Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

October 27, 2020

To whom it may concern,

Company name: JSR Corporation
Representative: Eric Johnson, Representative Director, CEO
(Code #4185, Tokyo Stock Exchange)
Inquiries to: Yoshiko Takeda, General Manager
Corporate Communications Dept.
TEL: (03)6218-3517 (Japan)
+81-3-6218-3517 (from abroad)

Notice of Commencement of Tender Offer for Shares of MEDICAL & BIOLOGICAL LABORATORIES CO., LTD (Stock Exchange Code 4557)

JSR Corporation (Hereinafter referred to as "tender offeror" and "our company".) announced today that it was resolved at its board of directors meeting to acquire the common stock of MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. (Hereinafter referred to as "Target Company".) (Hereinafter referred to as "Target common stock".) through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948. Including subsequent amendments. Hereinafter referred to as law.) (Hereinafter referred to as "Tender Offer".) as follows.

1. Purpose of Purchase, and others

(1) Outline of the Tender Offer

As of today, the Tender Offeror owns 2,627,781 shares of the Target Company's common stock listed on the JASDAQ Standard Market (Hereinafter referred to as "Tokyo Stock Exchange".), which is a market opened by Tokyo Stock Exchange, Inc. (Hereinafter referred to as "JASDAQ".) (Ownership (Note): 50.8%) and makes the Target Company a consolidated subsidiary. At a meeting of the Board of Directors held today, our company resolved to conduct the Tender Offer as part of a transaction aimed at acquiring all of the common shares of the Target Company (However, common shares of the Target held by our company and treasury shares held by the Target are excluded. The same applies below.) and making the Target Company a wholly-owned subsidiary of our company (Hereinafter referred to as "main transaction".).

(Note)"ownership percentage" refers to the percentage of the total number of issued shares of the Target Company as of September 30, 2020, as stated in the "Summary of Financial Results for the 2nd Quarter of the Year Ended March 2021 [JGAAP] (Consolidated)" (Hereinafter referred to as "Target Financial Summary".) announced by the Target Company today (5,211,800 shares), less treasury shares (41,059 shares) owned by the Target Company as of the same date (5,170,741 shares) (Figures are rounded to the first decimal place. The same shall apply to the following description of the ownership ratio unless otherwise specified.).

In the Tender Offer, the Tender Offeror has set the minimum number of shares to be purchased at 819,419 (Ownership: 15.9%), and if the total number of share certificates, etc. (Hereinafter referred to as "Share Certificates Offered to Sell, etc.".) tendered in response to the Tender Offer does not reach the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the tendered share certificates, etc. On the other hand, as described above, the Tender Offeror intends to acquire all of the common shares of the Target Company, and therefore there is no upper limit on the number of shares to be purchased. The minimum number of shares to be purchased is set so that the total number of voting rights of the Target Company held by the Tender Offeror when the Tender Offer is consummated will be the number of shares equivalent to 2/3 of the number of voting rights (The number of voting rights pertaining to the total number of issued shares of the Target Company as of September 30, 2020 (5,211,800 shares) as stated in the Financial Summary of the Target Company, less treasury shares (41,059 shares) held by the Target Company as of the same date (5,170,741 shares): 51,707) of the Target Company. The minimum number of shares to be purchased was set in order to make the Target Company a wholly-owned subsidiary of the Tender Offeror in the Tender Offer, and to ensure that the Tender Offeror will own at least 2/3 of the total number of voting rights of all shareholders of the Target Company after the Tender Offer, in order to steadily implement the Transactions, since the procedures for the consolidation of shares set forth in "(4) Policy on Reorganization after the Tender Offer (Matters related to so-called two-stage acquisitions)" below require a special resolution at a shareholders meeting as prescribed in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005. Including subsequent amendments. The same applies below.).

Since the Tender Offeror aims to make the Target Company a wholly-owned subsidiary of the Tender Offeror, if the Tender Offeror is unable to acquire all of the Target Company's common shares in the Tender Offer, the Tender Offeror plans to acquire all of the Target Company's common shares by implementing a series of procedures to ensure that the shareholders of the Target Company stated in "(4) Policy on Reorganization after the Tender Offer (Matters related to so-called two-stage acquisitions)" below are limited to the Tender Offeror. According to the "Announcement of Opinion Concerning JSR Corporation's Tender Offer for our company Shares and Recommendation of Tender" (Hereinafter referred to as "Target Press Release".) announced by the Target Company today, the Target Company resolved at its board of directors meeting held today to express its support for the Tender Offer and to recommend to its shareholders to apply for the Tender Offer.

For details of the above resolutions by the Board of Directors of the Target Company, refer to the Target Company Press Release and the "2. Outline of Purchase, etc." mentioned below, in the "4. the grounds for calculation of the Price for Purchase, etc.;" under the heading "(2) calculation process" under the heading "(Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" under the heading "5. the approval of all directors who have no interest in the Target Company, and an opinion to the effect that all company auditors have no objection;".

(2) Background to the decision to implement the Tender Offer, the purpose and decision-making process, and management policy after the Tender Offer

① Background, purpose, and decision-making process leading to the decision to implement the Tender Offer

