro Tanabe, Mr. Yoshimasa Kasuya, and Mr. Hajime Hatanaka, who are the Company's directors, are all seconded from LY, and as such, they have not participated in the deliberations or resolutions of the board of directors meeting of the Company including the Board of Directors Meeting dated January 9, 2024, and the Board of Directors Meeting dated March 11, 2024, with respect to the agenda concerning the execution of the Tender Offer, from the perspective of avoiding any suspicion of a conflict of interest. In addition, they have not participated in any discussions/negotiations with LY from the Company's standpoint on various terms and conditions of the Tender Offer.

As of today, ZHD Intermediate and its wholly owning parent company, LY, are the Company's parent companies (number of shares owned by ZHD Intermediate as of today: 16,788,400 shares, ownership ratio: 51.92%), and the implementation of the Acquisition of Treasury Shares through the Tender Offer constitutes a transaction with a controlling shareholder as defined in the Securities Listing Regulations of the TSE. Therefore, it is necessary to obtain an "opinion to the effect that a matter will not undermine the interests of the minority shareholders" from persons who have no interest in the controlling shareholder. Thus, at the Board of Directors Meeting dated January 9, 2024, the Company established the Special Committee, and referred the Consultation Matters to the Special Committee, and received the Committee Report on March 11, 2024. Also, at the Board of Directors Meeting dated January 9, 2024, it was resolved that: (i) the Company would respect the report from the Special Committee on the Consultation Matters as much as possible, and if the Special Committee determines that the decision on implementation of the Acquisition of the Treasury Shares through the Tender Offer is disadvantageous to the Company's minority shareholders, the Company would not determine the implementation of the Tender Offer; (ii) in the discussions and/or negotiations on the terms and conditions of the transactions of the Acquisition of the Treasury Shares between the Company and LY, the Special Committee may confirm the negotiation policies in advance, receive reports on the status thereof in a timely manner, and give opinions, recommendations or requests, or directly discuss and/or negotiate with third parties including LY, as necessary; (iii) the Company's executive directors must provide to the Special Committee, information deemed necessary for deliberation by the Special Committee, and the Special Committee may seek provision of such necessary information from the Company's executive directors, and (iv) the Special Committee may appoint its own external advisors as necessary for the deliberation of the Consultation Matters (costs in such cases are to be borne by the Company).

Furthermore, in regard to the deliberation of the Acquisition of Treasury Shares through the Tender Offer, the Company appointed Nomura Securities as a financial advisor that is independent from the Company, ZHD Intermediate, and LY, and N&A as a legal advisor that is independent from the Company, ZHD Intermediate, and LY. The Company has received financial advice and assistance from Nomura Securities, including advice on negotiation policies with LY, and legal advice from N&A, including advice on both measures to be taken to ensure the fairness of the transaction, various procedures for the Acquisition of Treasury Shares through the Tender Offer, and the methods, processes, etc. for the Company's decision-making. Nomura Securities and N&A are not related parties of the Company, ZHD Intermediate, or LY, and do not have any material interest in the Acquisition of Treasury Shares through the Tender Offer. At the first Special Committee meeting held on January 9, 2024, the Special Committee confirmed that there were no issues found concerning the expertise of Nomura Securities, and approved the appointment of Nomura Securities subject to confirmation that there are no issues found concerning the independence of Nomura Securities; and at the sixth special committee meeting held on February 15, 2024, the Special Committee confirmed that there were no issues found concerning the independence of Nomura Securities. Furthermore, at the first Special Committee meeting held on January 9, 2024, the Special Committee confirmed that there were no issues found concerning the independence or expertise of N&A, and approved the appointment thereof.

- (b) Outline of Opinion Obtained From a Party That has No Interest in the Controlling Shareholder Stating that the Transaction, etc. will not Undermine the Interests of the Minority Shareholders

The Company has obtained the Committee Report dated March 11, 2024 from the Special Committee stating that based on the information confirmed by the Company's management and LY, the decision to implement the Acquisition of Treasury Shares should not undermine the interests of the Company's minority shareholders, for the following reasons.

- (i) Based on the background of the deliberation for the Acquisition of Treasury Shares, the purpose for the implementation of the Acquisition of Treasury Shares is assumed to be

reasonable, and particularly material issues with regard to effects from the Company's financial perspective due to the implementation of the Acquisition of Treasury Shares or effects from a business perspective due to the fact that the Company will no longer be a consolidated subsidiary of LY were not found; therefore, there is no circumstance to consider that the implementation itself of the Acquisition of Treasury Shares will damage the corporate value of the Company after the Acquisition of Treasury Shares.

