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Code No: 9792  
October 1, 2020

2-9 Kanda-Surugadai, Chiyoda-ku, Tokyo, Japan  
**Nichii Gakkan Co., Ltd.**  
Representative Director and President  
Nobusuke Mori

## Notice of the Extraordinary Shareholders Meeting

Dear Shareholders:

We are pleased to announce the Extraordinary Shareholders Meeting of Nichii Gakkan Co., Ltd. (the “Company”). The meeting will be held as described below.

Shareholders attending this shareholders meeting in person are kindly requested to check the status of the spread of the novel coronavirus disease (COVID-19) and take note of your own health condition. Please take measures to protect yourself from infection, such as wearing a face mask, when you attend. In particular, please consider refraining from attending in person if you are elderly, have a chronic illness, or are pregnant.

Should there be any significant changes to the way the meeting is run due to future circumstances, we will inform you on the following website.

Company website: <https://www.nichiigakkan.co.jp/en/ir/stock/shareholders.html>

If you are unable to attend the meeting, you can exercise your voting rights through either of the following methods. Please review the Reference Documents for the Shareholders Meeting and exercise your voting rights.

### **[Exercising Voting Rights by Attending the Meeting]**

Please present the enclosed voting form at the reception desk upon arrival at the meeting.

### **[Exercising Voting Rights in Writing (by Postal Mail)]**

Please indicate your vote of approval or disapproval of each proposal on the enclosed voting form, and return the form to us so that it arrives before 5:15 p.m., Thursday, October 15, 2020 (JST).

### **[Exercising Voting Rights via the Internet]**

Please access the website (<https://evote.tr.mufig.jp/>) designated by the Company, and enter your vote of approval or disapproval of each proposal by using the login ID and temporary password shown on the enclosed voting form and following on-screen instructions before 5:15 p.m., Thursday, October 15, 2020 (JST).

**1. Date and Time:** Friday, October 16, 2020 at 10:00 a.m. (reception starts at 9:30 a.m.)

**2. Location:** Tokyo Dome Hotel, Tenku, the first basement level  
1-3-61, Koraku, Bunkyo-ku, Tokyo, Japan

### **3. Agenda of the Meeting**

#### **Items to be resolved:**

- Proposal 1.** Share Consolidation
- Proposal 2.** Partial Amendment of Articles of Incorporation
- Proposal 3.** Election of Two (2) Directors
- Proposal 4.** Election of Two (2) Auditors

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For those attending on the day, please present the enclosed voting form at the reception desk upon arrival at the meeting. We also ask that you bring this Notice of the Extraordinary Shareholders Meeting for reference during the meeting.

If any revision is made with regard to the Reference Documents for the Shareholders Meeting, the Company will post such revision on the Company's website.

As a part of our energy saving efforts we will adjust the air conditioning on the day of the meeting. Also, please be aware that attendees are free to not wear a jacket or necktie (a style dubbed "Cool Biz").

The Company's website (<https://www.nichiigakkan.co.jp/en/ir/stock/shareholders.html>)

## Reference Documents for the Shareholders Meeting

### Proposal 1. Share Consolidation

#### 1. Reasons for Implementing the Share Consolidation

As set forth in the “Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares” released on May 8, 2020 (including the amendments of the “Partial Amendment of ‘Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares’ [Amendment]” released on June 22, 2020, the amendments of “Partial Amendment of ‘Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares’ [Amendment]” released on July 9, 2020, “Partial Amendment of ‘Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares’ [Amendment]” released on July 31, 2020, and the corrections of “Partial Correction of ‘Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares’ [Correction]” released on August 6, 2020; hereinafter the “Opinion-Representing Press Release”), on May 8, 2020 K.K. BCJ-44 (the “Tender Offeror”) decided to implement a tender offer (“Tender Offer”) for Shares and Stock Acquisition Rights as one link in the series of transactions (“Transaction”) for a so-called management buyout (MBO) (Note 3) for the purpose of acquiring and holding all Shares, which are listed on the first sections of the Tokyo Stock Exchange (including Shares to be delivered through exercise of Stock Acquisition Rights, but excluding treasury shares held by the Company and Shares owned by Meiwa Corporation (Note 1) (“Meiwa”; “Meiwa-Owned Company Shares”)) and Stock Acquisition Rights (Note 2) as set forth below.

(Note 1) Pursuant to a share transfer agreement (“Share Transfer Agreement”) dated May 8, 2020 executed between the Tender Offeror and Meiwa’s sole shareholder, Ms. Kuniko Terada (“Meiwa Shareholder”), Meiwa has become a wholly-owned subsidiary of the Tender Offeror through the Tender Offeror’s acquisition of all issued shares of Meiwa (“Meiwa Shares”) on the day of commencement of settlement of the Tender Offer, August 24, 2020 (“Meiwa Share Transfer Date”). From the perspective of confirming that the uniformity of the Tender Offer Price has not been breached, after the date of transfer of the Meiwa Shares, the Company has confirmed with the Tender Offeror that the total transfer price for the Meiwa Shares paid to Meiwa Shareholder pursuant to the Share Transfer Agreement (“Meiwa Share Transfer Price”), as set forth in the Opinion-Representing Press Release, was the amount obtained by (i) multiplying the number of Meiwa-Owned Company Shares (16,303,849 shares) by the post-Amendment of Tender Offer Terms (defined below) Tender Offer Price (JPY 1,670 per share) (JPY 27,227,427,830), (ii) deducting from said amount all loans to Meiwa Shareholder and other obligations of Meiwa as of the Meiwa Share Transfer Date, and (iii) adding to the amount thus obtained the cash and deposits and tax assets of Meiwa as of the Meiwa Share Transfer Date, and therefore was set in such a manner as to result in a price not substantially different from the case where Meiwa tendered its Shares in the Tender Offer.

(Note 2) The “stock acquisition rights” collectively refers to the following stock acquisition rights:

- (1) Share options (ordinary type) issued based on a resolution adopted at the meeting of the board of directors of the Company held on June 30, 2015 (the “Series 1 Stock Acquisition Rights”) (exercise period from July 25, 2015 to July 24, 2045);
- (2) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Company held on June 30, 2015 (the “Series 2 Stock Acquisition Rights”) (exercise period from July 25, 2015 to July 24, 2045);
- (3) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Company held on June 28, 2016 (the “Series 3 Stock Acquisition Rights”) (exercise period from July 26, 2016 to July 25, 2046);
- (4) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Company held on June 27, 2017 (the “Series 4 Stock Acquisition Rights”) (exercise period from July 25, 2017 to July 24, 2047);
- (5) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Company held on June 26, 2018 (the “Series 5 Stock Acquisition Rights”) (exercise period from July 24, 2018 to July 23, 2048); and
- (6) Share options (stock compensation type) issued based on a resolution adopted at the meeting of the board of directors of the Company held on June 25, 2019 (the “Series 6 Stock Acquisition

Rights”) (exercise period from July 23, 2019 to July 22, 2049).

(Note 3) A “Management Buyout” (MBO) refers to a transaction where the Tender Offeror will carry out the Tender Offer on the basis of an agreement with the Company’s officers and the interests of the Tender Offeror and the Company’s officers will be aligned.

Thereafter, in order to provide Company shareholders with an opportunity to make determinations in consideration of the fact that the market price of Shares had moved so as to surpass the Purchase etc. Price per common share in the Tender Offer (“Tender Offer Price”), the Tender Offeror decided, on June 22, 2020, to extend the purchase etc. period (“Tender Offer Period”) to July 9, 2020, and for the same reason, the Tender Offeror decided on July 9, 2020 to further extend the Tender Offer Period to August 3, 2020.

Subsequently, given the fact that the market price of the Shares has shifted upward to surpass the Tender Offer Price, in order to increase the likelihood of the successful establishment of the Tender Offer, the Tender Offeror repeatedly negotiated with Effissimo Capital Management Pte. Ltd. (“Effissimo,”) which currently holds 8,321,700 Shares (ownership ratio (Note 4) of 12.64%). And as a result of the comprehensive consideration of the market trading status of the Shares since the commencement of the Tender Offer and the need to establish the Tender Offer more surely and reflect, as much as possible, the wants of the Company shareholders and Stock Acquisition Right Holders who approved the Tender Offer and tendered their Shares and Stock Acquisition Rights, the Tender Offeror received from Effissimo a commitment letter (“Commitment Letter”) dated July 31, 2020, to the effect that Effissimo will tender or have tendered all of the Shares held by it or through ECM Master Fund (Note 5) (8,321,700 Shares, ownership ratio of such tendered Shares of 12.64% “Effissimo Tender-Agreed Shares”) and have ECM Master Fund subscribe for nonvoting shares issued by BCJ-43, subject to the establishment of the Tender Offer, no later than the business day immediately following the last day of the Tender Offer Period for the Tender Offer. Also, on the same date, BCJ-43 and Effissimo executed a subscription agreement for the subscription of the said nonvoting shares (“Subscription Agreement,”) and the Tender Offeror decided to change the Tender Offer Price from JPY1,500 to JPY1,670, as well as change the Stock Acquisition Right Purchase Prices (“Stock Acquisition Right Purchase Prices”) to those obtained by multiplying the difference between JPY 1,670 or the Tender Offer Price after the change, and the exercise price per Share for each series of Stock Acquisition Rights by 1 or the number of common shares subject to such stock acquisition rights. Further, in conjunction with the foregoing, according to laws and regulations, it was determined to extend the Tender Offer Period until August 17, 2020, which is 10 business days after July 31, 2020, the submission date of the notification for revision of the Notification of Tender Offer for the above amendments (“Amendment of Tender Offer Terms”).

(Note 4) The “ownership ratio” is the ratio (rounded to the second digit after the decimal) to (i) the number of outstanding Shares (73,017,952 shares) as of March 31, 2020 stated in the preliminary financial statements for March 2020 term (Japanese standards) (consolidated) announced by the Company on May 8, 2020 (the “Preliminary Financial Statements”) *plus* (ii) the number of shares (498,900 shares) subject to Stock Acquisition Rights (498,900 units) as of May 7, 2020 equal to the total number of Stock Acquisition Rights as of March 31, 2019 stated in the securities report for the 47th fiscal term submitted by the Company on June 26, 2019 (1,460,300 units (number of subject shares: 1,460,300 shares) minus Stock Acquisition Rights that were exercised or extinguished from April 1, 2019 to May 7, 2020 (980,400 units (Series 1 Stock Acquisition Rights: 923,400 units (number of subject shares: 923,400 shares), Series 2 Stock Acquisition Rights: 10,800 units (number of subject shares: 10,800 shares), Series 3 Stock Acquisition Rights: 13,700 units (number of subject shares: 13,700 shares), Series 4 Stock Acquisition Rights: 15,300 units (number of subject shares: 15,300 shares), and Series 5 Stock Acquisition Rights: 17,200 units (number of subject shares: 17,200 shares)))) (equal to 479,900 units (Series 1 Stock Acquisition Rights: 370,200 units (number of subject shares: 370,200 shares), Series 2 Stock Acquisition Rights: 27,700 units (number of subject shares: 27,700 shares), Series 3 Stock Acquisition Rights: 28,200 units (number of subject shares: 28,200 shares), Series 4 Stock Acquisition Rights: 28,400 units (number of subject shares: 28,400 shares), and Series 5 Stock Acquisition Rights: 25,400 units (number of subject shares: 25,400 shares)))) *plus* the number of Series 6 Stock Acquisition Rights equal to all Series 6 Stock Acquisition Rights as of July 22, 2019 stated in the securities report for the second quarter of the 48th fiscal term submitted by the Company on November 13, 2019 (32,800 units (number of subject shares: 32,800 shares)) minus Series 6 Stock Acquisition Rights that were exercised or extinguished from July 23, 2019 to May 7, 2020 (13,800 units (number of subject shares: 13,800 shares)) (equal to 19,000 units (number of subject shares: 19,000 shares)) (equal to 73,516,852 shares) *minus* (iii) the number of treasury shares (7,682,005 shares) that the Company holds as of March 31, 2020

(TRANSLATION FOR REFERENCE PURPOSE ONLY)

stated in the Preliminary Financial Statements (equal to 65,834,847 shares) (the “Company’s Total Number of Shares After Accounting for Potential Shares”)

- (Note 5) ECM Master Fund is a trust-type investment fund established under the laws of the Cayman Islands, which receives investment advice from Effissimo under a discretionary investment contract, and Effissimo has the management authority and gives instructions to ECM Master Fund as its asset management company. ECM Master Fund is a trust, and it does not have any shares or capital unlike a stock company; therefore, it has no capital relationship with Effissimo. Also, Effissimo has no capital relationship with SMP Partners (Cayman) Limited, which is the trustee of ECM Master Fund.
- (Note 6) BCJ-43 is a wholly-owned subsidiary of the Tender Offeror. All of its issued shares were indirectly held by investment funds that received investment advice from Bain Capital Private Equity, LP and its group company (collectively, “Bain Capital”), but in conjunction with the completion of the Tender Offer, on August 19, 2020, the investment fund ECM Master Fund, which receives investment advice from Effissimo pursuant to a discretionary investment agreement, made an investment of JPY1.55 billion, and now holds 8% of the issued shares. The issued shares held by ECM Master Fund are all non-voting shares.

As set forth in the “Notice Regarding Results of Tender Offer by K.K. BCJ-44 for Shares etc. and Changes of Parent Company, Largest Shareholder as a Major Shareholder and other Major Shareholders” released by the Company on August 18, 2020, the Tender Offeror carried out the Tender Offer from May 11, 2020 to August 17, 2020, and as a result, as of August 24, 2020 (the day of commencement of settlement of the Tender Offer), the Tender Offeror now holds 37,449,109 Shares and 493,800 Stock Acquisition Rights (number of subject Shares: 493,800 shares) (Voting Rights Ratio (Note 7): 82.27%).

- (Note 7) “Voting Rights Ratio” means the ratio (rounded to the second decimal place) against the number of voting rights (653,359) associated with the issued shares of the Company as of March 31, 2020 (73,017,952 shares) set forth in the “Securities Report for the 48th Term” filed by the Company on June 25, 2020 less the number of treasury shares held by the Company as of the same date (7,682,005 shares) (which equals 65,335,947 shares).

The Tender Offeror is a wholly-owned subsidiary of BCJ-43, and is *kabushiki kaisha* established on April 23, 2020 for the primary purpose of holding all of the Shares and controlling and managing the Company’s business activities. Further, in conjunction with the establishment of the Tender Offer, Effissimo caused the investment fund ECM Master Fund, which receives investment advice from Effissimo pursuant to a discretionary investment agreement, to invest JPY1.55 billion in BCJ-43 on August 19, 2020.

As we informed you in the Opinion-Representing Press Release, as of March 31, 2020, the Company’s group is composed of the Company, 37 subsidiaries, and two affiliates (collectively, the “Group”). Under the leadership of the Company’s founder and former representative director and chairman, Mr. Akihiko Terada (“Former Chairman Terada”), it swiftly entered the long-term care business and medical-related business and established its position as a top company in the industry supported by three businesses, namely “human resources development”, “medical-related business”, and “nursing business”. Considering Japan’s market environment, the Group believes that, in terms of demand, the nursing business and medical-related business markets can be expected to grow going forward alongside the aging population and low birth rate.

On the other hand, Mr. Nobusuke Mori, the Company representative director and president (“Mr. Mori”), and the Company representative director and vice president Mr. Tsuyoshi Terada (Note 8), who was managing director as of May 8, 2020, anticipate a more challenging business environment from a macro perspective. In order to secure profits in the nursing business, it will be necessary to increase efficiency and expand market share by becoming area dominant (note 9) by splitting nursing service hubs, opening new locations, and taking other measures, but an increase in cost burdens through upfront investment is expected from the implementation of these measures. With respect to the large-scale repairs in conjunction with the aging of nursing facilities implemented under the five-year plan that started in the 2018 fiscal year, approximately JPY3.0 billion in repairs remain outstanding, and it is understood that these expenditures will continue for some time. Furthermore, in the downward trend in the number of customer hospitals in the medical-related business, and against a backdrop of labor shortages, it will be necessary to raise employee wage levels in order to recruit human resources, provide stable services, and introduce high added-value services, and consequently, the burden of personnel expenses is expected to increase. In the daycare business, although a certain level of growth is expected over the medium term as sites are actively developed, demand is expected to fall over the long-term in conjunction with the declining population and falling birthrate in Japan. In terms of supply, the human resource foundation is the source of business growth in the nursing, medical-related, and daycare

businesses, and consequently, as the working population undergoes a full-scale decline, it will be central to build human resource supply structures that can respond to expanding markets and needs. It is further understood that under this environment, there is a need to implement business structure reforms that can minimize the impact of labor shortages and adapt to rapid market changes.