The Tender Offeror was established as December 10, 1957 Japan Synthetic Rubber Co., Ltd., with investments from the government and private companies, based on the "Act on Special Measures concerning Synthetic Rubber Manufacturing Business" for the domestic production of synthetic rubber. Subsequently, in April 1969, the "Act on Repeal of the Act on Temporary Measures concerning Japan Synthetic Rubber Co., Ltd." was passed by the 61 session of the Diet and promulgated and went into effect on the same day. The trade name of the Tender Offeror at the time of its establishment was "Japan Synthetic Rubber Co., Ltd." and its name was changed to the current trade name of "JSR Corporation" in December 1997. The Tender Offeror was listed on the Second Section of the Tokyo Stock Exchange and the Second Section of the Osaka Securities Exchange, Inc. (Hereinafter referred to as "Osaka Securities Exchange".) in October 1970, and was redesignated and listed on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange in August 1971 (Due to the cash market integration of the Tokyo Stock Exchange and the Osaka Securities Exchange in July 2013, the Company is currently listed only on the First Section of the Tokyo Stock Exchange.). As of today, our group consists of 63 consolidated Companiesincluding the Tender Offeror and the Target Company, and 15 equity-method affiliates (Hereinafter collectively referred to as "our group".). Our group has expanded its petrochemical business from synthetic rubber to emulsions (Note 1) and plastics, and has also expanded its business to include semiconductor materials, display materials and optical materials utilizing our company's unique polymer technologies, and has promoted digital solutions business centered on information and electronic materials. We are also focusing on the creation and development of new businesses with the aim of establishing new pillars following the petrochemical business (Elastomer (Note 2:), plastics) and the digital solutions business. In our medium-term management plan covering fiscal 2017 to 2019 "JSR 20i9", we have positioned the life science business as one of the growth fields and have continued to focus our efforts up to the present. Considering the risk of the spread of new coronavirus infections and drastic changes in the crude oil market, we have not formulated a medium-term management plan for FY 2020 and beyond to prioritize short-term crisis responses. However, as stated in the "Basic policy for future management " in the explanatory materials for fiscal 2019 announced on April 27, 2020, the Tender Offeror plans to position the life sciences business as one of the growth fields in continuation of the medium-term management plan "JSR 20i9". In the life sciences business, we have defined diagnostic and research reagents and materials, bioprocess materials, and drug discovery support services as business areas and have been expanding our business globally. In the current medical field, with the development of medicine, there is a social demand for precision medicine, which divides patients into certain subgroups and provides appropriate treatment for them. Under these circumstances, in addition to the development of products and materials such as latex particles that the Tender Offeror has been engaged in, the Tender Offeror has promoted its business with the aim of contributing to shortening the development period, improving the development probability, and improving the efficacy and efficacy of biologics and other drug discovery products by integrating and strengthening its functions from exploratory research, clinical trials and approval applications, and the CDMO (Note 3) business. Specifically, in materials development, JSR Micro N.V., a consolidated subsidiary of the Company, expanded its production capacity for major raw materials used in the refining process of biologics. In the area of antibody drug manufacturing process development and manufacturing, the Company is strengthening its existing functions, including capacity expansion of biologics manufacturing facilities at KBI Biopharma, Inc., a contract biologics development and manufacturing company that became a consolidated subsidiary in 2015. In June 2017, we made Selexis SA, a cell line development company, a wholly-owned subsidiary, and in May 2018, made Crown Bioscience International, a drug discovery support service company, a wholly-owned subsidiary. Going forward, the Tender Offeror will continue to support the process from pre-clinical screening of biologics development to production in accordance with Good Manufacturing Practice (Standards for Manufacturing and Quality Control of Pharmaceuticals and Quasi-drugs) through the CRO (Note 4) and CDMO services, and will also provide evaluation services and materials for production used in the process. At the same time, we will contribute to the promotion of precision medicine by providing the market with new biomarkers (Note 5) that we have explored through in-house development, collaboration with universities and other research institutions, and contract development from pharmaceutical companies as companion diagnostics (Note 6).

(Note 1) "Emulsion" is a general term for liquids in which particles are uniformly dispersed in liquid. The above refers mainly to synthetic rubber latex.

(Note 2:) "Elastomer" is a general term for polymers with elasticity, and the above refers mainly to synthetic rubber.

(Note 3) "CDMO" is an abbreviation for Contract Development and Manufacturing Organization, which is an organization that undertakes the manufacturing and development of pharmaceuticals on behalf of companies.

(Note 4) "CRO" stands for Contract Research Organization, and refers to an organization that undertakes a part of pharmaceutical development work on behalf of companies.

(Note 5) "biomarker" is a substance in body fluids or tissues that correlates with and indicates changes in disease or response to treatment.

(Note 6) "companion diagnostic" refers to in vitro diagnostics that provide information to patients for the effective and safe use of pharmaceuticals.

On the other hand, the Target Company was established in August 1969 as the first antibody manufacturer in Japan for the purpose of R & D and marketing of pharmaceuticals for medical and biomedical research. Subsequently, in February 1996, the Company registered its shares on the Japan Securities Dealers Association's over-the-counter market. In accordance with the establishment in December 2004 of the JASDAQ Stock Exchange (Hereinafter referred to as "JASDAZQ Stock Exchange"), the Company canceled its registration on the Japan Securities Dealers Association on the over-the-counter market, listed its shares on the JASDAQ Stock Exchange.The Osaka Securities Exchange made the JASDAQ Stock Exchange its subsidiary in December 2008, andin April 2010, the Osaka Securities Exchange integrated with the JASDAQ Stock Exchange. Then,the Tokyo Stock Exchange and the Osaka Securities Exchange made the cash market integration in July 2013. Accordingly, the Company is currently listed on the Tokyo Stock Exchange JASDAQ. From its establishment to the present, the Target has been developing and marketing research reagents and conducting business activities in the field of clinical laboratory reagents in the life sciences, especially in the fields of immunology, molecular biology and cell biology. In fiscal 2016, the Target Company established "Target Company’s medium-term management plan", aapplicable from FY 2016 to FY 2020. "Target Company’s Medium-Term Management Plan". set a long-term goal of creating value as a global niche company with a presence in the field of advanced diagnostics. The medium-term management plan calls for maintaining the domestic market, strengthening the business in China, and improving the efficiency of IVD (in vitro diagnostic agent) development and commercialization through selection and concentration and technology integration. Since the numerical targets of the Target Company's Medium-Term Management Plan were achieved ahead of schedule in fiscal 1, the Target Company formulated a medium-term management plan on February 18, 2020, covering fiscal 2020 to fiscal 2024 called "Next Stage 2020 -2024". In line with the Medium-Term Management Plan "Next Stage 2020 -2024", the Company will promote management under the policies of maintaining the domestic market (Maintaining the top position in the autoantibody/autoimmunity business and strengthening the gene diagnosis business), expanding overseas business (Accelerate collaboration with strategic global partners and promote chemiluminescent reagents business in China), and creating new business (Expansion of drug discovery support business and commercialization of new technologies and products).