- (ii) An acquisition of treasury shares through a tender offer ensures that minority shareholders have the opportunity to tender their shares based on the market movement after being provided a certain period for deliberation, and it considers the fairness between the shareholders and the transparency of the transaction, among others; therefore, it is not considered to undermine the interest of the Company's minority shareholders, even in comparison with other methods.
- (iii) The Tender Offer Price was determined through diligent negotiations with LY in accordance with the negotiation policy considered and determined by the Special Committee, while taking into consideration other companies' precedents and the trends in the share price of the Company's shares, and is considered to have been determined through fair procedures. As such, the Tender Offer Price respects the interests of shareholders that will continue to own common shares of the Company without tendering in the Tender Offer, while preventing the Company's assets flowing outside the Company during the Tender Offer; therefore, it is anticipated not to be particularly advantageous to LY, and thus will not undermine the interests of the Company's minority shareholders.
- (iv) The deliberation and decision of the Acquisition of Treasury Shares is assumed not to have been conducted through an unfair procedure that may undermine the interests of the Company's minority shareholders.

In light of the considerations and deliberations above, the Company resolved at the Board of Directors Meeting dated March 11, 2024 to set the Tender Offer Price at 1,029 yen.

(4) Number of Shares, Etc. to be Purchased

Type of Shares, Etc.	Number of Shares to be Purchased	Expected Number of Excess Shares	Total
Common shares	10,689,990 shares	-- shares	10,689,990 shares

(Note 1) If the total number of Tendered Shares does not exceed the number of shares to be purchased (10,689,990 shares), the Company will purchase all Tendered Shares. If the total number of Tendered Shares exceeds the number of shares to be purchased (10,689,990 shares), the Company will not purchase all or some of the excess portion, and will acquire shares, etc. and effect other settlement procedures for their purchase, etc. using the pro rata method specified in Article 27-13, paragraph (5) of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act") which applies *mutatis mutandis* pursuant to Article 27-22-2, paragraph (2) of the Act, and Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Shares by Issuers (Ministry of Finance Ordinance No. 95 of 1994, as amended).

(Note 2) Shares of less than one unit are subject to the Tender Offer. In the case where a shareholder exercises the right to demand a purchase of shares of less than one unit pursuant to the Companies Act, the Company will purchase such treasury shares during the Tender Offer Period in accordance with the procedures specified by laws and regulations.

(5) Funds Necessary for the Purchase

11,067,499,710 yen

(Note) The amount of funds necessary for the purchase is the total of the purchase price (where all the shares to be purchased (10,689,990 shares) have been purchased) and the estimated amount of purchasing fees and other expenses (expenses necessary for public notices relating to the Tender Offer, printing expenses for the tender offer explanatory statement and other necessary documents, and other sundry expenses).

(6) Method of Settlement

(A) Name and Address of Head Office of Financial Instruments Business Operator, Bank, Etc. Handling the Settlement of the Tender Offer

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

(B) Commencement Date of Settlement

May 2, 2024 (Thursday)

(C) Method of Settlement

Written notice of the purchase under the Tender Offer will be mailed to the address of any person who accepts the offer to purchase shares, etc. or applies to sell shares through the Tender Offer (“**Tendering Shareholder**”) (in the case of a shareholder, etc. that is a foreign resident and does not have a bank account that can be used by the tender offer agent for the transaction (including corporate shareholders, etc., the “**Foreign Shareholder**”), the shareholder’s standing proxy) without delay after the conclusion of the Tender Offer Period.

Purchases will be made in cash. Without delay after the commencement date of settlement, the amount of the sales proceeds by the Tender Offer (after deducting the applicable amount of withholding tax (Note)) will be paid to the Tendering Shareholder, by remittance or other methods based on the instructions by the Tendering Shareholder (a remittance fee may be incurred).

(Note) Taxation on the shares purchased through tender offer

* Please consult your certified public tax accountant or other experts concerning specific tax-related questions and make any related decisions at your own discretion.

(i). The following is the taxational handling for cases in which individual shareholders tender in the Tender Offer.

(a) In the case where the Tendering Shareholder is a resident of Japan or a non-resident with a permanent establishment in Japan

If the amount of money paid for tendering shares in the Tender Offer exceeds the amount of the portion corresponding to the shares that are the basis for the delivery included in the Company’s stated capital (when the per-share purchase price is greater than the per-share amount of capital of the Company), the amount of the excess portion is deemed to constitute dividends and is subject to taxation. The amount of money delivered for tendering shares in the Tender Offer minus the amount constituting dividends constitutes the proceeds from the transfer of shares. If no amount constitutes a dividend (when the per-share purchase price is less than the per-share amount of capital of the Company), the entire paid amount shall constitute income from the transfer of shares.