(Note 8) As publicly announced on May 8, 2020 in “Notice regarding Appointment of Directors, Change of Representative Director, Structure Change and Personnel Reshuffle,” Mr. Tsuyoshi Terada assumed the offices of Representative Director on June 24, 2020.

(Note 9) “Area dominant” means that business sites are intensively established in a specific area to achieve personnel flexibility among sites and to reduce management costs and have the effect of increasing trust and recognition in the region.

Furthermore, the initially-anticipated business growth resulting from the diversification of business in the education, healthcare, therapy, and global businesses that the Company Group is currently undertaking has not been achieved. In the education business, the Company has already withdrawn from the COCO school business and closed unprofitable schools and has implemented business structure reforms including liquidating a joint venture company that conducted business in China as a part of the Company’s global business. In light of the demanding business environments of the three core businesses, Mr. Mori and Mr. Tsuyoshi Terada are aware that it is necessary to continue to identify the causes of unprofitable businesses and implement dramatic reforms to achieve profitability.

Under these circumstances, Mr. Mori and Mr. Tsuyoshi Terada have determined that for the Company Group to achieve further growth and increase corporate value over the medium to long term, in addition to increasing the profitability of existing business, it will be necessary to invest management resources in areas where future growth can be expected. In order to simultaneously and promptly carry out this series of measures, it will be necessary to leverage internal management resources as well as outside human resources and management know-how and to build structures that can steadily implement measures in the short term.

However, Mr. Mori and Mr. Tsuyoshi Terada believe that even if these efforts regarding business structural reforms present opportunities for substantial growth over the medium to long term, these measures are unlikely to contribute to the Company Group’s profits over the short term, and in addition to uncertain business execution risks that business will not develop as planned, there are concerns that profitability will deteriorate over the short term. If these measures are implemented while maintaining the Company’s listing, there is an undeniable possibility that the Company shareholders will suffer detrimental effects in the form of a drop in the Share market price over the short term, which could make it difficult to implement these measures while maintaining the Company’s listing. Consequently, in late December 2019, fearing a deterioration of the Company Group’s profit levels and profitability over the short term and believing that curtailing or postponing business structural reforms could lead to a weakening of the Company’s competitiveness and earnings capacity over the medium to long term, Mr. Mori and Mr. Tsuyoshi Terada came to the conclusion that making the Tender Offeror the Company’s sole shareholders, creating new and stable management structures that enable agile and flexible decision-making, and implementing the Company’s business structure reforms and actively undertaking business through the concerted efforts of all Company employees would be the best means for the Company to swiftly address management issues and continuously raise corporate value from a long-term perspective without being affected by short-term fluctuations in its business performance. Moreover, as it is known that Former Chairman Terada had played a core role, such as determining the general direction of the management policy in the past, the Company Group’s business management had been implemented under his strong leadership. However, Former Chairman Terada passed away in September 2019, and there has been a push to shift from the former top-down management structure to a group management structure involving all directors, and Mr. Mori and Mr. Tsuyoshi Terada are aware that it is necessary to establish a group management structure that can serve as a powerful driving force of the Company’s business operations.

As a result of investigations of various measures including the Transaction conducted since December 2019, Mr. Mori and Mr. Tsuyoshi Terada reached the following conclusion: Under this business and management environment, in order to steadily carry out business structure reforms accompanied by the risk described above, it would be extremely beneficial that Mr. Mori and Mr. Tsuyoshi Terada, both of who thoroughly understand the Company Group businesses activities, seamlessly continue the business structural reforms and the correction of the trajectory of the medium- to long-term strategy which they have pushed forward with Former Chairman Terada so far, and strive to realize the enhancement of the corporate value by incorporating know-how from outside, for improving operations in the Company’s existing business, appropriately assessing the risks incidental to business structure reforms and management processes, and conducting speedy decision-making and so on.

In addition, Mr. Mori and Mr. Tsuyoshi Terada believe that implementing prompt reforms within the Company

is an urgent requirements to respond to the rapid changes in the Company's business environment as well as the rapid changes in the Company's management circumstances precipitated by the passing of Former Chairman Terada and that there is little time to select a sponsor through an auction process, deepen the understanding of that sponsor concerning the Company's complex and varied business, and build a relationship of trust with the Company, and therefore, the selection of a sponsor through an auction process would not be suitable for the Company.

Consequently, in early January 2020, Mr. Mori and Mr. Tsuyoshi Terada, through Mr. Yuji Sugimoto ("Mr. Sugimoto"), who has been involved in increasing the Company's corporate value and its business strategies as an outside director of the Company since June 2015 and who serves as Japan representative of Bain Capital, focused on various characteristics of Bain Capital and concluded that Bain Capital would be ideal as the Company's sponsor. Specifically, Bain Capital has an extensive track record and experience, investing in more than 450 companies around the world, and unlike other investment companies, it has a definite advantage that since it retains a lot of professionals who have experience in management consulting work or business operation companies, it is able to utilize their background and, if needed, dispatch some of the competent and capable professionals with extensive experience to each site to develop business strategies and support improving the business of investment targets. Also, Mr. Sugimoto has experience in involving in setting the Company business strategies and other business decisions as an outside director for nearly five (5) years since June 2015. In addition, Bain Capital already has a deep understanding of the Company's diverse and complex business details and future strategies, and a solid trusting relationship developed with the Company, as well as other elements that are essential for the timely and steady implementation of management reforms by the Company. Following the above determination, Mr. Mori and Mr. Tsuyoshi Terada commenced discussions with Bain Capital in early January 2020 regarding the approach to the purchase etc. price and other conditions of the Tender Offer in relation to implementation of the Tender Offer as a part of the Transaction and engaged in repeated discussions regarding Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital's joint management structure for the Company, the Company's optimal management and basic policies after implementation of the Transaction, and other topics. As a result, in mid-January 2020, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital reached the conclusion that for the Company Group to achieve further growth and increases in corporate value over the medium to long-term and achieve management targets, in addition to reinforcing the earnings capacity of existing business, it will be necessary to invest management resources in areas where growth can be expected in the future, and in order to simultaneously and promptly carry out this series of measures, it will be necessary to leverage not only internal management resources, but also outside human resources and management know-how and to build structures that can steadily implement measures in the short term.

Subsequently, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital expressed to the Company an initial intent in early February 2020 concerning taking the Shares private, the framework of the Tender Offer, and post-Transaction managerial policy, and following repeated discussions with the Company regarding the feasibility of implementation of the Transaction, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital submitted to the Company a written proposal with an official expression of intent concerning the Transaction (the "Written Proposal") on March 10, 2020.

In early February 2020, the Company received an initial declaration of intent from Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital in regards to making the Shares privately held, with an overview of the Tender Offer and post-Transaction managerial policies, and in considering the particulars of these intentions, in early February 2020, in order to ensure the fairness of the Tender Offer Price and Stock Acquisition Right Purchase Prices and the fairness of other conditions of the Transaction including the Tender Offer, the Company appointed Kitahama Partners ("Kitahama Partners") as legal advisor, and Deloitte Tohmatsu Financial Advisory Godo Kaisha ("Deloitte Tohmatsu Financial Advisory") as financial advisor and third-party valuation agency. The fees of Kitahama Partners are calculated by multiplying hourly unit prices by working hours regardless of whether the Transaction is consummated, and do not include any contingency fees contingent upon consummation of the Transaction. Further, the fees of Deloitte Tohmatsu Financial Advisory include a fixed fee paid regardless of whether the Transaction is consummated as well as a contingency fee contingent upon the consummation of the Transaction, but upon reviewing common practice in similar transactions, among other things, the Company appointed Deloitte Tohmatsu Financial Advisory as its financial advisor and third-party valuation agency in accordance with the above fee structure.

Afterwards, Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital engaged in discussions on several occasions regarding the feasibility of the Transaction, and on March 10, 2020 the Company received the Written Proposal from Mr. Mori, Mr. Tsuyoshi Terada, and Bain Capital. In light of the Written Proposal, on March 10, 2020 the Company established a special committee to review the proposal for the Transaction set forth therein (with

respect to the member composition and specific activities of the special committee, see “(iii) Establishment of a Special Committee at the Company; Procuring a Written Report” in “(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest” in “3. Matters Concerning the Appropriateness of the Consolidation Ratio” below; the “Special Committee”).

The Company, while receiving advice from Kitahama Partners and Deloitte Tohmatsu Financial Advisory in light of the purpose of the Transaction and other aspects of the overview of the Tender Offer set forth in the Written Proposal, the impact of the Transaction on the Company, the post-Transaction managerial policies and recent share price trends, and on the basis of negotiation policies and opinions, instructions, and requests etc. regarding material aspects of the negotiations confirmed in advance by the Special Committee, engaged in consultations with the Tender Offeror on multiple occasions, before conducting a review of the appropriateness of the Transaction.

With respect to the Tender Offer Price, after receiving on April 7, 2020 a proposal from the Tender Offeror with a Tender Offer Price of JPY1,300 per Share and Stock Acquisition Right Purchase Prices of JPY192 for Series 1 Stock Acquisition Rights and JPY1,299 for Series 2 through Series 6 Stock Acquisition Rights, the Company, while receiving the advice of Deloitte Tohmatsu Financial Advisory, in view of the share value calculation results report for the Shares received from Deloitte Tohmatsu Financial Advisory and the opinion of the Special Committee, on April 8, 2020 made a request to the Tender Offeror to reconsider the Tender Offer Price and engaged in consultations and negotiations with the Tender Offeror on several occasions regarding the conditions of the Transaction, and on April 14, 2020 received a proposal with a Tender Offer Price of JPY1,400 per Share and Stock Acquisition Right Purchase Prices of JPY292 for Series 1 Stock Acquisition Rights and JPY1,399 for Series 2 through Series 6 Stock Acquisition Rights. After this as well, the Company continued to engage in consultations and negotiations with the Tender Offeror; as a result, on April 21, 2020 the Company received from the Tender Offeror a proposal with a Tender Offer Price of JPY1,450 per Share and Stock Acquisition Right Purchase Prices of JPY342 for Series 1 Stock Acquisition Rights and JPY1,449 for Series 2 through Series 6 Stock Acquisition Rights, and on April 30, 2020 the Company received from the Tender Offeror a proposal with a Tender Offer Price of JPY 1,500 per Share and Stock Acquisition Right Purchase Prices of JPY392 for Series 1 Stock Acquisition Rights and JPY1,499 for Series 2 through Series 6 Stock Acquisition Rights. The Company confirmed the appropriateness of such proposal with the Special Committee, heard the opinion etc. of Deloitte Tohmatsu Financial Advisory, and conducted a careful review, while also considering the content of the share valuation report (“Share Valuation Report”) obtained from Deloitte Tohmatsu Financial Advisory on May 7, 2020, and as a result, determined that such price was appropriate because it included a substantial premium over the market price and was reasonable in that it was within and the price near to the mid-value of the range of the calculation results discussed below by Deloitte Tohmatsu Financial Advisory using the discounted cash flow analysis (“DCF Analysis”), among other things. In this manner, the Company has continued to negotiate with the Tender Offeror regarding the Tender Offer Price.

While receiving necessary legal advice from Kitahama Partners regarding the method and process of decision-making by the Board of Directors including the procedures relating to the Transaction and other matters to note, the Company received a written report dated May 7, 2020 from the Special Committee (the “Written Report”). Then, in consideration of the legal advice received from Kitahama Partners, as well as the content of the Share Valuation Report obtained from Deloitte Tohmatsu Financial Advisory, and giving as much weight as possible to the Written Report submitted by the Special Committee, the Company conducted careful consultations from the standpoint of whether the Transaction could ensure further improvement in the Company’s corporate value and the benefits that minority shareholders would enjoy through the implementation of the Transaction through fair procedures.

While the Company has continued to expand in the nursing and medical-related industries to which the Company Group belongs, riding the tailwinds of an aging population, the Company is aware of risks stemming from such factors as the rapid decrease in the number of workers in the nursing industry, the rise in personnel costs, actions necessitated by revision of nursing fees, the tendency in the medical industry towards transformation through information and communications technology (ICT), and reduction in the number of potential hospitals. For this reason, for the growth of three pillars of business supporting the Company, namely “human resource development” (Note 10), “medical-related business”, and “nursing”, the Company believes that securing superior human resources, providing high added-value services, and pursuing business efficiencies through business structure reorganization are necessary and essential. In the past, as it is known that Former Chairman Terada had played a core role, such as determining the general direction of the management policy, the Company management had been implemented under his strong leadership. However, the Company recognizes that, in place of the past management style, it is essential for every member of the



Company's management to share the same future vision for business and to build collective management frameworks capable of promptly addressing issues that the Company faces in order to further advance the above-mentioned business structure reorganization. The Tender Offeror indicated in the course of the above consultations and negotiations that, as discussed in "(b) Post-Tender Offer Managerial Policy" in "(ii) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy" in "(2) Grounds and Reasons for Opinion" in "3. Substance of and Grounds and Reasons for Opinion Relating to Tender Offer" in the Opinion-Representing Press Release, its policy was that after the Shares are taken private, a stable revenue base would be established by continuing to enhance growth investment in businesses thought to have medium- to long-term growth potential going forward by leveraging the management know-how, wealth of experience in enhancing the value of investment targets, M&A know-how, and management resources centered on human resources and financing that Bain Capital has cultivated heretofore. To this end, the Tender Offeror believes that establishing industry-leading services and enhancing the Company's presence as a leader in the formation of alliances in the expected reorganization of the industry going forward, establishing dominance in each area, further enhancing operations, and implementing policies such as the proactive utilization of M&A will form an effective policy. Specifically, the Tender Offeror has conveyed to the Company that it envisions taking measures including (i) splitting major nursing service hubs and opening new locations in the nursing business and proactively expanding the management foundation through M&A, (ii) developing ICT solutions (Note 11) surpassing competitors and introducing high added-value services in the medical-related business, (iii) accelerating the opening of new locations, minimizing performance variation among hubs by securing operational quality in the daycare business, and strengthening cross sales (Note 12) through coordination with the Company's other businesses, such as housekeeping agency services, and the Company determined that these kinds of policies and measures considered by Bain Capital are closely aligned with the aims of the Company, and by leveraging the advanced management knowhow that Bain Capital possesses, in particular its management resources for human resources and financing and coordination, will contribute to improvement in the medium- to long-term corporate value of the Company.

(Note 10) In the Company, "human resources development" means the development of personnel involved with medical-related and nursing services – more specifically, staff development through coursework including the medical administration course for the medical-related businesses and the introductory nursing care staff training for the nursing businesses. This is a business model unique to the Company, in which people are assembled and trained through Company courses, and formally hired to provide services.

(Note 11) "ICT solutions" refers to the use of communications technology via the Internet to share information and knowledge between people and objects and among people in order to solve company issues. ICT is an abbreviation for Information and Communications Technology and is also used in this sense.

(Note 12) "Cross selling" as used by the Company refers to providing combinations of the Company's services, such as daycare and housekeeping agency services, according to customer needs.

Further, the Company thinks that, given that the realization of the policies set forth in (i) through (iii) above would require proactive M&A and alliances, coordination that exceeds existing frameworks, and upfront investment in systems etc., and these initiatives would entail uncertainty in terms of future revenue, in the short term they pose the risk of giving rise to a deterioration in financial condition from diminished profit levels, deteriorating cash flows, and increases in interest-bearing liabilities, among other things, and as a result, it cannot be denied that the Company's share price could fall and the Company's shareholders would be adversely impacted in the short term.

For this reason, the Company determined that the best option for achieving improved corporate value of the Company is to provide all shareholders with an opportunity to sell their shares without suffering adverse effects in the short term, taking the Shares private to avoid suffering from the short-term assessments of the stock market, build a management system capable of agile decision-making, improve management flexibility, and utilize the management support of Bain Capital to the maximum extent. In addition, taking into consideration that Mr. Mori and Mr. Tsuyoshi Terada, both of who thoroughly understand the Company Group businesses activities, are expected to seamlessly continue the business structural reforms and the correction of the trajectory of the medium- to long-term strategy which they have pushed forward with Former Chairman Terada, and strive to realize the enhancement of the corporate value by employing the measures and policies suggested by Bain Capital, the Company determined that it is entirely reasonable to keep Mr. Mori and Mr. Tsuyoshi Terada in their position as the top management of the Company, specifically to have them undertake both ownership and management of the Company.