The Tender Offeror and the Target Company entered into a capital and business alliance agreement on March 12, 2013, in order to contribute to the development of the life sciences field by integrating the Target Company's antibody, antigen, and gene-related technologies and reagent development technologies with the Tender Offeror's medical materials technologies for accelerating the efforts of the Tender Offeror's drug discovery support reagent and diagnostic agent business, as well as cooperating between the two companies and expanding the Target Company's business. At that time, the Tender Offeror subscribed for all 8,704,000 shares of common stock (Ownership: 33.4%) newly issued by the Target Company through third-party allotment of new shares on March 29, 2013 and made the Target Company an equity-method affiliate.

Subsequently, after working together in the field of latex particle-related reagent development and other areas for which a business alliance was agreed, in December 2014 the Tender Offeror and the Target Company came to a conclusion that further strengthening of their business foundation was essential in order to respond to changes in the competitive environment globally, including in Japan, and that in order to achieve this, it was necessary for the Companies to strengthen their capital ties further, cooperate as one group, and effectively utilize the management resources of the Companies to create further business synergies. The synergies expected as of December 2014 are mainly as follows.

(i)Synergies in the manufacturing sector

Realization of production efficiency and low-cost operation of reagents for basic research in our group

(ii)Synergy in the development field

Promoting commercialization of the Epigenome Project and strengthening development and evaluation capabilities through personnel exchanges

(iii)Synergies in the sales sector

Consolidation of customer networks, expansion of market share through expansion of U.S. channels, streamlining through consolidation of sales structure, and strengthening of product lineup

(iv)Synergy in overseas business development

Strengthen expansion in the United States and accelerate expansion in Europe

Based on this recognition, in order to strengthen the capital and business alliance relationship, the Company acquired 3,587,906 shares of the Target Company's common stock (Acquisition ratio: 13.5%) through a tender offer with a tender offer price of ¥¥ 600 per share from February 10, 2015 to March 11, 2015, and further acquired 847,000 shares of the Target Company's common stock (Acquisition ratio: 3.9%) in the market from April 30, 2015 to October 20, 2015. As a result, on October 20, 2015, the Tender Offeror acquired a total of 13,138,906 (Ownership: 50.8%) of the Target Company's common stock, which the Tender Offeror held 8,704,000 shares (Ownership: 33.4%) prior to the acquisition through the tender offer and the additional acquisition in the market, and the Target Company became a consolidated subsidiary. Subsequently, on October 1, 2017, the Target conducted a reverse stock split of 5 shares of the Target Company's common stock at the ratio of 1 share, and as of today, the number of shares of the Target Company's common stock held by the Tender Offeror has reached 2,627,781 shares (Ownership: 50.8%).

When the Tender Offeror made the Target Company a consolidated subsidiary in 2015, the Tender Offeror was also considering making the Target Company a wholly-owned subsidiary. At the time of 2015, the Tender Offeror was conducting its business with the aim of expanding its business domain from raw materials and reagents to the discovery of diagnostics and other drugs based on its medium-term management plan "JSR 20i6" covering fiscal 2014 to 2016. In order to achieve this goal in the diagnostics business, we needed to acquire new management resources for the Tender Offeror, such as sales channels linking latex particles and other functional materials with the needs of hospitals, doctors, and pharmaceutical companies, as well as licensing and manufacturing infrastructure for diagnostics. The Target Company possesses such management resources and, considering that making the Target Company a consolidated subsidiary will enable the Tender Offeror to acquire management resources necessary to achieve the targets of the Tender Offeror's medium-term management plan and that maintaining the Target Company as an independent listed company will enable the Target Company to maintain its management discretion, the Tender Offeror has made the Target Company a consolidated subsidiary through a tender offer rather than a wholly owned subsidiary as of 2015.

Since the Tender Offeror made the Target Company a consolidated subsidiary, the two companies have worked to create synergies in both development and business under a stronger alliance. Under the management policy of the Tender Offeror, which positions the life sciences business as one of the growth areas, the Tender Offeror and the Target Company have achieved growth together up to the present by utilizing their management resources and promoting cooperation mainly in the general-purpose diagnostics field in Japan and China. In the fields of drug discovery support and companion diagnostics, where social demand is growing, the Company plans to further expand its business globally by promoting collaboration between the Target and the life sciences group companies owned by the Tender Offeror. However, the fields of drug discovery support and the development of new companion diagnostics, in which we will promote collaboration in the future, are fields in which we expect significant growth compared to conventional general-purpose diagnostics, but are highly uncertain. In addition, existing management resources cannot be used to search for new biomarkers or develop new technologies, and it is necessary to secure unique resources through up-front investments and establish and strengthen competitive advantages.

In order for the Tender Offeror and the Target Company to cooperate in these fields and overcome competition to achieve medium- to long-term growth of our group including the Target Company, it is necessary to flexibly make up-front investments such as investment in development and expansion of human resources, and to accelerate the development of new technologies including new biomarker candidates and companion diagnostic drug development capabilities through concerted efforts of our group. However, as the Tender Offeror and the Target Company are listed companies separately that operate independently of each other, they must always take into account the maintenance of independence and the interests of minority shareholders, and we believe that there are certain restrictions on such prior investment. For example, even if accelerating the allocation of human resources to the Target Company is considered to be the optimal choice for medium- to long-term growth, it may increase the cost of the Target Company in the short term and may not be in line with the interests of the minority shareholders of the Target Company. In addition, although we recognize that advance development investments in fields with high uncertainty are necessary measures for the above purposes, there is a risk that such investments may not necessarily be beneficial to the minority shareholders of the Target Company as they cannot be said to be certain to be successful. By making the Target Company a wholly-owned subsidiary of the Tender Offeror, such concerns over conflicts of interest will be resolved, and it will be possible for the Tender Offeror to proactively and flexibly implement various measures that the Tender Offeror considers to be the best for improving corporate value. Also, by making the Target Company a wholly-owned subsidiary through measures such as dealing with investors and holding and operating shareholders meetings, the Tender Offeror will be able to improve efficiency by reducing unnecessary operations of the Target Company. Therefore, in early July 2020, we reached the conclusion that making the Target Company a wholly-owned subsidiary of the Tender Offeror and promoting closer and flexible business operations, including those of our group companies, would contribute to avoiding the possibility of conflicts of interest between the parent company and minority shareholders arising from the listing of parent companies and their subsidiaries in the future, to achieving unrestricted mutual utilization of business bases, financial bases, human resources, and business know-how, and to improving the flexibility and speed of decision-making in our group's management strategies including the Target Company, and to achieve the common objective of both companies of global business expansion in the life science area and enhancement of our group's corporate value including the Target Company.