The amount that constitutes dividends is subject to a withholding of 20.315% (15.315% in income taxes and the special reconstruction income tax under the “Act on Special Measures concerning Securing Financial Resources Necessary to Implement Measures for Reconstruction in Response to the Great East Japan Earthquake” (Act No. 117 of 2011, as amended; the “**Special Reconstruction Income Tax**”) and 5% in resident taxes) (non-residents with a permanent establishment in Japan are exempt from special collection of the 5% resident tax). However, if a shareholder is a large shareholder, etc., as prescribed in Article 4-6-2, paragraph (38) of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No.43 of 1957, as amended) (“**Large Shareholder, Etc.**”), 20.42% of the payment shall be withheld (income tax and Special Reconstruction Income Tax only). In addition, if the ratio of (i) the shares held by the Tendering Shareholders who receive the payments of the amount constituting dividends, combined with the shares held by legal entities that constitutes family companies under the Corporation Tax Act when the Tendering Shareholders are the shareholder on the basis of which the assessment is made, to (ii) the total number of shares issued is 3/100ths or more, the amount constituting such dividend shall be subject to general taxation.

The amount of proceeds from the transfer of shares minus acquisition expenses relating to the shares is, in principle, subject to separate self-assessment taxation.

In the case where shares in a tax-exempt account (“**Tax-Exempt Account**”) prescribed in Article 37-14 (Tax-Exempt Status of Income from Transfers Relating to Small Amounts of Listed Shares in Tax-Exempt Accounts) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) are tendered in the Tender Offer and the financial instruments business operator with which the Tax-Exempt Account was opened is Nomura Securities Co. Ltd., income from the transfer of shares through the Tender Offer is tax exempt, in principle. If the Tax-Exempt Account was opened with a financial instruments business operator other than Nomura Securities Co. Ltd., the treatment described above may not apply.

- (b) In the case where the Tendering Shareholder is a non-resident of Japan without a permanent establishment in Japan

The amount constituting dividends is subject to a withholding of 15.315% (income tax and Special Reconstruction Income Tax only). If the shareholder is a Large Shareholder, Etc., then the deemed dividends are subject to a withholding of 20.42% (income tax and Special Reconstruction Income Tax only). Further, income arising from the transfer of shares is not subject to taxation, in principle.

- (ii). When the amount of money received by corporate shareholders for tendering in the Tender Offer exceeds the amount of the portion of the Company’s capital attributable to the shares that are the basis for that payment, the excess amount shall constitute a dividend. The amount that constitutes a dividend is subject to a withholding of 15.315% (income tax and Special Reconstruction Income Tax only), in principle.

However, no income tax or Special Reconstruction Income Tax will be imposed and no withholding will be made on amounts constituting a dividend to be paid by the Company to Tendering Shareholders (limited to legal entities (domestic legal entities) with a head office or principal office in Japan) who directly hold more than one-third of the Company’s issued shares on the record date for the payment of such dividends, etc.

Any Foreign Shareholder that wishes to be exempted from or have reduced the income tax on the deemed dividend amount under an applicable tax treaty is requested to submit, when tendering their shares in the Tender Offer, notice, etc., regarding such tax treaty to the tender offer agent, together with the tender offer application form.