Further, while the Japanese stock market overall has been in a declining trend since around February 2020

following the requests from the national and local governments to refrain from events and from going outside etc. in order to prevent the spread of the novel coronavirus, the nursing business and medical-related business operated by the Company appear to be bolstered by relatively stable demand even amid such circumstances, and the Company believes that the impact of the current situation will not be so major as to severely damage the Company's enterprise value; however, effects caused by the closure of some medical institutions or other similar factors and their impact on the Company are conceivable, depending on the spread of the novel coronavirus or prolongation of the coronavirus situation, and the outlook therefore remains uncertain. Additionally, with increasing human resources costs in the nursing business and medical-related business, and the burden of upfront costs for division and establishment of nursing service hubs and major repair costs for aging nursing facilities, it is expected that ensuring profit will become more difficult going forward, and therefore the Company believes that promptly implementing business structure reorganization is necessary, even amid the impact of the novel coronavirus.

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

However, in light of the Company Group's current financial condition and the low interest rate environment for indirect financing recently, it is not expected that large-scale financing through equity finance will be necessary in the next few years. Additionally, the Company Group's ability to secure superior human resources and expand business partners stemming from greater social trust and name recognition is partially obtained through business activities, and, by taking the Company private, there may be an impact on new hiring for management trainee positions (*sogo-shoku*); however, in consideration of the brand strength and name recognition the Company has cultivated heretofore, the impact of taking the Company private on securing human resources will presumably not be large, and therefore the disadvantages of taking the Company private are thought to be limited.

Accordingly, in light of the current circumstances, the Board of Directors determined that the advantages of making the shares non-public were greater than the disadvantages. In view of the foregoing, the Board of Directors determined that taking the Shares private through the Transaction, which includes the Tender Offer, will contribute to increasing the corporate value of the Company Group in order to utilize, to the maximum extent, the management support from Bain Capital represented by Mr. Sugimoto, who has built up a solid trusting relationship with the Company as an outside director, and to construct the group management structure at an early point, in place of the past one under the strong leadership of Former Chairman Terada as it is known that he had played a core role in the Company, such as determining the general direction of the management policy, and push forward the business structural reforms.

Further, in light of factors including that the Tender Offer Price (JPY1,500) (i) in relation to the calculation results for the Share value by Deloitte Tohmatsu Financial Advisory set forth in "(i) Procuring a Share Valuation Report from an Independent Third-Party Valuation Agency" in "(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest" in "3. Matters Concerning the Appropriateness of the Consolidation Ratio" below, is greater than the maximum amount of the range of the calculation results based on the market price analysis and the comparable company analysis and is within and the price near to the mid-value of the range of the calculation results using the DCF Analysis; (ii) represents a premium of 37.11% (rounded to the second decimal place; hereinafter, the same applies to premium values (expressed as a percentage) on the share price) on JPY1,094, which is the closing price of the Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020, the business day immediately preceding the date of the announcement of the Tender Offer, a premium of 38.89% on JPY1,080 (rounded to the nearest whole yen; hereinafter, the same applies to simple averages of closing prices), which is the simple average closing price for the one-month period up to May 7, 2020, a premium of 33.57% on JPY1,123, which is the simple average closing price for three-month period up to such date, and a premium of 8.93% on JPY1,377, which is the simple average closing price for the six-month period up to such date, and it can be concluded that a premium is being added that is not inferior to the premiums in other recent MBO cases (the premium on the simple average closing price for the six-month period is a relatively low standard, but this appears to be due to a decline in the market price of the Shares since the Company released its "Preliminary Financial Statements for March 2020 Term Third Quarter Term [Japanese Standards] (Consolidated)" ("Third Quarter Preliminary Financial Statements") on February 7, 2020; with regard to the reasons for this decline in the Share market price, lagging user acquisition etc. for the nursing division and health care division and the emergence of upfront costs in connection with the new construction and renovation of nursing service hubs have been given as primary reasons for the downward adjustment of the consolidated earnings projection and individual

earnings projection in the “Notice Concerning Adjustment of Earnings Projections” released by the Company on November 12, 2019 (“Company Earnings Projection Adjustment”), and thus, one factor driving the decline in market price appears to be that the release of the Third Quarter Preliminary Financial Statements confirmed that the effects of establishing the nursing service hubs have been limited and the lag in user acquisition etc. is ongoing; in consideration of the foregoing, the market price of the Shares following the release of the Third Quarter Preliminary Financial Statements is believed to reflect the Company’s current circumstances, and in the examination of the premiums on the Share market price, was deemed to be reasonable by virtue of amply securing premiums over the closing price for the business day immediately preceding the date of announcement of the Tender Offer, the simple average closing price for the immediately preceding one-month period, and the simple average closing price for the immediately preceding three-month period); (iii) is found to pay consideration to the interests of minority shareholders in that, among other things, the measures set forth in “(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest” in “3. Matters Concerning the Appropriateness of the Consolidation Ratio” have been taken to eliminate any conflicts of interest; (iv) was decided after the above measures to eliminate conflicts of interest were taken and the Company and the Tender Offeror engaged in discussions and negotiations on several occasions, namely, after the Company and the Tender Offeror sincerely and continuously engaged in discussions and negotiations while referring to the calculation results for the share value of the Shares by Deloitte Tohmatsu Financial Advisory, discussions with the Special Committee, and legal advice received from Kitahama Partners, etc.; and (v) realizes a significant increase in the price proposal for the Tender Offer at the request of the Special committee, and also that the Stock Acquisition Right Purchase Prices were set at the amounts obtained by multiplying the difference between Tender Offer Price of JPY1,500 and the exercise price per Share that is the object of the relevant Stock Acquisition Rights by 1, which is the number of common shares subject to each Stock Acquisition Right (specifically, JPY392 for the Series 1 Stock Acquisition Rights, which is the amount obtained by multiplying JPY392, the difference relative to the exercise price per Share of JPY1,108, by 1, and JPY1,499 for the Series 2 Stock Acquisition Rights through the Series 6 Stock Acquisition Rights, which is the amount obtained by multiplying JPY1,499, the difference relative to the exercise price per Share of JPY1, by 1), and were calculated on the basis of the Tender Offer Price, the Board of Directors determined regarding the Transaction that the Transaction including the Tender Offer can be expected to improve the Company’s corporate value, that the Tender Offer Price and the Stock Acquisition Right Purchase Prices, as well as the other conditions for the Tender Offer are appropriate with respect to the Company’s shareholders and Stock Acquisition Right Holders, and that the Tender Offer provides the Company’s shareholders and Stock Acquisition Right Holders with a reasonable opportunity to sell their Shares and Stock Acquisition Rights. In light of the foregoing, at the meeting of the Board of Directors held on May 8, 2020, the directors participating in deliberations and voting (six directors, excluding Mr. Mori, Mr. Daisuke Terada, Mr. Tsuyoshi Terada, and Mr. Sugimoto) unanimously passed a resolution to state an opinion in favor of the Tender Offer and to recommend that the Company’s shareholders and Stock Acquisition Right Holders tender their shares etc. in the Tender Offer.

Subsequently, in response to the Tender Offeror’s decision on the Amendment of Tender Offer Terms, and in the light of the background and content of the Amendment of Tender Offer Terms, the process behind the Tender Offeror’s decision to receive the Commitment Letter from Effissimo and to have the Subscription Agreement executed, the outline of the Commitment Letter and the Subscription Agreement, and the opinions of the Special Committee relating to a series of these processes and transactions, the Board of Directors carefully deliberated those matters at a meeting held on July 31, 2020, and confirmed that even on the basis of the Amendment of Tender Offer Terms, it is expected that taking the Shares private through the Transaction, including the Tender Offer, would contribute to enhancing the Company Group’s corporate value; while Effissimo holds the Shares in the medium-to-long term, and from about five years ago, it has a track record of repeated discussions and consideration with the Company on various measures for enhancing the Company’s corporate value, including the Company’s business structure reform, it has not presented any opposing or competing opinion against the Company’s management policy so far; and, according to the explanation given to the Company by the Tender Offeror, though Effissimo has no plans to dispatch any officer or staff members to the Company, it has expressed its intention to support various measures for enhancing the corporate value of the Company jointly, which are expected to be implemented by the Tender Offeror following the Tender Offer; therefore, there is no factor that may obstruct the business structure reform to be undertaken by Bain Capital and the Tender Offeror. Furthermore, for the Tender Offer Price of JPY1,670 as amended by the Amendment of Tender Offer Terms, taking into consideration the trend of the stock market since the commencement of the Tender Offer, Deloitte Tohmatsu Financial Advisory, an independent calculation agent, examined the content of the Share Valuation Report on May 7, 2020, and as a result, it confirmed that there

was no material change in the current condition or future outlooks of the Company's business or other information; thus, there were no material changes in the calculation results of the share value of the Share. In addition, the Tender Offer Price as amended by the Amendment of Tender Offer Terms of JPY1,670 (i) in relation to the calculation results for the Share value by Deloitte Tohmatsu Financial Advisory set forth in "(i) Procuring a Share Valuation Report from an Independent Third-Party Valuation Agency" in "(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest" in "3. Matters Concerning the Appropriateness of the Consolidation Ratio" below, is greater than the middle value of the range of the calculation results using the DCF Analysis; (ii) represents a premium of 52.65% on JPY1,094, which is the closing price of the Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020, which is the business day immediately preceding the date of the announcement of the Tender Offer, a premium of 54.63% on JPY1,080, which is the simple average closing price for the one-month period up to May 7, 2020, a premium of 48.71% on JPY1,123, which is the simple average closing price for the three-month period up to such date, and a premium of 21.28% on JPY1,377, which is the simple average closing price for the six-month period up to such date, and also represents premiums of 7.74% on JPY1,550, which is the closing price of the Shares on the First Section of the Tokyo Stock Exchange on July 30, 2020, which is the business day immediately preceding the date of the decision for the Amendment of Tender Offer Terms and 3.73% on JPY1,610, which is the simple average closing price for the period from May 11, 2020, which is the business day immediately following the date of the announcement of the Tender Offer to July 30, 2020, which is the business day immediately preceding the date of the decision for the Amendment of Tender Offer Terms, and together with this the Stock Acquisition Right Purchase Prices as amended by the Amendment of Tender Offer Terms were set at the amounts obtained by multiplying the difference between the Tender Offer Price as amended by the Amendment of Tender Offer Terms of JPY1,670 and the exercise price per Share that is the object of the relevant Stock Acquisition Rights by 1, which is the number of common shares subject to each Stock Acquisition Right (specifically, JPY562 for the Series 1 Stock Acquisition Rights, which is the amount obtained by multiplying JPY562, the difference relative to the exercise price per Share of JPY1,108, by 1, and JPY1,669 for the Series 2 Stock Acquisition Rights through the Series 6 Stock Acquisition Rights, which is the amount obtained by multiplying JPY1,669, the difference relative to the exercise price per Share of JPY1, by 1), and these amounts were calculated on the basis of the Tender Offer Price as amended by the Amendment of Tender Offer Terms, and in view of trends in the market price of the Shares since the commencement of the Tender Offer, the Tender Offer Price as amended by the Amendment of Tender Offer Terms, the Stock Acquisition Right Purchase Prices as amended by the Amendment of Tender Offer Terms, and the other conditions for the Tender Offer are reasonable for Company shareholders and Stock Acquisition Right Holders, and there is no change in the thinking that the Tender Offer provides reasonable opportunity for Company shareholders and Stock Acquisition Right Holders to sell their Shares and Stock Acquisition Rights, the Company passed a resolution to maintain its opinion in favor of the Tender Offer as previously announced in the "Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares" released on May 8, 2020 and maintain its recommendation for Company shareholders and Stock Acquisition Right Holders to tender their Shares and Stock Acquisition Rights in the Tender Offer.

Three statutory auditors of the Company attended each of the Board of Directors meetings described above, and each of the statutory auditors in attendance stated that he or she had no objection to the resolutions.

However, it should be noted that Mr. Mori is expected to remain engaged in the management of the Company after the establishment of the Tender Offer, and he is considering investing directly or indirectly in the Tender Offeror to share the common objective for enhancing the corporate value; Mr. Daisuke Terada, who was the Company representative director and vice president as of May 8, 2020, decided to externally make clear that he intends to continue supporting the Company as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Tender Offeror; the Company representative director and vice president Mr. Tsuyoshi Terada, who was managing director as of May 8, 2020, decided to externally make clear that he will remain involved in Company management and, with the common object for enhancing the corporate value, intends to continue supporting the Company as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Tender Offeror; and Company outside director Mr. Sugimoto is concurrently serving as Japan representative of Bain Capital, which provides investment advice to an investment fund that indirectly owns all outstanding shares of BCJ-43, which in turn owns all outstanding shares of the Tender Offeror. These four directors therefore have conflicts of interest with the Company in relation to the Transaction, and thus, as specially-interested directors, they did not in any way participate in the deliberations or voting in the above meeting of the Board of Directors, nor did they have any role in the consultations and negotiations with the Tender Offeror from the Company's position (Mr. Daisuke Terada retired as representative director and director on June 24, 2020, and since then has not held the position of a

director, he did not participate in the Board of Directors meeting held on July 31, 2020).

Subsequently, the Tender Offer was completed as set forth above, but because the Tender Offeror was unable to acquire all of the Shares (excluding treasury shares held by the Company and Meiwa-Owned Company Shares) through the Tender Offer, as we informed you in the Opinion-Representing Press Release, in response to a request by the Tender Offeror, the Company passed a resolution at a meeting of the Board of Directors held on September 15, 2020 to hold the Extraordinary General Shareholders Meeting and, in order to make the Tender Offeror and Meiwa the only shareholders of the Company and take the Shares private, subject to the approval of shareholders at the Extraordinary General Shareholders Meeting, we would like to carry out a share consolidation ("Share Consolidation") at a ratio of 16,303,849 Shares to one as set forth in "(1) Consolidation ratio)" of "2. Particulars of Share Consolidation" below.

It is planned that, through the Share Consolidation, the Shares held by shareholders other than the Tender Offeror and Meiwa will become fractional shares less than one share.

2. Particulars of Share Consolidation

(1) Consolidation ratio

Every 16,303,849 shares of the Shares will be consolidated into one share.

(2) Effective date of Share Consolidation

November 9, 2020

(3) Total number of authorized shares as of effective date

16 shares

3. Matters Concerning the Appropriateness of the Consolidation Ratio

For the consolidation ratio of the Share Consolidation, 16,303,849 shares will be consolidated into one share. The Company is implementing the Share Consolidation for the purpose of the Tender Offeror acquiring all issued shares of the Company as explained in "1. Reasons for Implementing the Share Consolidation" above, and has determined that the aforementioned consolidation ratio of the Share Consolidation is appropriate in light of the matters explained in (1) and (2) below.

(1) Matters considered to avoid harming the interests of the Company's shareholders other than the parent company etc. in cases where there is a parent company etc.

Given that the Share Consolidation is to be carried out as the second step in the so-called two-step acquisition of the Tender Offer and in light of the fact that the Tender Offer is to be carried out as one link in a so-called management buyout (MBO) and structural conflicts of interest could arise, among other things, as set forth in "(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest" the Tender Offeror and the Company have implemented the following measures to ensure the fairness of the Transaction, which includes the Tender Offer and the Share Consolidation, from the perspective of ensuring the fairness of the Tender Offer Price and Stock Acquisition Rights Purchase Price and eliminating arbitrariness and avoiding conflicts of interest in the course of decision-making leading to the decision to implement the Tender Offer.

(2) Matters concerning the method of processing when processing fractional shares less than one share is expected, and matters concerning the amount of cash and the appropriateness thereof when cash is expected to be delivered to shareholders through such processing

As set forth in "1. Reasons for Implementing the Share Consolidation" above, it is planned that, through the Share Consolidation, the Shares held by shareholders other than the Tender Offeror and Meiwa will become fractional shares less than one share.