In mid-July 2020, the Tender Offeror appointed Nomura Securities Co., Ltd. (Hereinafter referred to as "Nomura Securities".) as a financial advisor and a third-party appraiser independent of the Tender Offeror and the Target Company, and Anderson, Mori, and Tomotsune Law Offices as legal advisors, respectively, to commence concrete discussions on the Transactions, and conveyed to the Target Company its intention to commence discussions on the Transactions with a view to enhancing the corporate value of both companies.

On September 11, 2020, the Tender Offeror submitted a proposal regarding the Transactions (Hereinafter referred to as "proposal".) to the Target Company. In response, in order to discuss the commencement of discussions with the Tender Offeror and the appropriateness of the consummation of the Transactions, etc. and to negotiate with the Tender Offeror, the Target Company appointed Plutus Consulting Co., Ltd. (Hereinafter referred to as "Plutus".) as a financial advisor and a third-party valuation institution independent of the Tender Offeror and the Target Company, and Sato Sogo Law Office as a legal advisor with respect to the Transactions, respectively, and established the Special Committee ((2) "Background and reasons for the subject's decision" below.) as an advisory body to the Board of Directors of the Target Company on September 11, 2020, and established a system to hold discussions and negotiations regarding the Tender Offer.

After the submission of the proposal on September 11, 2020, the Tender Offeror and the Target Company, through the establishment of a special committee for the Target Company, started specific discussions and negotiations toward the Transactions.

Specifically, on September 11, 2020, the Tender Offeror submitted a proposal pertaining to the Tender Offer (The offer price of 3,500 yen is included. The offer price is based on due diligence reviews and an initial assessment of the Tender Offeror prior to incorporating the Target Company's performance plan, rather than a negotiated markup.), and since the submission of the proposal, the Tender Offeror has held discussions and explanations with the Target Company regarding the significance and purpose of the Transactions, including the Tender Offer. In addition, the Tender Offeror conducted due diligence to examine the feasibility of the Transactions from early September 2020 to mid-October 2020, and concurrently held more detailed discussions and negotiations with the Target Company regarding the significance and purpose of the Transactions as well as discussions and negotiations regarding the management system and business policies after the Transactions and various terms and conditions of the Transactions on multiple occasions. In addition, the Tender Offeror has held discussions and negotiations with the Target Company on the purchase price per 1 share of the Target Company's common stock in the Tender Offer (Hereinafter referred to as "Tender Offer Price".) several times since early October 2020. Specifically, on September 11, 2020, the Tender Offeror made its first proposal regarding the Tender Offer Price (¥3,500 per share). On October 1, 2020, the Tender Offeror was requested by the Target Company to reconsider the Tender Offer Price on the grounds that it was not at a reasonable price. Subsequently, the Tender Offeror reviewed the Tender Offer Price with Nomura Securities, the financial advisor of the Tender Offeror, on multiple occasions, and after conducting a secondary evaluation of the Tender Offer Price including the Target Company's performance plan, etc., the Tender Offeror proposed to the Target Company on October 7, 2020 with the Tender Offer Price at ¥4,200, but received a response from the Target Company to the effect that any of the proposals did not take into account a sufficient premium over the market price and the intrinsic value of the Target Company's common shares, and received a proposal from the Target Company to set the Tender Offer Price at ¥4,350 or more. On October 19, 2020, based on the results of the discussions and negotiations with the Target Company, the Tender Offeror submitted a final proposal to the Target Company to set the Tender Offer Price at ¥4,400 per share, and on October 21, 2020, the Target Company responded that it accepts the final proposal. For details of the discussions and negotiations, please refer to "2. Outline of Purchase, etc." in the "4. the grounds for calculation of the Price for Purchase, etc.;" section "(2) calculation process" below.

As a result, at a meeting of the Board of Directors held today, the Tender Offeror concluded that making the Target Company a wholly-owned subsidiary of the Tender Offeror would be extremely beneficial to the improvement of corporate value of our group as a whole. While there is a possibility that the Target Company may no longer benefit from its status as a listed subsidiary due to the management discretion of the Target Company, some concerns over conflicts of interest between the Tender Offeror and the minority shareholders of the Target Company will be resolved. And various measures that the Tender Offeror considers to be best for the improvement of corporate value can be implemented proactively and flexibly. Going forward, the Tender Offeror will make the Target Company a wholly-owned subsidiary and aim to realize the following synergies by further deepening cooperation.

<Specific measures and synergies>

i. Strengthen competitiveness in the drug discovery support field and companion diagnostic drug development

By making the Target Company a wholly-owned subsidiary, the Tender Offeror will be able to eliminate conflicts of interest between the Target Company and its minority shareholders, accelerate collaboration with the Target Company in the area of drug discovery support and the development of new companion diagnostics, and strengthen its competitiveness. In the future, the Tender Offeror plans to provide new products and services by bringing new biomarker candidates discovered through its own development by the Tender Offeror to the market, collaboration with research institutions such as universities, and commissioned development by pharmaceutical companies as companion diagnostics through joint research with the Target Company and utilizing its business infrastructure. In order to provide such new products and services at an early stage, it is necessary for the Target Company to increase its human resources, mainly in the fields of drug discovery support and research and development in the development of new companion diagnostics, as well as to make up-front investments, such as capital investments, and it is essential that such up-front investments be made more flexibly. The Tender Offeror and the Target Company are listed companies that operate independently, and the independence of the Target Company and the interests of minority shareholders must always be taken into consideration. Up-front investments, such as the enhancement of human resources and capital investments in the drug discovery support field and the development of new technologies such as new companion diagnostics, will contribute to the improvement of corporate value of our group including the Target Company in the medium to long term, but on the other hand, may result in an increase in costs for the Target Company in the short term, which may not be consistent with the interests of minority shareholders of the Target Company. By making the Target Company a wholly-owned subsidiary, the Tender Offeror and the Target Company can work together to flexibly make risk-taking up-front investments by eliminating concerns about conflicts of interest.

ii. Improvement of our group's management efficiency

By making the Target Company private and reducing overlapping operations between the Tender Offeror and the Target Company, such as handling investors and holding and operating general shareholders meetings, it will be possible to improve management efficiency at our group.