(7) Others

- (A) The Tender Offer is not conducted in the U.S. or for the U.S., either directly or indirectly, and is not conducted by means of U.S. mail or other interstate or international commerce methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail, and internet communications), and moreover, is not conducted through any securities exchange facility in the U.S. No application for the Tender Offer may be accepted through any of the aforementioned methods or means, or through the aforementioned facilities, or from the U.S. The tender offer registration statement and the related tender documents regarding the Tender Offer are not and may not be sent or distributed in, to, or from the U.S. by mail or any other method. Any application for the Tender Offer that is in violation of any of the abovementioned restrictions, either directly or indirectly, will not be accepted. The Tendering Shareholder (in the case of a Foreign Shareholder, the shareholder's standing proxy) may be requested to make the following representations and warranties to the tender offer agent when tendering shares in the Tender Offer. The Tendering Shareholder is not located in the U.S. either at the time of tendering shares or sending the tender offer application form; the Tendering Shareholder has not received or sent any information (including copies thereof) regarding the Tender Offer, in, to, or from the U.S., either directly or indirectly; the Tendering Shareholder does not use U.S. mail or other interstate or international commerce methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail, and internet communications), or any securities exchange facility in the U.S., with respect to the purchase, etc. or signing and delivering the tender offer application form, either directly or indirectly; and the Tendering Shareholder is not acting as any other person's agent or trustee/delegate without discretion (except in the case where such other person is giving all instructions regarding the purchase, etc. from outside the U.S.).
- (B) The Company has entered into the Tender Agreement with ZHD Intermediate on March 11, 2024 for ZHD Intermediate to tender the Pre-Tendered Shares in the Tender Offer. Under the Tender Agreement, as the conditions precedent for ZHD Intermediate to conduct the Tender, it has been set forth that: (i) there is no material inaccuracy regarding the Company's representations and warranties set forth in the Tender Agreement; (ii) the Company is not in a material breach regarding the Company's obligations set forth in the Tender Agreement; (iii) there is no judgement, decision, or other determinations made by legal or administrative organs or the like, which restrict or prohibit the Tender, or any risk of those being made; (iv) the Special Committee has submitted the Committee Report to the Company's board of directors, and the content thereof has not been changed or withdrawn; and (v) there is no material fact about the business of the Company as set forth in Article 166, Paragraph (2) of the Act, which has not been publicized by the Company as set forth in Article 166, Paragraph (4) of the Act, or the fact in connection with the implementation of a tender offer, etc., as set forth in Article 167, paragraph (2) of the Act, which has not been publicized by the tender offeror, etc. as set forth in Article 167, Paragraph (4) of the Act. Furthermore, under the Tender Agreement, it has been set forth that ZHD Intermediate will not bear an obligation to conduct the Tender; or if it has already conducted the Tender, then it may cancel the agreement pertaining to the purchase of the Pre-Tendered Shares and accept a third party's offer or proposal, without bearing any compensation for damage, penalty, or other monetary payment, and without incurring any other obligation, burden, or conditions, if (i) by the final day of the Tender Offer Period, ZHD Intermediate had received, without violating the provisions of the Tender Agreement, a specific and realizable offer or proposal from a person other than the Company, concerning an acquisition of the Company's common shares (whether by tender offer, organizational restructuring, or other methods) at a consideration (whether by money, shares, or other types) that is, in comparison to after-tax pay, equivalent to a price exceeding the Tender Offer Price, and (ii) by receiving a written opinion or advice from an external attorney stating that ZHD Intermediate's conduct of the Tender or ZHD Intermediate not withdrawing the Tender that has already been conducted may be deemed as ZHD Intermediate's director's violation of their duty of due care of a prudent manager, ZHD Intermediate determines so.

(C) Matters Relating to Transactions with a Controlling Shareholder

- (a) Transaction with a controlling shareholder and conformity with policy on measures to protect minority shareholders

ZHD Intermediate and LY (the wholly owning parent of ZHD Intermediate) are the parent companies of the Company (number of shares held by ZHD Intermediate as of today: 16,788,400 shares (ownership ratio: 51.92%)), and the Acquisition of Treasury Shares through the Tender Offer constitutes a transaction, etc. with the controlling shareholder as defined in the Securities Listing Regulations of the TSE.

In the “Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder” in the Company’s corporate governance report issued on October 2, 2023, the Company announced that “any terms of transactions with the Company’s controlling shareholder are to be reasonably determined based on prescribed procedures, in consideration of contract terms and market prices, as with transactions with other companies,” “to establish an effective governance structure in order to protect the interests of its minority shareholders, the Company has appointed a board of directors of which one-third or more are independent outside directors who are independent from the minority shareholders,” and “the Company has established a special committee comprised of independent outside directors to discuss and deliberate material transactions and actions in which there exists a conflict of interest between the controlling shareholder and the minority shareholders.”

The Company has taken the measures stated in “(B) Process of Calculation” in “(3) Basis of Calculation of the Purchase Price” in “3. Summary of the Tender Offer” above in order to ensure that the acquisition of the LY Owned Shares as part of the Tender Offer does not undermine the interests of its minority shareholders. Therefore, the Company believes that the transaction terms, policy for determination of transactions conform with the above policy.

- (b) Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest, and Outline of Opinion Obtained From a Party That has No Interest in the Controlling Shareholder Stating that the Transaction, etc. will not Undermine the Interests of the Minority Shareholders

Please refer to (Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest; Outline of Opinion Obtained From a Party That has No Interest in the Controlling Shareholder Stating that the Transaction, etc. will not Undermine the Interests of the Minority Shareholders) in “(B) Process of Calculation” in “(3) Basis of Calculation of the Purchase Price” in “3. Summary of the Tender Offer” above.

(Reference)	Status of treasury shares as of December 31, 2023	
	Total number of issued shares (excluding treasury shares)	32,337,762 shares
	Number of treasury shares	2,133,238 shares

End