With respect to fractional shares less than one share arising from the Share Consolidation, shares equal to the total number (in accordance with Article 235, paragraph (1) of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same), if the total number includes a fraction of less than one share, such fraction will be discarded) will be sold in accordance with Article 235 of the Companies Act and other applicable laws and regulations, and the proceeds obtained through such sale will be delivered to shareholders in proportion to their fractional shares. With respect to such sale, it is planned that the shares will be sold to the Tender Offeror with the permission of the court pursuant to the provisions of Article 234, paragraph (2) of the Companies Act applied *mutatis mutandis* under Article 235, paragraph (2) of the same Act, or purchased by the Company with the permission of the court pursuant to the provisions of

Article 234, paragraph (4) of the Companies Act applied *mutatis mutandis* under Article 235, paragraph (2) of the same Act.

The sale price in such case, if the above permission of the court is obtained as planned, is planned to be set at a price that makes it possible to deliver to each shareholder cash in the amount obtained by multiplying the number of Shares held by the shareholder by JPY1,670, which is the same amount as the post-Amendment of Tender Offer Conditions etc. Tender Offer Price.

As set forth above, the Company plans to deliver to all shareholders cash in the amount obtained by multiplying the number of Shares held by the shareholders by JPY1,670, which is the same amount as the post-Amendment of Tender Offer Conditions etc. Tender Offer Price.

In light of factors including that the Tender Offer Price prior to the Amendment of Tender Offer Terms (JPY1,500) (i) in relation to the calculation results for the Share value by Deloitte Tohmatsu Financial Advisory set forth in “(i) Procuring a Share Valuation Report from an Independent Third-Party Valuation Agency” in “(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest” below, is greater than the maximum amount of the range of the calculation results based on the market price analysis and the comparable company analysis and is within and the price near to the mid-value of the range of the calculation results using the DCF Analysis; (ii) represents a premium of 37.11% (rounded to the second decimal place; hereinafter, the same applies to premium values (expressed as a percentage) on the share price) on JPY1,094, which is the closing price of the Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020, the business day immediately preceding the date of the announcement of the Tender Offer, a premium of 38.89% on JPY1,080 (rounded to the nearest whole yen; hereinafter, the same applies to simple averages of closing prices), which is the simple average closing price for the one-month period up to May 7, 2020, a premium of 33.57% on JPY1,123, which is the simple average closing price for three-month period up to such date, and a premium of 8.93% on JPY1,377, which is the simple average closing price for the six-month period up to such date, and it can be concluded that a premium is being added that is not inferior to the premiums in other recent MBO cases (the premium on the simple average closing price for the six-month period is a relatively low standard, but this appears to be due to a decline in the market price of the Shares since the Company released the Third Quarter Preliminary Financial Statements on February 7, 2020; with regard to the reasons for this decline in the Share market price, lagging user acquisition etc. for the nursing division and health care division and the emergence of upfront costs in connection with the new construction and renovation of nursing service hubs have been given as primary reasons for the downward adjustment of the consolidated earnings projection and individual earnings projection in the Company Earnings Projection Adjustment released by the Company on November 12, 2019, and thus, one factor driving the decline in market price appears to be that the release of the Third Quarter Preliminary Financial Statements confirmed that the effects of establishing the nursing service hubs have been limited and the lag in user acquisition etc. is ongoing; in consideration of the foregoing, the market price of the Shares following the release of the Third Quarter Preliminary Financial Statements is believed to reflect the Company’s current circumstances, and in the examination of the premiums on the Share market price, was deemed to be reasonable by virtue of amply securing premiums over the closing price for the business day immediately preceding the date of announcement of the Tender Offer, the simple average closing price for the immediately preceding one-month period, and the simple average closing price for the immediately preceding three-month period); (iii) is found to pay consideration to the interests of minority shareholders in that, among other things, the measures set forth in “(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest” have been taken to eliminate any conflicts of interest; (iv) was decided after the above measures to eliminate conflicts of interest were taken and the Company and the Tender Offeror engaged in discussions and negotiations on several occasions, namely, after the Company and the Tender Offeror sincerely and continuously engaged in discussions and negotiations while referring to the calculation results for the share value of the Shares by Deloitte Tohmatsu Financial Advisory, discussions with the Special Committee, and legal advice received from Kitahama Partners, etc.; and (v) realizes a significant increase in the price proposal for the Tender Offer at the request of the Special committee, and also that the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms were set at the amounts obtained by multiplying the difference between Tender Offer Price prior to the Amendment of Tender Offer Terms of JPY1,500 and the exercise price per Share that is the object of the relevant Stock Acquisition Rights by 1, which is the number of common shares subject to each Stock Acquisition Right (specifically, JPY392 for the Series 1 Stock Acquisition Rights, which is the amount obtained by multiplying JPY392, the difference relative to the exercise price per Share of JPY1,108, by 1, and JPY1,499 for the Series 2 Stock Acquisition Rights through the Series 6 Stock Acquisition Rights,

which is the amount obtained by multiplying JPY1,499, the difference relative to the exercise price per Share of JPY1, by 1), and were calculated on the basis of the Tender Offer Price prior to the Amendment of Tender Offer Terms, the Board of Directors determined regarding the Transaction that the Transaction including the Tender Offer can be expected to improve the Company's corporate value, that the Tender Offer Price and the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms, as well as the other conditions for the Tender Offer are appropriate with respect to the Company's shareholders and Stock Acquisition Right Holders, and that the Tender Offer provides the Company's shareholders and Stock Acquisition Right Holders with a reasonable opportunity to sell their Shares and Stock Acquisition Rights.

Subsequently, in response to the Tender Offeror's decision on the Amendment of Tender Offer Terms, and in the light of the background and content of the Amendment of Tender Offer Terms, the process behind the Tender Offeror's decision to receive the Commitment Letter from Effissimo and to have the Subscription Agreement executed, the outline of the Commitment Letter and the Subscription Agreement, and the opinions of the Special Committee relating to a series of these processes and transactions, the Board of Directors carefully deliberated those matters at a meeting held on July 31, 2020, and confirmed that even on the basis of the Amendment of Tender Offer Terms, it is expected that taking the Shares private through the Transaction, including the Tender Offer, would contribute to enhancing the Company Group's corporate value; while Effissimo holds the Shares in the medium-to-long term, and from about five years ago, it has a track record of repeated discussions and consideration with the Company on various measures for enhancing the Company's corporate value, including the Company's business structure reform, it has not presented any opposing or competing opinion against the Company's management policy so far; and, according to the explanation given to the Company by the Tender Offeror, though Effissimo has no plans to dispatch any officer or staff members to the Company, it has expressed its intention to support various measures for enhancing the corporate value of the Company jointly, which are expected to be implemented by the Tender Offeror following the Tender Offer; therefore, there is no factor that may obstruct the business structure reform to be undertaken by Bain Capital and the Tender Offeror. Furthermore, for the Tender Offer Price of JPY1,670 as amended by the Amendment of Tender Offer Terms, taking into consideration the trend of the stock market since the commencement of the Tender Offer, Deloitte Tohmatsu Financial Advisory, an independent calculation agent, examined the content of the Share Valuation Report on May 7, 2020, and as a result, it confirmed that there was no material change in the current condition or future outlooks of the Company's business or other information; thus, there were no material changes in the calculation results of the share value of the Share. In addition, the Tender Offer Price as amended by the Amendment of Tender Offer Terms of JPY1,670 (i) in relation to the calculation results for the Share value by Deloitte Tohmatsu Financial Advisory set forth in "(i) Procuring a Share Valuation Report from an Independent Third-Party Valuation Agency" in "(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest" below, is greater than the middle value of the range of the calculation results using the DCF Analysis; (ii) represents a premium of 52.65% on JPY1,094, which is the closing price of the Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020, which is the business day immediately preceding the date of the announcement of the Tender Offer, a premium of 54.63% on JPY1,080, which is the simple average closing price for the one-month period up to May 7, 2020, a premium of 48.71% on JPY1,123, which is the simple average closing price for the three-month period up to such date, and a premium of 21.28% on JPY1,377, which is the simple average closing price for the six-month period up to such date, and also represents premiums of 7.74% on JPY1,550, which is the closing price of the Shares on the First Section of the Tokyo Stock Exchange on July 30, 2020, which is the business day immediately preceding the date of the decision for the Amendment of Tender Offer Terms and 3.73% on JPY1,610, which is the simple average closing price for the period from May 11, 2020, which is the business day immediately following the date of the announcement of the Tender Offer to July 30, 2020, which is the business day immediately preceding the date of the decision for the Amendment of Tender Offer Terms, and together with this the Stock Acquisition Right Purchase Prices as amended by the Amendment of Tender Offer Terms were set at the amounts obtained by multiplying the difference between the Tender Offer Price as amended by the Amendment of Tender Offer Terms of JPY1,670 and the exercise price per Share that is the object of the relevant Stock Acquisition Rights by 1, which is the number of common shares subject to each Stock Acquisition Right (specifically, JPY562 for the Series 1 Stock Acquisition Rights, which is the amount obtained by multiplying JPY562, the difference relative to the exercise price per Share of JPY1,108, by 1, and JPY1,669 for the Series 2 Stock Acquisition Rights through the Series 6 Stock Acquisition Rights, which is the amount obtained by multiplying JPY1,669, the difference relative to the exercise price per Share of

JPY1, by 1), and these amounts were calculated on the basis of the Tender Offer Price as amended by the Amendment of Tender Offer Terms, and in view of trends in the market price of the Shares since the commencement of the Tender Offer, the Tender Offer Price as amended by the Amendment of Tender Offer Terms, the Stock Acquisition Right Purchase Prices as amended by the Amendment of Tender Offer Terms, and the other conditions for the Tender Offer are reasonable for Company shareholders and Stock Acquisition Right Holders, and there is no change in the thinking that the Tender Offer provides reasonable opportunity for Company shareholders and Stock Acquisition Right Holders to sell their Shares and Stock Acquisition Rights, the Company passed a resolution to maintain its opinion in favor of the Tender Offer as previously announced in the “Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares” released on May 8, 2020 and maintain its recommendation for Company shareholders and Stock Acquisition Right Holders to tender their Shares and Stock Acquisition Rights in the Tender Offer.

As a result of carefully reconsidering the conditions for the Transaction in light of the status of the Company’s business until September 15, 2020 since the Company represented an opinion in favor of the Tender Offer and passed a resolution recommending the Company’s shareholders and Stock Acquisition Right Holders to tender their shares and Stock Acquisition Rights in the Tender Offer at a meeting of the Board of Directors held on May 8, 2020, and passed a resolution to maintain its opinion in favor of the Tender Offer and its recommendation to the Company’s shareholders and Stock Acquisition Right Holders to tender their shares and Stock Acquisition Rights in the Tender Offer at a meeting of the Board of Directors held on July 31, 2020, the Company confirmed at a meeting of the Board of Directors held on September 15, 2020 that there are no factors for changing its determination regarding the Transaction.

On the basis of the foregoing, the Company has determined that the amount of cash expected to be delivered to shareholders in accordance with the method of processing fractional shares and processing of fractional shares is reasonable.

(3) Measures for Ensuring Fairness of the Transaction and Measures for Avoiding Conflicts of Interest

Given that the Share Consolidation is to be carried out as the second step in the so-called two-step acquisition of the Tender Offer and in light of the fact that the Tender Offer is to be carried out as one link in a so-called management buyout (MBO) and structural conflicts of interest could arise, among other things, the Tender Offeror and the Company have implemented the following measures to ensure the fairness of the Transaction, which includes the Tender Offer and the Share Consolidation, from the perspective of ensuring the fairness of the Tender Offer Price and Stock Acquisition Rights Purchase Price and eliminating arbitrariness and avoiding conflicts of interest in the course of decision-making leading to the decision to implement the Tender Offer.

Matters set forth below that concern measures carried out by the Tender Offeror are based on explanations given by the Tender Offeror.

(i) Procuring a Share Valuation Report from an Independent Third-Party Valuation Agency

To ensure fairness in the course of decision-making regarding the Tender Offer Price prior to the Amendment of Tender Offer Terms offered by the Tender Offeror, the Company requested that Deloitte Tohmatsu Financial Advisory LLC calculate the share value of the Shares as a third-party institution independent from: the Company; the Tender Offeror; Meiwa; Mr. Mori, the Company’s representative director and president; Mr. Daisuke Terada, who is related to Former Chairman Terada and was a representative director and vice president of the Company as of May 8, 2020; Mr. Tsuyoshi Terada, who is related to Former Chairman Terada, is a representative director and vice president of the Company, and was a managing director of the Company on May 8, 2020; Ms. Kuniko Terada, who is related to Former Chairman Terada; Mr. Keisuke Terada, who is related to Former Chairman Terada; Ms. Ayako Terada, who is related to Former Chairman Terada; and Yugen Kaisha Meiko, which is an asset management company of which all issued shares are held by Ms. Akemi Takato, Mr. Keisuke Terada, and Ms. Ayako Terada, who are related to Former Chairman Terada (collectively, “Tendering Shareholders”; and collectively with the Company, the Tender Offeror, and Meiwa, “Tender Offer-Related Persons”) and obtained the Share Valuation Report on May 7, 2020.

Deloitte Tohmatsu Financial Advisory does not fall under a related person of any of the Tender Offeror-Related Persons, and does not have any material interests in regard to the Transaction including the Tender Offer. Further, at the first meeting of the Special Committee, the Special Committee confirmed that there are no issues with respect to the independence of Deloitte Tohmatsu Financial Advisory, and approved Deloitte Tohmatsu Financial Advisory as a third-party valuation agency for the Company.



(TRANSLATION FOR REFERENCE PURPOSE ONLY)

Deloitte Tohmatsu Financial Advisory considered multiple potential share valuation methods to be adopted for the valuation of Shares, and then, on the assumption that the Company is a going concern and that a multifaceted evaluation of the Share value would be appropriate, calculated said value per Share using: market price analysis, because Shares are listed on the First Section of the Tokyo Stock Exchange and thus have a market price; comparable company analysis, because there are multiple listed companies engaged in business relatively comparable to that of the Company and analogical estimation of the share value is possible through such an approach; and DCF analysis, to ensure that the circumstances of the Company's future business activities would be reflected in the calculation. It should be noted that the Company has not obtained an opinion concerning the fairness of the Tender Offer Price (fairness opinion) from Deloitte Tohmatsu Financial Advisory.

The ranges obtained for the Share value using the above-described valuation methods are as follows.

Market Price Analysis:	JPY 1,080 to 1,377
Comparable Company Analysis:	JPY 894 to 1,255
DCF Analysis:	JPY 1,316 to 1,779

In the market price analysis, May 7, 2020 was used as a calculation reference date, and the calculations were performed on the basis of the closing price of JPY1,094 on said reference date, the simple average closing price of JPY1,080 for the immediately preceding one-month period, the simple average closing price of JPY1,123 for the immediately preceding three-month period, and the simple average closing price of JPY1,377 for the immediately preceding six-month period, of the Shares (all such prices as listed on the First Section of the Tokyo Stock Exchange). These calculations showed the value per Share to be in the range of JPY 1,080 to 1,377.

In the comparable company analysis, listed companies determined to be comparable to the Company were selected, and calculations to obtain the Share value were performed using EV/EBITDA multiples. For such calculations, SAINT-CARE HOLDING CORPORATION, TSUKUI CORPORATION, LONGLIFE Holding Co., Ltd., solasto corporation, GAKKEN HOLDINGS CO., LTD., and UNIMAT RETIREMENT COMMUNITY Co., Ltd were selected as comparable listed companies. The results of the calculations showed the value per Share to be in the range of JPY 894 to 1,255.

In the DCF analysis, the corporate value and share value of the Company were calculated by estimating the free cash flow that the Company can be expected to generate in and after the March 2021 term, on the basis of various factors including publicly available information and earnings projections and investment plans in the business plans prepared by the Company for the period from the March 2021 term to the March 2023 term, and then deriving the present value of that cash flow using a given discount rate. For such calculations, discount rates of between 6.35% and 6.85% were adopted. In addition, the going-concern value was calculated by employing the perpetual growth method and applying a perpetual growth rate of between 0.25% and 0.75%. The results of the calculations showed the share value per Share to be in the range of JPY 1,316 to 1,779.

The specific values in the Company financial projections that Deloitte Tohmatsu Financial Advisory used as a basis for the DCF method calculations were as indicated below. These financial projections do not include any business year in which a large increase or decrease in earnings relative to the previous year is anticipated. Further, these financial projections do not account for the synergistic effects that will be achievable by carrying out the Transaction, because it is difficult to make a detailed estimate of those effects at the present time. Moreover, Deloitte Tohmatsu Financial Advisory conducted its analysis and examination of the content of these financial projections by holding multiple Q&A sessions with the Company, among other activities.