② Background and reasons for the subject's decision

As described in "(2) Background to the decision to implement the Tender Offer, its purpose, the decision-making process, and management policy after the Tender Offer" above, "(1) Background, purpose, and decision-making process leading to the decision to conduct the Tender Offer" in mid-July 2020, the Target Company was informed by the Tender Offeror of its intention to start discussions on making the Target Company a wholly-owned subsidiary, and responded to the Tender Offeror that the Target Company would also consider making the Target Company a wholly-owned subsidiary. After agreeing to enter into such discussions with the Tender Offeror, discussions on the Transactions began in mid-July 2020, and the Target Company received a proposal from the Tender Offeror on September 11 of the same year. Based on this proposal, the Target Company appointed Plutus as a financial advisor and a third-party appraiser independent of the Tender Offeror and the Target Company, and Sato Sogo Law Office as a legal advisor independent of the Tender Offeror and the Target Company, respectively, on September 11, 2020. According to the resolution of the Board of Directors of the Target held on September 11, 2020, the Target established a special committee consisting of 1 Independent Outside Director of the Target and 2 Independent Outside Audit & Supervisory Board Members of the Target "2. Outline of Purchase, etc." as an optional panel to examine and judge the appropriateness of the terms and conditions of the transaction and the fairness of procedures from the standpoint of improving corporate value and benefiting general shareholders when the Target examined the appropriateness of the Transaction and the general shareholders, as described in the "4. the grounds for calculation of the Price for Purchase, etc.;" of the following "(3) Establishment of an Independent Special Committee by the Target Company and Acquisition of Written Reports from the Special Committee" in the "(2) calculation process" of the (Hereinafter referred to as "Special Committee".), and endeavored to ensure a situation in which the Target is substantially involved in the negotiation process of the terms and conditions of the Transaction, by confirming in advance the policy with the Tender Offeror regarding the negotiation of the terms and conditions of the Transaction, etc., receiving a report on the status in a timely manner, stating its opinions at important phases, giving instructions and requests, etc. In addition, the Special Committee confirmed that Plutus can receive professional advice from Plutus and Sato Sogo Law Offices as necessary, along with approving Plutus as a financial advisor and a third-party valuation institution of the Target Company and Sato Sogo Law Office as a legal advisor of the Target Company, and established a system to hold discussions and negotiations regarding the Tender Offer.

Under the structure described above, based on the Tender Offeror's proposal for the Transactions, the Special Committee has been briefed by the Target Company on the Target Company's business status, business environment, management issues, content of the business plan, impact of the Transactions on the Target Company's business, etc., and through discussions and discussions with the Tender Offeror on these matters as well as holding face-to-face meetings with the Tender Offeror via the Web conference system, the Special Committee has held discussions and negotiations on the Target Company's business status, business environment, background and background of the Transactions including management issues, the significance and purpose of the Transactions including the existence and details of synergies expected to be created by the Transactions, the management policy after the Transactions, various terms and conditions of the Transactions, etc. Since the Target Company received a proposal from the Tender Offeror on September 11, 2020 to set the Tender Offer Price at ¥3,500 per share, the Special Committee has continuously held discussions and negotiations with the Tender Offeror on various terms and conditions of the Transactions, including the Tender Offer Price, based on the financial advice including the calculation results of the Target Company's share value by Plutus and the negotiation policy with the Tender Offeror, as well as the legal advice from Sato Sogo Law Office. Specifically, the Target Company received a proposal from the Tender Offeror on October 7 to the effect that the Tender Offer Price was at ¥4,200, and based on the opinions obtained from the Special Committee and the opinions obtained from Plutus and Sato Sogo Law Offices, the Target Company considered the proposal and requested the Tender Offeror to reconsider the Tender Offer Price on the grounds that the price has not reached the appropriate level. Subsequently, the Special Committee continued discussions and negotiations with the Tender Offeror through Plutus, the financial advisor of the Target Company, and as a result, on October 19, 2020, the Special Committee received a final proposal from the Tender Offeror to set the Tender Offer Price at ¥4,400 per share. For details of the discussions and negotiations, please refer to "2. Outline of Purchase, etc." in the "4. the grounds for calculation of the Price for Purchase, etc.;" section "(2) calculation process" below.

In response to the Final Proposal, the Special Committee carefully deliberated and examined the Consultative Items (Defined in "(3) Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below under "(3) Establishment of an Independent Special Committee by the Target Company and Acquisition of Written Reports from the Special Committee".) in consideration of the Valuation Report on the Target Company's Shares of October 26, 2020 (Hereinafter referred to as "Target Common Stock Value Calculation Form".) and the Opinion on October 26, 2020 (fairness opinion) (Hereinafter referred to as "this fairness opinion".) stating that the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial point of view, and as a result, the Special Committee prepared the Written Report of October 26, 2020 (Hereinafter referred to as "final report".) and the Target Company received the Written Report from the Special Committee on the same day (For an overview of this report, please refer to "(3) Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" "(3) Establishment of an Independent Special Committee by the Target Company and Acquisition of Written Reports from the Special Committee" below.). Based on the legal advice received from Sato Sogo Law Office on the decision-making process regarding the Transaction, the method thereof and other points to be noted in making decisions regarding the Transaction, and the contents of the Target Common Stock Valuation Report and the Fairness Opinion, the Target Company carefully considered various conditions regarding the Transaction from the perspective of improving its corporate value, while respecting the contents of the Report submitted by the Special Committee to the maximum extent possible.

As a result, the Target Company has concluded that the Transaction will contribute to improving the corporate value of the Target Company as follows.

The Target Company believes that in order to improve the corporate value of the Target Company in the future, it must urgently address the following issues (i) and (ix). First of all, in light of the changes in the business environment of the Target Company and the circumstances of the healthcare industry surrounding the Target Company, the Target Company believes that it will be necessary to appropriately respond to changes in science, technology, and medical needs, such as (i) the advancement of medical individualization, and (ii) rapid response to epidemics of emerging and re-emerging infectious diseases, etc., in order to achieve the following corporate philosophy system and long-term vision (Vision 2030). Furthermore, in Japan, it will be important to survive in an extremely difficult market environment due to intensifying competition with competitors (iii) and a plateau in the domestic market (iv). Looking at the global market from a broad perspective, (v) ensuring the stable production and supply of high-quality products that comply with the pharmaceutical regulations of each country and region is important, and (vi) the ability to collect information on the latest products and technologies is essential in order to develop and market innovative products. Furthermore, while observing the state of the healthcare industry, he recognizes that the resources for planning and implementing (vii) product development and commercialization strategies, (viii) response to digitization and IT, and (ix) education and securing human resources are urgent issues.