(Unit: million JPY)

	FY Ending March 2021	FY Ending March 2022	FY Ending March 2023
Net Sales	304,891	310,899	317,128
Operating Profit	10,640	13,373	15,000
EBITDA	17,953	20,834	22,080
Free Cash Flow	6,432	10,123	12,075

*(TRANSLATION FOR REFERENCE PURPOSE ONLY)*

It should be noted that the assumptions underlying these financial projections are at variance with the performance targets for the March 2025 term (consolidated net sales of JPY500 billion, consolidated operating profit margin of at least 10%) indicated in the “VISION2025” medium-term management plan announced by the Company on May 11, 2018. Because of the fearsome commercial environment in which the Company currently finds itself, performance for medical-related businesses, nursing businesses and new businesses has showed less growth than anticipated, leading to a material divergence between the medium-term management plan and the Company’s immediate performance and projections. It was thus determined that it would be more appropriate to calculate the objective and reasonable corporate value of the Company and assess the suitability of the Tender Offer Price on the basis of projections more in line with the current realities, with greater consideration for such factors as the immediate earnings environment and Company performance indicators etc. than for the medium-term management plan that had been the initial target.

When calculating the Share value, Deloitte Tohmatsu Financial Advisory, as a rule, utilized the information provided by the Company, publicly-available information, and other such information as-is, assuming that these materials, information, etc. were accurate and complete in all respects, and that there were no facts undisclosed to Deloitte Tohmatsu Financial Advisory that could have a material impact on the calculation of the Share value; thus, Deloitte Tohmatsu Financial Advisory did not independently evaluate the accuracy or completeness of these materials. Further, it was assumed that all information related to Company financial projections had been reasonably prepared on the basis of the best predictions and judgments currently available to Company top management. Moreover, no independent evaluations or assessments were made, and no expert opinions or assessments from third-party organizations were sought, in regard to the assets and liabilities of the Company and its affiliates (including financial derivatives, unlisted assets and liabilities, and other contingent liabilities). Deloitte Tohmatsu Financial Advisory’s calculation reflects the abovementioned information covering the period up to May 7, 2020.

The Tender Offer also covers Stock Acquisition Rights, and the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms have been set to the amounts obtained by multiplying the difference between the JPY1,500 Tender Offer Price prior to the Amendment of Tender Offer Terms and the exercise price per Share for the relevant Stock Acquisition Rights by 1, which is the number of common shares subject to each such Stock Acquisition Right. More specifically, the Tender Offeror has determined, for the Series 1 Stock Acquisition Rights, a price of JPY392 (i.e., the JPY392 difference from the JPY1,108 exercise price per common Share for such Stock Acquisition Rights, times 1), and for the Series 2 through Series 6 Stock Acquisition Rights, a price of JPY 1,499 (i.e., the JPY1,499 difference from the JPY1 exercise price per common Share for such Stock Acquisition Rights, times 1); because these prices were calculated on the basis of the Tender Offer Price prior to the Amendment of Tender Offer Terms, the Company did not obtain a formal calculation or a fairness opinion from any third-party valuation agency in regard to the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms.

In addition, all of the Stock Acquisition Rights were issued to officers and employees etc. of the Company and officers of Company subsidiaries in the form of stock options; the Stock Acquisition Right Issuance Guidelines require approval by the Board of Directors for any acquisition through assignment of Stock Acquisition Rights, and the Stock Acquisition Right Allotment Agreements prohibit assignment. To ensure that the Stock Acquisition Rights can be assigned, the Company has resolved, in the Board of Directors meeting held today, that subject to the establishment of the Tender Offer, blanket approval will be given for all Stock Acquisition Right Holders to assign their Stock Acquisition Rights to the Tender Offeror by tendering their rights in the Tender Offer, and the particulars of Share Acquisition Right Allotment Agreements with Stock Acquisition Right Holders wishing to assign such rights will be amended to allow for such assignment.

Note that in representing an opinion relating to the Amendment of Tender Offer Terms, there were no material changes in their current condition or future outlooks of the Company’s business or other information forming the basis of the Share Valuation Report obtained from Deloitte Tohmatsu Financial Advisory on May 7, 2020, and therefore the Company did not obtain a new share valuation report relating to the share value of the Shares.

(ii) Advice from an Independent Law Office

To ensure the fairness and appropriateness of the Board of Directors’ decision-making process regarding the Transaction, the Company appointed Kitahama Partners as a legal advisor that is

independent from the Tender Offeror-Related Persons, and received from said law office necessary legal advice regarding the method and process of decision-making for the Board of Directors including procedures relating to the Transaction, and other matters for consideration.

Kitahama Partners does not fall under a related person of any of the Tender Offeror-Related Persons, and does not have any material interests in regard to the Transaction, which the Tender Offer. Further, at the first meeting of the Special Committee, the Special Committee confirmed that there are no issues with the respect to the independence of Kitahama Partners, and approved Kitahama Partners as a legal advisor for the Company.

(iii) Establishment of a Special Committee at the Company; Procuring a Written Report

In light of factors such as the Transaction being carried out as part of a so called management buyout (MBO) where there may be an inherent conflict of interest in the consideration of the Transaction by the Company, for the purposes of ensuring that the Company is careful in its decision-making regarding the Transaction, eliminating arbitrariness and the possibility of any conflict of interest in the Board of Directors' decision-making process, and ensuring fairness of the same, at the Board of Directors meeting held on March 10, 2020, a resolution was passed to establish the Special Committee composed of three persons who do not have any interests in any Tender Offeror-Related Persons, namely Mr. Keita Moriwaki (attorney with Oh-ebashi LPC & Partners) and Mr. Hakuo Yanagisawa, who are outside directors and independent officers of the Company, and Mr. Shinsuke Hasegawa (certified public accountant and tax attorney; representative of Hasegawa CPA Office), who is an outside expert with abundant experience as a special committee member in the types of transactions that are similar to the Transaction, and to carry out decision-making that assigns the utmost value to reports by said committee. Since Mr. Shinsuke Hasegawa has never had any transaction with the Company and any Tender Offeror-Related Person, the Company believes that it is found to be independent from the Company and the Tender Offeror-Related Persons. The members of the Special Committee have not changed since the committee was first established. Further, Mr. Keita Moriwaki was elected by the members as the chairperson of the Special Committee. The only remuneration for the members of the Special Committee is a fixed remuneration that is paid regardless of the success or failure of the Transaction, and does not include any success fees that are contingent on public announcements or completion etc. of the Transaction.

The Company consulted with the Special Committee on (a) the reasonableness of the purposes of the Transaction (including whether the Transaction will enhance the corporate value of the Company), (b) the appropriateness of the terms of the Transaction (including the tender offer price), (c) the fairness of the negotiations process and other procedures for the Transaction, and (d) whether, in light of (a) through (c) above, the Transaction is disadvantageous to the Company's minority shareholders (collectively, "Consultation Matters"), and requested that the Special Committee submit a written report (the "Written Report") regarding the foregoing to the Board of Directors. Further, the Company approved at the Board of Directors meeting a resolution to grant to the Special Committee the authority to (a) receive, from officers and employees of the Company, information necessary for examination of, and determinations regarding, the Transaction, and (b) approve (including approval after the fact) outside professional advisors appointed by the Board of Directors.

The Special Committee held a total of ten (10) meetings during the period from March 10, 2020 to May 7, 2020 to discuss and examine the Consultation Matters. Specifically, at the first meeting of the Special Committee, after finding that with respect to the legal advisor, the financial advisor, and the third-party valuation agency appointed by the Company, there were no issues in relation to their independence, the Special Committee approved them as the legal advisor, the financial advisor, and the third-party valuation agency, respectively, of the Company. Further, with respect to involvement in the negotiations process with the Tender Offeror, while establishing a policy whereby Deloitte Tohmatsu Financial Advisory, the Company's financial advisor, will be the contact point for the Company in direct negotiations, the Special Committee confirmed that by receiving timely status reports from persons responsible for the negotiations, stating opinions on material matters, and giving instructions and demands, it may be substantially involved in the negotiations process concerning transaction terms. Moreover, the Special Committee received explanations from the Company and conducted questions and answers regarding the condition of the Company's businesses, business forecasts, market environment, background of the Transaction, purposes of the Transaction, specific advantages and disadvantages of the Transaction, forecasts concerning continuation of businesses not conditioned on the Transaction including the feasibility of measures in lieu of the Transaction,

operational and financial conditions, and business plans etc., and with respect to negotiations with the Tender Offeror, expressed opinions and provided advice to the Company. Further, the Special Committee received from the Tender Offeror an overview of Bain Capital, explanations regarding the purposes and reasons for the Transaction, managerial policies and investment plans going forward, matters of concern in relation to the Transaction, the specific impact and effect that are expected to result from the Transaction, specific advantages and disadvantages of the Transaction, and other matters, and conducted questions and answers. In addition, the Special Committee received explanations from Deloitte Tohmatsu Financial Advisory regarding the negotiations process relating to the terms etc. of the Transaction and calculation of the Company's share value, and explanations from Kitahama Partners regarding the particulars of measures to ensure fairness with respect to the procedures of the Transaction, the method and process of the Board of Directors' decision-making regarding the Transaction, and other measures to avoid conflict of interest, and conducted questions and answers regarding the foregoing as well.

Further, with respect to a so called proactive market check (including bidding procedures before public announcement of the Transaction) to investigate and consider whether there are any potential acquirers in the market, in light of the nature of measures that have been carried out to ensure the fairness of the Transaction that includes the Tender Offer, and other specific circumstances of the Transaction, the Special Committee determined that even if such checks are not carried out, there will be no specific hindrances to the fairness of the Transaction.

Further, since the Company's receipt of a proposal from the Tender Offeror on April 7, 2020 to the effect that the Tender Offer Price will be JPY1,300 per Share and the Stock Acquisition Right Purchase Prices will be JPY192 for Series 1 Stock Acquisition Rights and JPY1,299 for Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights, the Special Committee has received, from time to time, reports concerning the process and details etc. of consultations and negotiations between the Company and the Tender Offeror relating to the Transaction, and discussed matters such as policies for dealing with the same. Then on April 14, 2020, the Tender Offeror proposed a Tender Offer Price of JPY1,400 per Share and Stock Acquisition Right Purchase Prices of JPY292 for Series 1 Stock Acquisition Rights and JPY1,399 for Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights, and on April 21, 2020, the Tender Offeror proposed a Tender Offer Price of JPY 1,450 per Share and Stock Acquisition Right Purchase Prices of JPY342 for Series 1 Stock Acquisition Rights and JPY1,449 for Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights and after reviewing and considering such proposal in light of Deloitte Tohmatsu Financial Advisory's advice from a financial perspective that included analyses concerning premiums in recent MBO deals, the Special Committee demanded that the Tender Offeror increase the Tender Offer Price and was otherwise involved in the negotiations process with the Tender Offeror; as a result, on April 30, 2020, the Company received from the Tender Offeror a proposal for a Tender Offer Price prior to the Amendment of Tender Offer Terms of JPY1,500 per Share and Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms of JPY392 for Series 1 Stock Acquisition Rights and JPY1,499 for Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights.

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

In the course of the foregoing, as a result of continued careful discussions and examinations regarding the Consultation Matters, on May 7, 2020, the Special Committee submitted to the Board of Directors the Written Report regarding the Consultation Matters with the following content.

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

The Special Committee asked the Company and the Tender Offeror questions with regard to the purposes of the Transaction, the specifics of the corporate value of the Company that is expected to be enhanced by the Transaction, and other matters, and received explanations set forth in "(a) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer" and "(b) Post-Tender Offer Managerial Policy" in "(ii) Background, Objectives, and Decision-Making Process behind the Tender Offeror's Decision to Implement the Tender Offer; Post-Tender Offer Managerial Policy" and "(iii) Decision-Making Process behind the Company's Decision to Support the Tender Offer and the Reasons Therefor" in "(2) Grounds

and Reasons for Opinion” under “3. Substance of and Grounds and Reasons for Opinion Relating to Tender Offer” in the Opinion-Representing Press Release; the specifics were confirmed and a thorough examination was carried out.

As a result of this examination, no unreasonableness was found in the explanations given by the Company and the Tender Offeror, and in light of the business environment surrounding the Company, the need to establish a group management structure at the Company by utilizing the management support of Bain Capital to the maximum extent, and the outlook of the Company’s business etc., swift and bold execution of the measures through the implementation of the Transaction can be expected to contribute to the Company’s sustainable growth and is found to enhance the corporate value of the Company in the medium to long term.

Furthermore, even though the Japanese market is currently impacted by the outbreak of the novel coronavirus, at this point the impact is not thought to be serious to the extent of significantly harming the business value of the Company, while at the same time the Company faces a dire need to execute business structure reforms, and in the current situation where the future course of the outbreak of the novel coronavirus remains unclear and the outlook of a market recovery remains uncertain, it is believed that rather than waiting for a market recovery, swiftly implementing the Transaction and promoting business structure reforms will contribute to long-term and stable business growth.

For the foregoing reasons, a determination was made that the purposes of the Transaction are reasonable.

- (b) The appropriateness of the terms of the Transaction (including the tender offer price).
  - (i) The Share Valuation Report that the Company obtained from Deloitte Tohmatsu Financial Advisory, a third-party valuation agency independent of Tender Offeror-Related Persons, sets forth that the Share value is in the range of JPY1,080 to JPY1,377 in the market price analysis, in the range of JPY894 to JPY 1,255 in the comparable company analysis, and in the range of JPY1,316 to JPY1,779 in the DCF analysis; this means that the Tender Offer Price prior to the Amendment of Tender Offer Terms is greater than the maximum amounts of the ranges of the calculation results based on the market price analysis and the comparable company analysis and is within and the price near to the mid-value of the range of the calculation results using the DCF analysis; meanwhile the Special Committee received from Deloitte Tohmatsu Financial Advisory detailed explanations on the calculation methods etc. used in the share valuation, and asked Deloitte Tohmatsu Financial Advisory and the Company questions with regard to the selection of valuation methods, the selection of comparable companies and multiples used as metrics in the comparable company analysis, and matters that served as the basis for calculation in the DCF analysis (the Company’s business plans, its financial forecasts based on such business plans, the calculation methods of its going concern value, and the grounds for calculation of the discount rate etc.), and then carried out a review; as a result, no unreasonableness was found in light of general valuation practices; moreover, the Tender Offer Price prior to the Amendment of Tender Offer Terms represents a premium of 37.11% over the closing price (JPY1,094) of the Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020; a premium of 38.89% over the simple average closing price (JPY1,080) for the one-month period up to May 7, 2020; a premium of 33.57% over the simple average closing price (JPY1,123) for the three-month period up to such date; and a premium of 8.93% over the simple average closing price (JPY1,377) for the six-month period up to such date, and it can be concluded that a premium is being added that is not inferior to the premiums in other recent MBO cases (The premium on the simple average closing price for the last six-month period is a relatively low standard, but this appears to be due to a decline in the market price of the Shares since the announcement by the Company of the Third Quarter Preliminary Financial Statements on February 7, 2020. With regard to the reasons for this decline in the Share market price, one factor can be considered; even though lagging user acquisition etc. for the nursing division and healthcare division and the emergence of upfront costs in connection with new constructions and renovations of nursing service hubs were given as primary reasons for the Company Earnings Projection Adjustment announced by the Company on November 12, 2019, the release of the Third Quarter Preliminary Financial Statements confirmed that the effects of establishing the nursing service hubs have been limited and the lag in user acquisition etc. is ongoing. Accordingly, the market price of the Shares following

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the release of the Third Quarter Preliminary Financial Statements is believed to reflect the Company's current actual circumstances. Given the foregoing, after the examination of the premiums on the Share market price, the Special Committee can determine that it is reasonable by virtue of amply securing premiums over the closing price for the business day immediately before the date of announcement of the Tender Offer, the simple average closing price for the last one-month period, and the simple average closing price for the last three-month period. In addition, the Company Earnings Projection Adjustment was announced because the results of a tally of the Company's recent earnings reached the standards for timely disclosure, and there appears to be no reason etc. for an arbitrary downward adjustment, and furthermore at the time of the announcement of the Company Earnings Projection Adjustment, no proposal or examination of the Transaction whatsoever was being carried out; therefore, there appears to be no circumstances in particular that lead one to believe that the Company improperly lowered the market share price through the Company Earnings Projection Adjustment);

- (ii) as stated in "(c) The fairness of the negotiations process and other procedures for the Transaction" below, the negotiations process procedures for the Transaction, including the Tender Offer, are found to be fair, and the Tender Offer Price and the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms are found to have been determined in light of the outcome of such negotiations;
  - (iii) the Transaction is carried out under a scheme that the Tender Offeror will indirectly acquire the Meiwa-Owned Company Shares by receiving the transfer of the Meiwa Shares from Meiwa Shareholder while implementing the Tender Offer for issued common shares and the Stock Acquisition Rights of the Company excluding the Meiwa-Owned Company Shares ("Scheme"). Given the fact that Meiwa is an asset management company that currently has no assets other than Shares, cash and deposits, and tax assets, the Meiwa Share Transfer Amount is set at the amount that provides economic value equivalent to the value that would be received by Meiwa Shareholder in exchange of tendering their Meiwa-Owned Company Shares in the Tender Offer; thus, it would not be contrary to the uniformity of the tender offer price. Therefore, it is found that the Scheme would not give Meiwa Shareholder any unfair profits, there is no irregular points in the Scheme, and it would not cause any disadvantage on minority shareholders.
  - (iv) as the minority shareholders who did not tender their Shares in the Tender Offer will eventually be paid monies in the Squeeze-Out Procedures to be performed following the Tender Offer, computation will be made so that the amount of money to be paid in such procedures will be equal to the price obtained by multiplying the Tender Offer Price by the number of Shares held by those shareholders, the Demand for Share Cash-Out or Share Consolidation planned in the Squeeze-Out Procedures is a general method used in cases comparable to the Transaction, and in either method an opportunity for minority shareholders to state any objection to the consideration is provided, and due to the foregoing and other reasons, the procedures are found to be reasonable;
  - (v) the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms are set as the amounts obtained by multiplying the difference between the Tender Offer Price prior to the Amendment of Tender Offer Terms (JPY1,500) and the exercise price per Share for the Stock Acquisition Rights (JPY392 for the Series 1 Stock Acquisition Rights and JPY1,499 for the Series 2 Stock Acquisition Rights through Series 6 Stock Acquisition Rights) by 1, which is the number of Shares subject to each Stock Acquisition Right, thus are calculated on the basis of the Tender Offer Price prior to the Amendment of Tender Offer Terms; and
  - (vi) consideration for the Transaction will be money, and in light of the Tender Offeror being an unlisted company, the type of consideration is considered to be appropriate; in light of the foregoing and as a result of careful discussions and reviews, the Special Committee has determined that the implementation method and the scheme of the Transaction, and the type and the amount of consideration to be paid to the Company's minority shareholders in the Transaction and other terms of the Transaction are appropriate.
- (c) The fairness of the negotiations process and other procedures for the Transaction.
- (i) In light of factors such as the Transaction being carried out as part of a so-called management buyout (MBO), where there may be an inherent conflict of interest, and from the perspective

of ensuring the fairness of the Tender Offer Price and the Stock Acquisition Right Purchase Prices, eliminating arbitrariness in the decision-making process behind the decision to implement the Tender Offer, and avoiding conflicts of interest, the Company, in examining the Transaction, obtained advice and opinions etc. from third-party valuation agency and financial advisor Deloitte Tohmatsu Financial Advisory and legal advisor Kitahama Partners, both of which are independent from the Tender Offeror-Related Persons, and from the perspective of enhancing the Company's corporate value and of the shared interests of shareholders, carefully examined and discussed the appropriateness of the Tender Offer Price prior to the Amendment of Tender Offer Terms and other purchase conditions of the Tender Offer, the fairness of the series of procedures for the Transaction and other points, and the Special Committee has confirmed that there was no problem with the independence and the expertise of Deloitte Tohmatsu Financial Advisory and Kitahama Partners and approved them as the Company's third-party valuation agency and the legal advisor;

- (ii) the Company, pursuant to the negotiation policy approved by the Special Committee in advance, conducted substantial discussions and negotiations with the Tender Offeror to ensure the fairness of the Tender Offer Price prior to the Amendment of Tender Offer Terms and the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms from the perspective of protecting the interests of minority shareholders, and specifically, the Company through Deloitte Tohmatsu Financial Advisory conducted price negotiations, including presenting a counter proposal price approved by the Special Committee, via Nomura Securities Co., Ltd., the financial advisor for the Tender Offeror, and as a result of such negotiations, before reaching the decision to set the Tender Offer Price prior to the Amendment of Tender Offer Terms at JPY1,500 per Share, elicited a price increase of JPY200 in total of three (3) times from the Tender Offeror's initial proposal of JPY1,300 per Share, and in connection with this elicited a price increase of JPY200 in a total for the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms as well;
- (iii) the directors who examined and negotiated the Transaction as the representatives of the Company did not include any director who had special interests in the Transaction, or otherwise no fact was found that suggests that the Tender Offer-Related Persons or any other person with special interests in the Transaction had an improper impact on the Company during the process of the discussions, examinations and negotiations relating to the Transaction;
- (iv) with respect to the Tender Offer, the Tender Offer Period will be set as a period of 31 business days, which is longer than the statutory minimum of 20 business days; seeking to ensure that opportunities for persons other than the Tender Offeror ("Counterbidders") to make counteroffers etc. are not improperly restricted, the Tender Offeror and the Company have not executed any agreement including a deal protection provision prohibiting contact by the Company with Counterbidders or any other agreement restricting contact by a Counterbidder with the Company; together with the setting of the Tender Offer Period, by securing an opportunity for counterbidding, consideration is paid to ensure the fairness of the Tender Offer, and moreover, even though a proactive market check has not been conducted for the Transaction, in addition to the perspective of information management, Bain Capital, which owns and operates the Tender Offeror, is a global fund known for its expertise in the healthcare field, and Mr. Sugimoto, the Japan representative of Bain Capital, has a track record of contributing to enhancement of the Company's corporate value and devising a business strategy as an outside director of the Company since June 2015, and thus has a strong understanding of the Company's management situation and has already built a relationship of trust; in light of these factors, even if a proactive market check were carried out, it would be hardly effective, and thus it is thought that not carrying out such a market check will not particularly hinder the fairness of the Transaction;
- (v) the Tender Offeror has agreed with Meiwa Shareholder that all Meiwa Shares will be transferred to the Tender Offeror in the Tender Offer and has agreed with Shareholders Agreeing that all of the Shares and Stock Acquisition Rights that they each hold (excluding 39,650 shares of transfer-restricted stock held by Mr. Mori, 19,975 shares of transfer-restricted stock held by Mr. Daisuke Terada and 9,625 shares of transfer-restricted stock held by Mr. Tsuyoshi Terada allotted to them as officers of the Company in the form of transfer-restricted stock compensation. "Tender-Agreed Shares etc.") will be tendered in the Tender Offer; that

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means the total of Meiwa-Owned Company Shares (16,303,849 shares, ownership ratio of 24.76%) and Tender-Agreed Shares etc. (Shares: 12,478,503 shares, Stock Acquisition Rights: 212,000 units (number of subject shares: 212,000 shares), ownership ratio of 19.28%) is 28,782,352 Shares and 212,000 Stock Acquisition Rights (number of subject shares: 212,000 shares), and the combined ownership ratio is 44.04%; accordingly, the Tender Offeror believed that deducting these Meiwa-Owned Company Shares and Tender-Agreed Shares etc. and setting a so-called “majority of minority” lower limit of the number of shares planned to be purchased in the Tender Offer may prevent stable establishment of the Tender Offer and may, rather, cause the Tender Offer not to contribute to the interests of minority shareholders wishing to tender Shares therein; in view of this, the Tender Offeror has set the lower limit of the number of shares planned to be purchased (27,586,100 shares) in the Tender Offer at 100 shares times the number of voting rights (275,861 units) obtained by subtracting the number of voting rights (163,038 units) pertaining to Meiwa-Owned Company Shares from two-thirds of the number of voting rights (658,348 units) pertaining to the Company’s Total Number of Shares After Accounting for Potential Shares (65,834,847 shares) (two-thirds of these voting rights equals 438,899 units; rounded up to the nearest whole number); however, given that this lower limit requires approval on a scale corresponding to approximately 40.51% of Company shareholders and the Stock Acquisition Right Holders (ownership ratio: 55.85 %) other than Meiwa and Shareholders Agreeing to Tender, and it can be said that approval of a certain number of Company shareholders and the Stock Acquisition Right Holders other than Shareholders Agreeing to Tender is a precondition, and further, it is believed that the interests of the Company’s minority shareholders are sufficiently taken into consideration through other measures serving to ensure the fairness of the Tender Offer; moreover, as the outbreak of the novel coronavirus has made the stock market unstable and it is uncertain when the outbreak will wind down, the future outlook is unclear, and it is believed that respecting the choice by minority shareholders wishing to avoid an unclear market environment going forward to tender their Shares in the Tender Offer and sell the Shares at the price with a substantial premium will also benefit minority shareholders, and therefore it is believed that not setting “majority of minority” conditions in the Tender Offer cannot be said to immediately undermine the fairness of the procedures of the Transaction; in view of the foregoing, and as a result of careful discussions and examinations, the Special Committee determined that proper measures have been taken to ensure the fairness of the Transaction and thus the negotiations process and other procedures for the Transaction are fair.

- (d) Whether, in light of (a) through (c) above, the Transaction are disadvantageous to the Company’s minority shareholders.

As a result of a careful review in light of (a) through (c) above and other matters, a determination was made that the Transaction is not disadvantageous to the Company’s minority shareholders.

Note that this opinion includes the findings that the decisions by the Board of Directors (i) to state an opinion in favor of the Tender Offer and to recommend that Company shareholders and Stock Acquisition Right Holders tender their Shares and Stock Acquisition Rights in the Tender Offer and (ii) to perform, following the Tender Offer, the Squeeze-Out Procedures using the method of Demand for Share etc. Cash-Out or Share Consolidation are not disadvantageous to the minority shareholders.

Subsequently, since the commencement of the Tender Offer, in consideration of the fact that the market price of the Shares has shifted upward to surpass the Tender Offer Price, envisioning a case the Tender Offeror would make a proposal to change the conditions of the Tender Offer, the Company conveyed to the Special Committee that if the Tender Offeror made a proposal to change the conditions of the Tender Offer, it planned to consult with the Special Committee regarding whether it would be possible to maintain the response described above. On and after June 16, 2020, the Special Committee held eight meetings and deliberated those matters thereat based on various scenarios. After that, even though the Tender Offeror had not made an official proposal to change the terms of the Tender Offer, in the light of the fact that the market price of the Shares has shifted upward to surpass the Tender Offer Price before the change and the progress of tendering the Shares in the Tender Offer, in order to establish the Tender Offer and attain the purpose of the Transaction, the Special Committee considered



the change of the terms of the Tender Offer, including a raise in the Tender Offer Price, would be effective; therefore, on July 10, 2020, it offered suggestions to the Tender Offeror, including the criteria of judgement for a raise in the Tender Offer Price. Further, in late July 2020, in response to the Tender Offeror's proposal to the Company for the Amendment of Tender Offer Terms, including tendering of the Shares held by Effissimo in the Tender Offer, the Company formally consulted with the Special Committee regarding whether it would be possible to maintain the response described above. And the Special Committee conducted two interviews with the Tender Offeror on July 22, and July 27, 2020, and confirmed the background and content of the proposal for the Amendment of the Tender Offer Terms, the process and content of negotiations made between the Tender Offeror and Effissimo, as well as the existence or non-existence of Effissimo's intention to involve into the business operation of the Company, its policy, and its impact on various measures for the business structure reform to be undertaken after the implementation of the Transaction, then once again considered whether it would be possible to maintain the response described above. Finally on July 30, 2020, the Special Committee reported to the Board of Directors by submitting a written report to the effect that there was no impact on the determination described above even in the light of the Amendment of Tender Offer Terms and there was no particular need to change the above determination. The following is a summary of the written report.

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

For the reasonableness of the purposes of the Transaction, even after the Amendment of the Tender Offer Terms, there is no change in the original purposes of the Transaction to enhance the corporate value in the medium-to-long term by establishing group management system through the process to take the Shares private, and to implement the business structure reform rapidly. However, since there is a change in the facts forming the basis of the opinions described in the Written Report dated May 7, 2020 ("Original Opinion,") a need arises to examine whether the Original Opinion should be changed.

Through interviews with the Tender Offeror, the Special Committee received an explanation on the background and content of the Amendment of the Tender Offer Terms, the negotiation process and the outline of the agreement between the Tender Offeror and Effissimo, and a series of these processes and transactions. Also, it received an explanation from the Company on the progress of negotiations made with Effissimo. The outline of those explanations is as follows:

- (i) Effissimo holds the Shares in the medium-to-long term. From about five years ago, it has a track record of repeated discussions and consideration with the Company on various measures for enhancing the Company's corporate value, including the Company's business structure reform; however it has not presented any opposing or competing opinion against the Company's management policy so far,
- (ii) Though Effissimo has no plans to dispatch any officer or staff members to the Company, it has expressed its intention to support various measures jointly, which are expected to be implemented by the Tender Offeror following the Tender Offer, and
- (iii) Through the investment in the Company, Effissimo intends to gain only economic benefit under its capital contribution ratio by subscribing for nonvoting shares issued by BCJ-43 through ECM Master Fund. Therefore, the said scheme will not cause any confrontation or conflict, such as the difference in the management policy between Bain Capital and Effissimo, after the implementation of the Transaction; thus, the scheme is acceptable.

Accordingly, regarding Effissimo's intention to carry out the Tender Offer jointly through the Tender Offeror, it is believed there is no factor that may obstruct the business structure reform to be undertaken by Bain Capital and the Tender Offeror. As a result of the careful deliberation and consideration at the Special Committee, it was decided that even based on the Amendment of the Tender Offer Terms, there is no impact on the content of the Original Opinion regarding the reasonableness of the purpose of the Transaction.

- (b) The appropriateness of the terms of the Transaction (including the tender offer price)

For the appropriateness of the terms of the Transaction, since the consideration for the Transaction has changed due to the Amendment of the Tender Offer Terms, there is a change in the facts forming the basis of the Original Opinion; therefore, a need arises to examine whether the Original Opinion should be changed or not.

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Given the facts that the market price of the Shares has shifted upward to surpass the Tender Offer Price prior to the Amendment of the Tender Offer Terms and the progress of tendering in the Tender Offer, the Special Committee made considerations based on various scenarios from before receiving from the Tender Offeror the proposal for the Amendment of the Tender Offer Terms, and asked for the opinion of Deloitte Tohmatsu Financial Advisory, an independent calculation agent, on whether or not the content of the Share Valuation Report on May 7, 2020 should be changed or revised. And the response said that since there was no material change in the current condition or future outlooks of the Company's business or other information, there was no material change in calculation results of the share value of the Share. Noted that the business plan that formed the basis of the calculation using the DCF Analysis in the above Share Valuation Report was the one for the period from March 2021 through March 2023. However, according to the Company, the current financial condition of the Company has shown a downtrend below the forecasts in the business plan. It was, therefore, confirmed that the examination of the appropriateness of the Tender Offer Price after the Amendment of the Tender Offer Terms based on the share value of the Shares calculated on the said business plan would not cause any disadvantage or unreasonableness to minority shareholders of the Company.

On the other hand, given the fact that the market price of the Share has shifted upward to surpass the Tender Offer Price before the Amendment of Tender Offer Terms, the Special Committee considered that, in order to establish the Tender Offer, attain the purposes of the Transaction, and encourage continuously minority shareholders to tender their Shares in the Tender Offer, the change of the terms of the Tender Offer, including a raise in the Tender Offer Price, would be effective. Thus, the Special Committee made a suggestion to the Tender Offeror on the criteria of judgement for a raise in the Tender Offer Price, and indicated that the Tender Offer Price after the Amendment of Tender Offer Terms needs to exceed the closing price of the Shares on the First Section of the Tokyo Stock Exchange on the business day immediately preceding the determination date of the Amendment of Tender Offer Terms and the simple average closing prices of the Shares for the period from May 11, 2020, the business day immediately following the date of announcement of the Tender Offer through the business day immediately preceding the determination date of the Amendment of Tender Offer Terms.