In order to respond appropriately to these management issues, starting in fiscal 2020, the Target Company adopted "Contributing to the Development of People's Health and Medical Care with Innovative Diagnostic Technology" as a new corporate philosophy system, and set its long-term vision (Vision 2030) as "We will contribute to the development of health and medical care for people by maximizing corporate value by aggressively introducing innovative diagnostic technologies and product creation results in overseas business expansion and new business creation." By realizing this vision, the Target Company aims to become a global niche top company. Specifically, in order to achieve this, the Company has formulated a new medium-term management plan "Next Stage 2020 -2024" that calls for (a) maintaining the domestic market, (b) expanding overseas operations, and (c) creating new businesses. The plan is being implemented in the fields of advanced diagnostics and new businesses.

With the conclusion of the capital and business alliance agreement on March 12, 2013, the Target Company endeavored to enhance its business value by fusing the Target Company's antibody, antigen, gene-related technology, and reagent development technology with the Tender Offeror's medical materials technology, and to further strengthen the capital and business alliance with the Tender Offeror. As a result of the acquisition of 3,587,906 shares of the Target Company's common stock (Acquisition ratio: 13.5%) through a tender offer with a purchase period of February 10, 2015 to March 11, 2015, and through a tender offer with a purchase price of ¥600 per share, and the subsequent acquisition of 847,000 shares of the Target Company's common stock (Acquisition ratio: 3.9%) in the market conducted from April 30, 2015 to October 20, 2015, the Tender Offeror acquired a total of 8,704,000 shares of the Target Company's common stock (Ownership: 33.4%) held by the Tender Offeror before the acquisition through the tender offer and the additional acquisition in the market on October 20, 2015, The Tender Offeror owned 13,138,906 shares of the Target Company's common stock (Ownership: 50.8%), and the Target Company became a consolidated subsidiary of the Tender Offeror, and the Target Company has conducted business in collaboration as a corporate group.

To date, the Tender Offeror and the Target Company have sought to improve the corporate value of the Target Company, mainly in terms of technology and products, by fusing the Target Company's antibody, antigen, and gene-related technologies and reagent development technologies with the Tender Offeror's medical materials technologies. On the other hand, in order to (a) maintain domestic markets, (b) expand overseas businesses, and (c) create new businesses promptly and efficiently, and to further increase the corporate value of the Target Company, as set forth in the New Medium-Term Management Plan "Next Stage 2020 -2024" above, it is essential to strengthen the cooperation between the Tender Offeror and the Target Company not only in the area of technology and products but also in the area of business, and to make prior development investments in areas with high uncertainty in the Target Company.

From the viewpoint of strengthening the cooperation between the Tender Offeror and the Target Company in terms of business, it is indispensable to further allocate management resources such as human resources, funds and know-how from the Tender Offeror and to further collaborate with the our group companies other than the Target Company, etc. Although the Tender Offeror recognizes that further allocation of management resources from the Tender Offeror to the Target Company and further collaboration with the our group companies other than the Target Company are necessary measures for the purpose of achieving growth of both the Tender Offeror and the Target Company, it may not necessarily increase the cost of the Target Company in the short term, and as a result, it may not necessarily be in the interest of minority shareholders of the Target Company. In addition, there are risks associated with upfront development investments in areas of high uncertainty in the Target Company, as they cannot be said to be certain to succeed, and as a result, they may not necessarily benefit the minority shareholders of the Target Company. Therefore, in order to resolve such concerns over conflicts of interest and implement various measures that are considered to be in the best interests of the Target Company in increasing its corporate value, the Target Company concluded that it would be most efficient to become a wholly-owned subsidiary of the Tender Offeror through the Transactions and further pursue synergies with the Tender Offeror. By becoming a wholly-owned subsidiary of the Tender Offeror through the Transactions, the Target Company expects specific synergies with the Tender Offeror in light of the specific measures in the new medium-term management plan "Next Stage 2020 -2024" described above as follows.

(a)Expanding product lines in the domestic market

The Target Company has achieved corporate growth based on the use of immunological and serological test reagents (MESACUP series, Stacia MEBLux series), which is to detect autoantibodies and antigens in the fields of autoimmune diseases and cancer. Over the past 30 years, the Target Company has consistently maintained the market for the Target Company's product lines from its rival product lines due to the quality and reliability of its products. However, in order to maintain its competitiveness in the domestic market, it is necessary for the Target Company to expand its product lines in the domestic market, given the intensification of new product launches and price competition among its competitors over the past 10 years. The Tender Offeror possesses management resources that contribute to the expansion of the Target Company's product lineup, such as the seeds of diagnostic and research reagents at the JSR-Keio University Medical and Chemical Innovation Center (JKiC), candidates for cancer biomarkers, and access to venture companies for drug discovery through CVC (Corporate Venture Capital). Since the Target does not have these management resources, it is necessary to invest the above management resources held by the Tender Offeror in order to expand the product range of the Target in the domestic market, and to do so, it is necessary to make prior investments to receive the investment of these management resources. In the field of genetic testing reagents and companion diagnostics, in which the Target intends to expand its product range, even if up-front investment is made, commercialization of all development items may not be successful, and there is a high degree of uncertainty. In consideration of the interests of minority shareholders of the Target Company, the Target Company believes that it may be difficult for the Target Company to make prior development investments in areas where there is a high degree of uncertainty, as this would impose a risk to minority shareholders if the products were not commercialized successfully.

By making the Target Company a wholly-owned subsidiary of the Tender Offeror, conflicts of interest with the minority shareholders of the Target Company will be resolved, and the Target Company will be able to make prior development investments in areas with high uncertainty without considering the interests of the minority shareholders of the Target Company.