In response, JPY 1,670, the Tender Offer Price after the Amendment of Tender Offer Terms proposed by the Tender Offeror is greater than the maximum amount of the range of the calculation results based on the market price analysis and the comparable company analysis, also, exceeds the mid-value of the range of the calculation results using the DCF Analysis.

In addition, the Tender Offer Price after the Amendment of Tender Offer Terms (JPY 1,670) includes a premium of 52.65% on JPY 1,094, the closing price of the Shares on the First Section of the Tokyo Stock Exchange on May 7, 2020, 54.63% on JPY 1,080, the simple average closing price for the most recent month up to such date, 48.71% on JPY1,123, the simple average closing price for the most recent three months up to such date, 21.28% on JPY1,377, the simple average closing price for the most recent six months up to such date, respectively; in addition, 7.74% on JPY 1,550, the closing price of the Shares on the First Section of the Tokyo Stock Exchange on July 30, 2020 or the business day immediately preceding the determination date of the Amendment of Tender Offer Terms, 3.73% on JPY 1,610, the simple average closing price for the period from May 11, 2020, the business day immediately following the date of announcement of the Tender Offer through July 30, 2020, the business day immediately preceding the determination date of the Amendment of Tender Offer Terms, respectively. Accordingly, in any of the above cases, the Tender Offer Price after the Amendment of Tender Offer Terms satisfies the criteria of judgement suggested by the Special Committee.

Note that, in connection with the market price after the announcement of the Tender Offer, the premium on the Tender Offer Price after the Amendment of Tender Offer Terms is a relatively low standard. However the said premium is based on the comparison with the market price reflecting the fact of the announcement of the Transaction, and the cumulative trading volume of the Shares after the announcement of the Tender Offer up to the present exceeds about 27,000,000 Shares, and about 90% or more of the liquid stocks of the Company, excluding the Meiwa-Owned Shares, the Tender-Agreed Shares, and the Effissimo Tender-Agreed Shares, have been traded on the market. Since it is considered that current market price of the Shares is formed through the trade among the shareholders of the Company who have interest in the Transaction, the above premiums are reasonable and will fully meet expectations of minority shareholders.

Given the above factors, the Special Committee carefully deliberated and considered, and as a result, it decided that even considering the transition of the market price of the Shares after the announcement of the Tender Offer, the conditions of the Transaction after the Amendment of Tender Offer Terms are reasonable and there is no need to change the Original Opinion.

(c) The fairness of the negotiation process and other procedures for the Transaction

The Special Committee determined that since the announcement of the Tender Offer, even in the decision-making process regarding the Amendment of Tender Offer Terms, the fairness of the Transaction has been continuously ensured and there is no need to change the Original Opinion for the following reasons:

- (i) Given the situation that the market price of the Shares has shifted upward to surpass the Tender Offer Price before the Amendment of Tender Offer Terms, on and after June 16, 2020, the Special Committee had eight meetings to make various considerations regarding the change of terms of the Tender Offer, and made a suggestion to the Tender Offeror on the criteria of judgement for a raise in the Tender Offer Price. After receiving the formal proposal for the Amendment of Tender Offer Terms from the Tender Offeror in late July 2020, the Company and the Special Committee conducted two interviews with the Tender Offeror on July 22, and July 27, 2020, and confirmed the background and content of the proposal for the Amendment of the Tender Offer Terms, the process and content of negotiations made between the Tender Offeror and Effissimo, as well as the existence or non-existence of Effissimo's intention to involve in the business operation of the Company, its policy, and its impact on various measures for the business structure reform of the Company after the implementation of the Transaction. Further, the Company and the Special Committee confirmed with Deloitte Tohmatsu Financial Advisory, an independent calculation agent, that there was no material change in calculation results of the share value of the Share based on the current trend of the stock market since the commencement of the Tender Offer, and other information;
- (ii) The Tender Offer Period for the Tender Offer is extended from the original 31 business days to 68 business days, and this ensures ample opportunities for the Counterbidders to make counteroffers, etc. And, it also ensures the ample opportunities for general shareholders to make their decisions, and it is favorable that, in actuality, the Company faithfully responds, to the extent possible, to inquiries from several shareholders or investment firms with foreign capital; and.
- (iii) The Tender Offeror agreed to receive the transfer of the Meiwa Shares from the Meiwa Shareholders in the Tender Offer, and also agreed with the Shareholders Agreeing to Tender and Effissimo, respectively, to the effect that they will tender their Shares and the Stock Acquisition Rights (Shares: 20,800,203 shares, Stock Acquisition Rights: 212,000 units) (number of subject shares: 212,000 shares, ownership ratio of 31.92%) in the Tender Offer, respectively; thus the total number of the Meiwa-Owned Company Shares (Shares: 16,303,849 shares, ownership ratio of 24.76%), the Tender-Agreed Shares, etc., and the Effissimo Tender-Agreed Shares will be 37,104,052 Shares and 212,000 Stock Acquisition Rights (number of subject shares: 212,000 shares), and the combined ownership ratio will be 56.68%. In response, even after the Amendment of Tender Offer Terms, the Tender Offeror will not set a so-called "majority of minority" lower limit of the number of shares planned to be purchased, and set the lower limit of the number of shares planned to be purchased (27,586,100 shares) in the Tender Offer at 100 shares times the number of voting rights (275,861 units) obtained by subtracting the number of voting rights (163,038 units) pertaining to Meiwa-Owned Company Shares from two-thirds of the number of voting rights (658,348 units) pertaining to the Company's Total Number of Shares After Accounting for Potential Shares (65,834,847 shares) (two-thirds of these voting rights equals 438,899 units; rounded up to the nearest whole number). However, this lower limit requires approval on a scale corresponding to approximately 23.11% of the Company shareholders and the Stock Acquisition Right Holders (ownership ratio of 43.21%) other than Meiwa, the Shareholders Agreeing to Tender, and Effissimo. Even though the Company does not need to obtain approval from a high percentage of the Company shareholders and the Stock Acquisition Right Holders other than Meiwa, the Shareholders Agreeing to Tender, and Effissimo, such approval is the precondition. In addition, even though such required percentage of the Company shareholders and the Stock Acquisition Right Holders other than Meiwa, the Shareholders

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Agreeing to Tender, and Effissimo becomes relatively low in comparison with the same before the Amendment of Tender Offer Terms, Effissimo, one of the minority shareholder as of the commencement of the Tender Offer, expressed its intention to agree with the Tender Offer after the Amendment of Tender Offer Terms and has executed the Tender Agreement. Thus, the fact that the Company has gained approval from a part of the minority shareholders as of the commencement of the Tender Offer is favorable. Also, if the “majority of minority” conditions is set in the Tender Offer, it may prevent the stable establishment of the Tender Offer, and may, instead, cause the Tender Offer not to contribute to the interests of minority shareholders wishing to tender Shares therein; thus, it is considered that the non-setting of “majority of minority” conditions in the Tender Offer will not immediately undermine the fairness of the procedures of the Transaction.

- (d) Whether, in the light of (a) through (c) above, the Transaction is disadvantageous to the Company’s minority shareholders.

As a result of a careful examination of (a) through (c) and other matters, it was determined that even considering the current status after the announcement of the Tender Offer, the Transaction is not disadvantageous to the Company’s minority shareholders, and there is no need to change the Original Opinion.

Note that the above opinions include the findings that the decisions by the Board of Directors (i) to state an opinion in favor of the Tender Offer after the Amendment of Tender Offer Terms, and to recommend that Company shareholders and Stock Acquisition Right Holders tender their Shares and Stock Acquisition Rights in the Tender Offer, and (ii) to perform, following the Tender Offer, the Squeeze-out Procedures using the method of Demand for Share, etc. Cash-out or Share Consolidation are not disadvantageous to the Company minority shareholders.

- (iv) Approval of All Company Directors Not Having a Conflict of Interest; Opinion of No Objection from All Company Auditors

On the basis of the Share Valuation Report obtained from Deloitte Tohmatsu Financial Advisory and legal advice obtained from Kitahama Partners, the Company carefully considered the terms of the Transaction while maximally giving weight to the content of the Written Report submitted by the Special Committee (see “(iii) Establishment of a Special Committee at the Company; Procuring a Written Report” above regarding the constitution of the Special Committee and its specific activities etc.).

Consequently, as explained in “1. Reasons for Implementing the Share Consolidation” above, the Board of Directors decided, regarding the Transaction, that the Transaction, which includes the Tender Offer, can be expected to improve the Company’s corporate value and the Tender Offer Price prior to the Amendment of Tender Offer Terms, the Stock Acquisition Right Purchase Prices prior to the Amendment of Tender Offer Terms and other conditions of the Tender Offer are appropriate from the perspective of the Company’s shareholders and Stock Acquisition Right Holders, and that the Tender Offer will provide the Company’s shareholders and Stock Acquisition Right Holders with a reasonable opportunity to sell their Shares and Stock Acquisition Rights. At the Board of Directors meeting held on May 8, 2020, the Company’s directors (six directors excluding Mr. Mori, Mr. Daisuke Terada, Mr. Tsuyoshi Terada, and Mr. Sugimoto) who participated in deliberation and voting announced their unanimous agreement to the Tender Offer and made a resolution to recommend that all of the Company’s shareholders and Stock Acquisition Right Holders tender their shares etc. in the Tender Offer.

Further, in response to the Tender Offeror’s decision on the Amendment of Tender Offer Terms, and in the light of the background and content of the Amendment of Tender Offer Terms, the process behind the Tender Offeror’s decision to receive the Commitment Letter from Effissimo and to have the Subscription Agreement executed, the outline of the Commitment Letter and the Subscription Agreement, and the opinions of the Special Committee relating to the series of these processes and transactions, the Board of Directors carefully deliberated these matters at a meeting held on July 31, 2020. And as described in “1. Reasons for Implementing the Share Consolidation” above, it was confirmed that even on the basis of the Amendment of Tender Offer Terms, it is expected that taking the Shares private through the Transaction, including the Tender Offer, would contribute to enhancing the Company Group’s corporate value; while Effissimo owns the Shares in the medium-to-long term,

and from about five years ago, it has a track record of repeated discussions and consideration with the Company on various measures for enhancing the Company's corporate value, including the Company's business structure reform, it has not presented any opposing or competing opinion against the Company's management policy so far; and, according to the explanation given to the Company by the Tender Offeror, though Effissimo has no plans to dispatch any officer or staff members to the Company, it has expressed its intention to support various measures for enhancing the corporate value of the Company jointly, which are expected to be implemented by Bain Capital and the Tender Offeror after the Tender Offer; therefore, there is no factor that may obstruct the business structure reform to be undertaken by Bain Capital and the Tender Offeror. In addition, the Tender Offer Price as amended by the Amendment of Tender Offer Terms, the Stock Acquisition Right Purchase Prices as amended by the Amendment of Tender Offer Terms, and the other conditions for the Tender Offer are reasonable for the Company's shareholders and Stock Acquisition Right Holders, and there is no change in the thinking that the Tender Offer provides a reasonable opportunity for the Company's shareholders and Stock Acquisition Right Holders to sell their Shares and Stock Acquisition Rights, the Company passed a resolution to maintain its opinion in favor of the Tender Offer as previously announced in the "Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares" released on May 8, 2020 and maintain its recommendation for the Company's shareholders and Stock Acquisition Right Holders to tender their Shares and Stock Acquisition Rights in the Tender Offer.

Subsequently, the Tender Offer was established as set forth above, but because the Tender Offeror was unable to acquire all of the Shares (excluding treasury shares held by the Company and Meiwa-Owned Company Shares) through the Tender Offer, as we informed you in the Opinion-Representing Press Release, in response to a request by the Tender Offeror, the Company passed a resolution at a meeting of the Board of Directors held on September 15, 2020 to vote on the Share Consolidation at the Extraordinary General Shareholders Meeting to make the Tender Offeror and Meiwa the only shareholders of the Company and take the Shares private subject to the approval of shareholders at the Extraordinary General Shareholders Meeting.

Three statutory auditors of the Company attended the Board of Directors meetings described above, and each of the statutory auditors in attendance stated that he or she had no objection to the resolutions. However, it should be noted that Mr. Mori is expected to remain engaged in the management of the Company after the establishment of the Tender Offer, and he is considering investing directly or indirectly in the Tender Offeror to share the common objective for enhancing the corporate value; Mr. Daisuke Terada, who was the Company representative director and vice president as of May 8, 2020, decided to externally make clear that he intends to continue supporting the Company as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Tender Offeror; the Company representative director and vice president Mr. Tsuyoshi Terada, who was managing director as of May 8, 2020, decided to externally make clear that he will remain involved in Company management and, with the common object for enhancing the corporate value, intends to continue supporting the Company as a relative of Former Chairman Terada, and is considering directly or indirectly investing in the Tender Offeror; and Company outside director Mr. Sugimoto is concurrently serving as Japan representative of Bain Capital, which provides investment advice to an investment fund that indirectly owns all outstanding shares of BCJ-43, which in turn owns all outstanding shares of the Tender Offeror. These four directors therefore have conflicts of interest with the Company in relation to the Transaction, and thus, as specially-interested directors, they did not in any way participate in the deliberations or voting in the above meeting of the Board of Directors, nor did they have any role in the consultations and negotiations with the Tender Offeror from the Company's position (Mr. Daisuke Terada retired as representative director and director on June 24, 2020, and since then has not held the position of a director, he did not participate in the Board of Directors meeting held on July 30, 2020 and the Board of Directors meeting held on September 15, 2020.).

(v) Securing Objective Conditions for Ensuring the Fairness of the Tender Offer

Tender Offeror has not executed with the Company any agreement including a deal protection provision prohibiting contact by the Company with any Counterbidder regarding the Shares or any other agreement restricting contact by a Counterbidder with the Company. Further, Tender Offeror has set as the purchase etc. period ("Tender Offer Period") involved in the Tender Offer a period of 68 business days, which is longer than the statutory minimum of 20 business days. By setting a comparatively long period as the Tender Offer Period, Tender Offeror intends to ensure an appropriate Tender Offer Price by securing for the Company's shareholders and the Stock Acquisition Right

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Holders an appropriate opportunity for decision-making regarding tendering shares in the Tender Offer and securing an opportunity for persons other than Tender Offeror to make counteroffer etc. for the Shares.

Note that as explained in “(iii) Establishment of a Special Committee at the Company; Procuring a Written Report” above, regarding a proactive market check to survey and investigate whether there is any other potential acquirer in the market (including any bidding procedures etc. prior to the public announcement of the Transaction), the Special Committee determined in view of the assorted measures that were carried out to ensure the fairness of the Transaction, which includes the Tender Offer, and other specific conditions of the Transaction that not carrying out such a market check will not particularly hinder the fairness of the Transaction.

Note that Tender Offeror has agreed in the Share Transfer Agreement with Meiwa Shareholder that all Meiwa Shares will be transferred to Tender Offeror and has agreed in the Tender Offer Acceptance Agreements which Tender Offeror entered into with each Shareholder Agreeing to Tender that Tender-Agreed Shares etc. will be tendered in the Tender Offer; and has received from Effissimo a commitment to tender the Effissimo Tender-Agreed Shares in the Tender Offer; the total of Meiwa-Owned Company Shares (16,303,849 shares, ownership ratio of 24.76 %), Tender-Agreed Shares etc. (Shares: 12,478,503 shares, Stock Acquisition Rights: 212,000 units (number of subject shares: 212,000 shares), ownership ratio of 19.28%), and Effissimo Tender-Agreed Shares (8,321,700 shares, ownership ratio of 12.64 %) is 37,104,052 Shares and 212,000 Stock Acquisition Rights (number of subject shares: 212,000 shares), and the combined ownership ratio is 56.68%. Accordingly, deducting these Meiwa-Owned Company Shares and Tender-Agreed Shares etc. and setting a so called “majority of minority” lower limit of the number of shares planned to be purchased in the Tender Offer may prevent stable establishment of the Tender Offer. Tender Offeror believes that the Transaction, which includes the Tender Offer, will contribute to the shared interests of all shareholders, including minority shareholders, and believes that setting a “majority of minority” may, rather, cause the Tender Offer not to contribute to the interests of minority shareholders wishing to tender shares therein. In view of this, Tender Offeror has set the lower limit of the number of shares planned to be purchased (27,586,100 shares) in the Tender Offer at 100 shares times the number of voting rights (275,861 units) obtained by subtracting the number of voting rights (163,038 units) pertaining to Meiwa-Owned Company Shares from two-thirds of the number of voting rights (658,348 units) pertaining to the Company’s Total Number of Shares After Accounting for Potential Shares (65,834,847 shares) (two-thirds of these voting rights equals 438,899 units; rounded up to the nearest whole number). Indeed, from the Company’s perspective, even though the Company does not need to obtain approval from a high percentage of the Company shareholders and the Stock Acquisition Right Holders other than Meiwa, the Shareholders Agreeing to Tender, and Effissimo, such approval is the precondition. In addition, even though such required percentage of the Company shareholders and the Stock Acquisition Right Holders other than Meiwa, the Shareholders Agreeing to Tender, and Effissimo becomes relatively low in comparison with the same before the Amendment of Tender Offer Terms, Effissimo, one of the minority shareholder as of the commencement of the Tender Offer, expressed its intention to agree with the Tender Offer after the Amendment of Tender Offer Terms and has executed the Tender Agreement. Thus, the fact that the Company has gained approval from a part of the minority shareholders as of the commencement of the Tender Offer is favorable. Also, if the “majority of minority” conditions is set in the Tender Offer, it may prevent the stable establishment of the Tender Offer, and may, instead, cause the Tender Offer not to contribute to the interests of minority shareholders wishing to tender Shares therein; thus, it is considered that the non-setting of “majority of minority” conditions in the Tender Offer will not immediately undermine the fairness of the procedures of the Transaction. Further, Tender Offeror believes that in the Tender Offer, the interests of the Company’s shareholders are sufficiently taken into consideration through the measures set forth in (i) to (v) above serving to ensure the fairness thereof.

4. Disposal of material assets, assumption of large obligations, and other events having a material effect on the status of company finances arising since the last day of the Company’s last business year

(1) Tender Offer

As set forth in “1. Reasons for Implementing the Share Consolidation” above, the Tender Offeror carried out the Tender Offer with the period from May 11, 2020 to August 17, 2020 as the Tender Offer Period, and as a result, as of August 24, 2020, the day of commencement of settlement of the Tender Offer, the Tender Offeror now holds 37,449,109 of the Shares and 493,800 Stock Acquisition Rights (which have as

their object 493,800 Shares) (Voting Rights Ratio: 82.27%).

(2) Retirement of treasury shares

Further, at a meeting of the Board of Directors held on September 15, 2020, the Company passed a resolution to retire the Company's 7,735,441 treasury shares (all of the shares held by the Company as of September 3, 2020) on November 6, 2020. The retirement of treasury shares is subject to the proposal relating to the Share Consolidation being passed as in the current draft at the Extraordinary General Shareholders Meeting, and the total number of outstanding shares of the Company after retirement will be 65,282,511 shares.

**Proposal 2. Partial Amendment of Articles of Incorporation**

## 1. Reasons of Amendment of Articles of Incorporation

- (1) If the current draft of the proposal for the Share Consolidation is approved and the Share Consolidation takes effect, in accordance with Article 182, paragraph (2) of the Companies Act, the Company's total number of authorized shares will be reduced to 16 shares. To clarify this point, subject to the Share Consolidation taking effect, Article 6 (Total Number of Authorized Shares) of the Articles of Incorporation will be amended.
- (2) If the proposal for the Share Consolidation is approved as in the current draft of and the Share Consolidation takes effect, the Company's total number of outstanding shares will be 4 shares, and it will cease to be necessary to specify the number of shares in a share unit. Subject to the Share Consolidation taking effect, in order to abolish the provision that currently makes 100 shares the share unit for the Shares, the entire text of Article 8 (Number of Shares in Share Unit), Article 9 (Rights of Shareholders of Less Than One Share Unit), and Article 10 (Demand for Sale of Shares Less Than One Share Unit) of the Articles of Incorporation will be deleted, Article 12 (Share Handling Rules) will be amended, and in conjunction with the amendment the article numbers will be shifted up.

## 2. Content of Articles of Incorporation

The amendments are as follows. Provided that the proposal for the Share Consolidation is approved at the Extraordinary General Shareholders Meeting as in the current draft, and the Share Consolidation takes effect, these amendments of the Articles of Incorporation are scheduled to take effect on November 9, 2020, which is the effective date of the Share Consolidation.

(Underlining denotes amendment.)

Current Articles of Incorporation	Draft Amendment
Article 6. Total Number of Authorized Shares The Company's total number of authorized shares shall be <u>220,000,000</u> shares.	Article 6. Total Number of Authorized Shares The Company's total number of authorized shares shall be <u>16</u> shares.
(Omitted)	(Omitted)
<u>Article 8. Number of Shares in Share Unit</u> <u>The number of shares of the Company in one share unit shall be 100 shares.</u>	(Deleted)
<u>Article 9. Rights of Shareholders of Less Than One Share Unit</u> <u>Shareholders of the Company may not exercise rights regarding shares less than one share unit that they hold, except for the following rights:</u> <u>(1) The rights set forth in the items of the Companies Act, Article 189, paragraph (2);</u> <u>(2) The right to make demands in accordance with the Companies Acts, Article 166, paragraph (1);</u> <u>(3) The right of shareholders to receive allotment of subscription shares or allotment of stock acquisition rights for subscription in proportion to the number of shares; and</u> <u>(4) The right to make demands as specified in Article 10.</u>	(Deleted)



Current Articles of Incorporation	Draft Amendment
<p><u>Article 10. Demand for Sale of Shares Less Than One Share Unit</u></p> <p>(i) <u>A shareholder holding less than one share unit of the Company is entitled to demand that the Company sell to it (“Additional Purchase”) the number of shares which would equal the one share unit together with the number of shares less than one share unit held by such shareholder.</u></p> <p>(ii) <u>The time and manner etc. in which Additional Purchase requests can be made shall be in accordance with the Share Handling Rules specified by the Board of Directors.</u></p>	(Deleted)
<p>Article <u>11</u>. (Omitted)</p>	<p>Article <u>8</u>. (Unchanged from current version)</p>
<p>Article <u>12</u>. Share Handling Rules</p> <p>The handling of and fees relating to shares and stock acquisition rights, including entry or recording in the shareholder registry and registry of stock acquisition rights, and <u>purchase of shares less than one share unit and Additional Purchases</u>, shall be in accordance with the Share Handling Rules specified by resolution of the Board of Directors.</p>	<p>Article <u>9</u>. Share Handling Rules</p> <p>The handling of and fees relating to shares and stock acquisition rights, including entry or recording in the shareholder registry and registry of stock acquisition rights, shall be in accordance with the Share Handling Rules specified by resolution of the Board of Directors.</p>
<p>Article <u>13</u>-Article <u>45</u> (Omitted)</p>	<p>Article <u>10</u>-Article <u>42</u> (Unchanged from current version)</p>

**Proposal 3. Election of Two (2) Directors**

Out of nine (9) Directors, five (5) Directors (Mr. Takayuki Masuda, Ms. Takako Ide, Mr. Mitsuo Kaise, Ms. Etsuko Kuroki, and Mr. Keita Moriwaki) will resign at the conclusion of this Extraordinary General Shareholders Meeting. Accordingly, the election of two (2) new Directors is proposed.

With respect to the appointment of these Directors, provided that the proposal for the Share Consolidation is approved and adopted as proposed at the Extraordinary General Shareholders Meeting, the change will take effect on October 16, 2020.

The terms of office of the newly elected Directors shall continue until the expiration of the terms of office of the other Directors currently in office, in accordance with the Articles of Incorporation of the Company.

The candidates for Director are as follows:

Candidate Number	Name	Gender	Current position and responsibilities	Attribute
1	Ryuto Kobayashi	Male	Director, Ooedo Onsen Monogatari Group Co., Ltd. Managing Director, Bain Capital Private Equity (Japan), LLC Director, Ooedo Onsen Monogatari Hotel & Resorts Co., Ltd. Director, GABA Corporation	New Election Outside Director
2	Shunsuke Nakahama	Male	Operating Partner, Bain Capital Private Equity (Japan), LLC Director, Yukiguni Maitake Co., Ltd. Director, EmberPoint Co., Ltd. Director, Showa Aircraft Industry Co., Ltd. Director, GABA Corporation	New Election Outside Director

New Election: Newly elected candidate for Director

Outside Director: candidate for Outside Director

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Candidate Number	Name (Date of birth)	Career summary, position and responsibility at the Company	Number of Company shares held
1	Ryuto Kobayashi Male (October 30, 1976)  New Election	April 1999 Joined Mitsubishi Corporation October 2000 Joined Accenture Japan Ltd. May 2008 Graduated from Harvard Business School August 2008 Joined Bain Capital Private Equity (Japan), LLC July 2012 Statutory Auditor, Jupiter Shop Channel Co., Ltd. May 2017 Director, Ooedo Onsen Monogatari Co., Ltd. June 2017 Director, Ooedo Onsen Monogatari Group Co., Ltd. (to present) January 2018 Managing Director, Bain Capital Private Equity (Japan), LLC (to present) May 2018 Director, Ooedo Onsen Monogatari Hotel & Resorts Co., Ltd. (to present) August 2020 Director, GABA Corporation (to present) (Significant concurrent positions outside the Company) Director, Ooedo Onsen Monogatari Group Co., Ltd. Managing Director, Bain Capital Private Equity (Japan), LLC Director, Ooedo Onsen Monogatari Hotel & Resorts Co., Ltd. Director, GABA Corporation	-
[Reason for choosing as candidate for Outside Director] Mr. Ryuto Kobayashi has a track record of many achievements as the Managing Director of Bain Capital Private Equity (Japan), LLC, investing in many Japanese companies and providing management support. As the person in charge of the healthcare department of Bain Capital Private Equity (Japan), LLC, he has extensive experience in the Company's core businesses of medical care, long-term care and childcare. He has been chosen as a candidate for Outside Director in the belief that his advice backed by that broad knowledge will strengthen the earning ability in the Company's core businesses and that he is necessary for further development of the Company.			

## (TRANSLATION FOR REFERENCE PURPOSE ONLY)

Candidate Number	Name (Date of birth)	Career summary, position and responsibility at the Company	Number of Company shares held
2	Shunsuke Nakahama Male (March 15, 1977)  New Election	<p>April 2002 Joined McKinsey &amp; Company Incorporated Japan</p> <p>April 2010 Operating Partner, Bain Capital Private Equity (Japan), LLC (to present)</p> <p>December 2015 Outside Director, Domino's Pizza Japan, Inc.</p> <p>April 2016 Director, Yukiguni Maitake Co., Ltd. (to present)</p> <p>August 2018 Outside Statutory Auditor, Toshiba Memory Corporation</p> <p>March 2019 Outside Statutory Auditor, Toshiba Memory Holdings Corporation (currently: Kioxia Holding Corporation)</p> <p>September 2019 Director, Cheetah Digital Co., Ltd. (currently: EmberPoint Co., Ltd.) (to present)</p> <p>April 2020 Director, Showa Aircraft Industry Co., Ltd. (to present)</p> <p>August 2020 Director, GABA Corporation (to present)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Operating Partner, Bain Capital Private Equity (Japan), LLC</p> <p>Director, Yukiguni Maitake Co., Ltd.</p> <p>Director, EmberPoint Co., Ltd.</p> <p>Director, Showa Aircraft Industry Co., Ltd.</p> <p>Director, GABA Corporation</p>	-
<p>[Reason for choosing as candidate for Outside Director]</p> <p>Mr. Shunsuke Nakahama has a track record of many achievements as the Operating Partner of Bain Capital Private Equity (Japan), LLC, providing hands-on support for management reforms at many Japanese companies. He has been chosen as a candidate for Outside Director in the belief that his knowledge and broad insight in management support accumulated as the person in charge of the specialized team for management reform support at Bain Capital Private Equity (Japan), LLC is essential for the Company to promote drastic business restructuring and that he is necessary to improve the corporate value of the Company.</p>			

- Notes: 1. There are no special interests between the Company and any of the candidates.
2. Mr. Ryuto Kobayashi and Mr. Shunsuke Nakahama are candidates for Outside Director.
3. It is judged that Mr. Ryuto Kobayashi and Mr. Shunsuke Nakahama would appropriately execute their duties as Outside Director, as described in "Reason for choosing as candidate for Outside Director" for each candidate.
4. In the case that Mr. Ryuto Kobayashi and Mr. Shunsuke Nakahama are elected, in accordance with Article 427, paragraph (1) of the Companies Act, the Company is planning to enter into an agreement with them to limit their liability for damages stipulated in Article 423, paragraph (1) of the Companies Act, up to the minimum liability amount specified under Article 425, paragraph (1) of the Companies Act.

**Proposal 4. Election of Two (2) Auditors**

Out of three (3) Auditors, two (2) Auditors (Mr. Ippei Matsuno and Mr. Joji Uchida) will resign at the conclusion of this Extraordinary General Shareholders Meeting. Accordingly, the election of two (2) new Auditors is proposed.

With respect to the appointment of these Auditors, provided that the proposal for the Share Consolidation is approved and adopted as proposed at the Extraordinary General Shareholders Meeting, the change will take effect on October 16, 2020.

The terms of office of the newly elected Auditors shall continue until the expiration of the terms of office of the other Auditors currently in office, in accordance with the Articles of Incorporation of the Company.

The Board of Auditors has given its approval of this proposal.

The candidates for Auditor are as follows:

Candidate Number	Name	Gender	Current position	Attribute
1	Junichi Takami	Male	Outside Statutory Auditor, Showa Aircraft Industry Co., Ltd.	New Election Outside Corporate Auditor
2	Komi Kyu	Male	Statutory Auditor, GABA Corporation	New Election Outside Corporate Auditor

New Election: Newly elected candidate for Auditor

Outside Corporate Auditor: candidate for Outside Corporate Auditor

(TRANSLATION FOR REFERENCE PURPOSE ONLY)

Candidate Number	Name (Date of birth)	Career summary, and position at the Company	Number of Company shares held
1	Junichi Takami Male (June 29, 1980)  New Election	April 2003 Joined the Ministry of Economy, Trade and Industry August 2011 Joined McKinsey & Company Incorporated Japan April 2020 Vice President, Bain Capital Private Equity (Japan), LLC (to present) June 2020 Outside Statutory Auditor, Showa Aircraft Industry Co., Ltd. (to present) (Significant concurrent positions outside the Company) Outside Statutory Auditor, Showa Aircraft Industry Co., Ltd.	-
	[Reason for choosing as candidate for Outside Corporate Auditor] Mr. Junichi Takami has a high level of insight and extensive experience related to the economy, international affairs, culture, etc. gained through his service at the Ministry of Economy, Trade and Industry. He has been chosen as a candidate for Outside Corporate Auditor in the belief that he will supervise the Company's management appropriately by providing opinions and proposals from an objective standpoint.		
2	Komi Kyu Male (August 16, 1984)  New Election	April 2010 Joined Boston Consulting Group May 2015 Joined Bain Capital Private Equity (Japan), LLC January 2019 Vice President, Bain Capital Private Equity (Japan), LLC (to present) September 2020 Statutory Auditor, GABA Corporation (to present) (Significant concurrent positions outside the Company) Statutory Auditor, GABA Corporation	-
	[Reason for choosing as candidate for Outside Corporate Auditor] Mr. Komi Kyu has a wide-ranging, high level of knowledge gained through his experience consulting for a broad range of domestic and international companies. He has been chosen as a candidate for Outside Corporate Auditor in the belief that he will monitor management and provide appropriate advice.		

Notes: 1. There are no special interests between the Company and any of the candidates.

2. Mr. Junichi Takami and Mr. Komi Kyu are candidates for Outside Corporate Auditor.

3. Reasons why it was judged that the candidates would appropriately execute their duties as Outside Corporate Auditors  
It is judged that Mr. Junichi Takami and Mr. Komi Kyu would appropriately execute their duties as Outside Corporate Auditor, as described in "Reason for choosing as candidate for Outside Corporate Auditor" for each candidate.

4. Agreements limiting liabilities of Outside Corporate Auditors

In the case that Mr. Junichi Takami and Mr. Komi Kyu are elected, in accordance with Article 427, paragraph (1) of the Companies Act, the Company is planning to enter into an agreement with them to limit their liability for damages stipulated in Article 423, paragraph (1) of the Companies Act, up to the minimum liability amount specified under Article 425, paragraph (1) of the Companies Act.