Based on such up-front development investment by the Target, in addition to existing products and products under development, it will be possible to commercialize epoch-making products by utilizing the seeds of diagnostic drugs and research reagents owned by the Tender Offeror at the JSR-Keio University Medical and Chemical Innovation Center (JKiC), cancer biomarker candidates, and access to drug-discovery venture companies through CVC (Corporate Venture Capital), as well as to expand the product range of the Target by responding to inspection items based on new measurement principles.

(b)Overseas business development

With the progress of personalized medicine, diagnosis and treatment are closely related. As a future business strategy for the Target Company, the Company believes that making inroads into the U.S. and European markets, which include many of the major countries in which new diagnostic and therapeutic methods and new drugs are developed, can be a very important option. However, the current situation is that the targets are limited to domestic business development. The Tender Offeror has an overseas subsidiary (China, the United States, and Europe) with an overseas base (Crown Bioscience International, Selexis S.A., KBI Biopharma, Inc. The same applies below.). In order to develop overseas business, it is effective to collaborate with these overseas subsidiaries owned by the Tender Offeror and utilize their knowledge and know-how, but in order to collaborate with them, the Target Company will need to make prior investments in overseas manufacturing, licensing, sales, and so forth. Even if such up-front investment is made, commercialization overseas is not necessarily successful, so there may be obstacles in implementing up-front development investment related to overseas business in consideration of the interests of minority shareholders of the Target Company.

By making the Target Company a wholly-owned subsidiary of the Tender Offeror, any conflicts of interest with the minority shareholders of the Target Company will be resolved, and the Target Company will be able to make prior development investments in systems for manufacturing, licensing, sales, and so forth, pertaining to overseas business without considering the interests of the minority shareholders of the Target Company.

Based on such up-front development investment by the Target Company, the Target Company will be able to expand its business in China by promptly establishing a system to become a local diagnostic drug manufacturer with integrated functions from manufacturing, licensing, and sales, in cooperation with Crown Bioscience International, an overseas subsidiary of the Tender Offeror engaged in drug discovery support services, etc. In addition, based on the strengthened cooperation with the Tender Offeror and the Target Company's up-front development investment, the Target Company will be able to access the U.S. and European markets, which account for 50% of the global market for life sciences, and will be able to expand its unique product lines to the U.S. and European markets, which are the center of the global market for life sciences.

(c)Expansion of new businesses

As personalized medicine advances, the business of biomarkers and companion diagnostics, which provide medical guidelines and medication decisions for pharmaceuticals (therapeutic drug), is closely related to the discovery and development of new drugs, and it is reasonable to establish a business base in the country of origin, including overseas, where new drugs are discovered. At present, however, the main customers of the Target Company are Japanese pharmaceutical companies or Japanese subsidiaries of overseas pharmaceutical companies. On the other hand, as described above, the Tender Offeror has overseas subsidiaries with offices in the United States and Europe. In order to expand the drug discovery support business, it is said that it will be necessary to expand the companion diagnostic development support business by securing a direct access route to European and U.S. pharmaceutical companies, etc., which include many of the major countries of origin where new drugs are discovered, by cooperating with overseas subsidiaries of the Tender Offeror. Since overseas development support projects may not be successful even if such up-front investments are made, there may be obstacles to making up-front development investments for these new projects overseas in consideration of the interests of minority shareholders of the Target Company.

By making the Target Company a wholly-owned subsidiary of the Tender Offeror, conflicts of interest with the minority shareholders of the Target Company will be resolved, and the Target Company will be able to make prior development investments in development support businesses overseas without considering the interests of the minority shareholders of the Target Company.

Based on such enhanced cooperation between the Tender Offeror and its overseas subsidiaries and up-front development investment by the Target, for example, by adding the development support for the development of companion diagnostic agents for the Target to the drug discovery support business conducted by the overseas subsidiaries of the Tender Offeror, the Target will be able to expand its business opportunities for new companion diagnostic agents that it was unable to receive orders in Japan.

As described above, in order to further increase the corporate value of the Target, it is necessary to (a) maintain domestic markets, (b) expand overseas business, and (c) realize new businesses promptly and efficiently, as set forth in the new medium-term management plan "Next Stage 2020 -2024" above.

On the other hand, it is difficult for the Tender Offeror to make any further investment of management resources by the Tender Offeror to the Target Company or to cooperate with our group companies other than the Target Company unless the concerns about conflicts of interest between the Tender Offeror and minority shareholders of the Target Company are resolved. In addition, there are risks associated with up-front development investments in areas of high uncertainty in the Target Company, as they cannot be said to be certain to succeed, and as a result, they may not necessarily benefit the minority shareholders of the Target Company.

Accordingly, based on a proposal by the Tender Offeror pertaining to the Transaction to make the Target Company its wholly-owned subsidiary and the Tender Offeror's discussions with the Special Committee on the proposal, the Target

Company received the contents of the report submitted to the Target Company by the Special Committee on October 26, 2020 and decided at the board of directors ' meeting on 27th of the same month that it would contribute to the improvement of the corporate value of the Target Company to make the Target Company its wholly-owned subsidiary of the Tender Offeror rather than to maintain its status as a listed subsidiary.

The Target Company has: (i) the Tender Offer Price is higher than the upper limit of the price range calculated by the market share price method and higher than the middle value of the price range calculated by the Discounted Cash Flow Method (Hereinafter referred to as "DCF method".) of the calculation results of the value of the Target Company's common shares as set forth in "2. Outline of Purchase, etc." below "(2) calculation process", "4. the grounds for calculation of the Price for Purchase, etc.;" under "(2) Acquisition of stock valuation reports and fairness opinions by the Target Company from an independent third-party appraiser" under; and the Fairness Opinion has been issued by Plutus to the effect that the Tender Offer Price of ¥4,400 per share is fair from a financial standpoint to the minority shareholders of the Target Company; and (ii) the Tender Offer Price is 27.91% (Rounded to the third decimal place. The same applies to the calculation of the premium below.) against the closing price of the Target Company's common shares of ¥3,440 on October 26, 2020, the business day prior to the announcement of the implementation of the Tender Offer, at JASDAQ on the Tokyo Stock Exchange Market, a premium of 26.73% over the simple average of the closing prices of 3,472 yen (From September 28, 2020 to October 26 of the same year) for the past 1 month (Rounds the decimal point. The same applies to the calculation of the simple average of the closing price.), 34.43% over the simple average of the closing prices of ¥3,273 for the past 3 months (From July 27, 2020 to October 26 of the same year), and 27.24% over the simple average of the closing prices of ¥3,458 for the past 6 months "2. Outline of Purchase, etc." was added to the Tender Offer Price "4. the grounds for calculation of the Price for Purchase, etc.;". (ⅲ)In determining the Tender Offer Price, measures were taken to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest as described in "(3)Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below, and it is recognized that consideration has been given to the interests of minority shareholders. (ⅳ)After measures were taken to avoid conflicts of interest as described above, discussions and negotiations equivalent to those in transactions between the Independent Parties were held between the Tender Offeror and the Target, In light of the content of Plutus's calculation results concerning the value of the common shares of the Target Company and Sato Sogo Law Office's legal advice on the process and method for making decisions on the Transaction and other points of concern, and in addition to endeavoring to ensure that the Special Committee is substantially involved in the negotiation process concerning the Transaction terms and conditions, etc. of the Transaction with the Tender Offeror by confirming the policy in advance, receiving reports on the status in a timely manner, expressing opinions on important matters, and giving instructions and requests, etc., the Tender Offeror and the Target Company have sincerely and continuously discussed and negotiated the Transaction terms and conditions, etc., the Tender Offer Price is the price proposed at a price that is 25.7% (Rounded to the third decimal place) higher than the initial offering price. (ⅴ)In light of the fact that the Report received from the Special Committee is also judged to be fair and appropriate as described in “(3)Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest”, “③Establishment of an Independent Special Committee by the Target Company and Acquisition of Written Reports from the Special Committee”, the Board of Directors of the Target Company at a meeting held today determined that the Tender Offer will provide shareholders of the Target Company with an opportunity to sell their common shares of the Target Company reasonably at a fair and appropriate price with a considerable premium.

Based on the above, the Target Company concluded that the Transactions would contribute to the improvement of the Target Company's corporate value and that the terms of the Transactions, including the Tender Offer Price, were appropriate, and resolved at its board of directors meeting held today, to express its approval of the Tender Offer and to recommend that shareholders of the Target Company tender their shares in the Tender Offer.

Of the 7 directors of the Target Company, Mr. Hiroki Ito, Mr. Hideo Hashimoto and Mr. Kiichiro Kamiya, who are seconded from the Tender Offeror, respectively, did not participate in the deliberations and resolutions of the board of directors of the Target Company held on September 11, 2020 and the board of directors of the Target Company held today pertaining to the Transactions, including the board of directors of the Target Company, nor did they participate in the examination of the Transactions or the discussions and negotiations with the Tender Offeror from the standpoint of the Target Company, in order to eliminate as much as possible the risk of being affected by the structural conflicts of interest in the Transactions. For the method of resolution at the Target Company's Board of Directors Meeting held today, please refer to the "(3) Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" "5. the approval of all directors who have no interest in the Target Company, and an opinion to the effect that all company auditors have no objection;" below.

③ Management Policy after the Tender Offer

As of today, the Tender Offeror has dispatched three directors to the Target Company, and the management structure of the Target Company in the future has not been determined as of today, but at the present time, the Tender Offeror does not plan to dispatch any additional directors. In addition, the Tender Offeror will accelerate the growth of profits for our group as a whole, including the Target Company Group, and strive to improve its corporate value by operating together with the Target Company Group. We also hope that the current employees of the Target Company will continue to contribute to the development of the Target Company's business after the execution of the Transaction.

(3) Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

In light of the fact that the Target Company is a consolidated subsidiary of the Tender Offeror, that the Transactions, including the Tender Offer, fall under the category of important transactions with controlling shareholders, and that structural conflicts of interest may arise in the examination of the Transactions by the Target Company, the Tender Offeror and the Target Company have implemented the following measures to ensure the fairness of the Tender Offer Price, eliminate arbitrariness in decision-making on the Transactions, ensure fairness, transparency, and objectivity of the decision-making process of the Target Company, and avoid conflicts of interest.

① Acquisition of Share Value Calculation Report by Tender Offeror from Independent Third Party Calculation Organization
② Acquisition of stock valuation reports and fairness opinions by the Target Company from an independent third-party appraiser
③ Establishment of an Independent Special Committee by the Target Company and Acquisition of Written Reports from the Special Committee
④ Advice from an independent law firm on the subject
⑤ Approval of all directors who do not have an interest in the Target Company and opinions to the effect that no objections have been raised by all company auditors
⑥ Measures to secure purchase opportunities from other purchasers

For details of the above, refer to "2. Outline of Purchase, etc." in the "4. the grounds for calculation of the Price for Purchase, etc.;" section below, and "(2) calculation process" in the "(Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" section.

(4) Policy on Reorganization after the Tender Offer (Matters related to so-called two-stage acquisitions)

As described in "(1) Outline of the Tender Offer" above, the Tender Offeror has a policy of making the Target Company a wholly-owned subsidiary of the Tender Offeror, and plans to implement the procedures for acquiring all of the Target Company's common shares by the following methods after the consummation of the Tender Offer if the Tender Offeror is unable to acquire all of the Target Company's common shares in the Tender Offer.

① Demand for Share Cash-Out

If, upon the consummation of the Tender Offer, the total number of voting rights of the Target Company held by the Tender Offeror will be 90% or more of the total number of voting rights of all shareholders of the Target Company, and the Tender Offeror will become a special controlling shareholder as defined in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to request all shareholders of the Target Company (Excluding the Tender Offeror and the Target Company. The same applies below.) to sell all of the common shares of the Target Company held by the Tender Offeror (Hereinafter referred to as "Demand for Share Cash-Out".) promptly after the completion of the settlement of the Tender Offer, pursuant to the provisions of Part 2, Chapter 2, Section 4-2 of the Companies Act. In making the Share Cash-Out Request, the Company plans to stipulate that the same amount of money as the Tender Offer Price will be delivered to the shareholders of the Target Company as consideration per share of the common stock of the Target Company. In this case, the Tender Offeror shall notify the Target Company to that effect and request the Target Company to approve the Share Cash-Out Demand. If the Target Company approves the Share Cash-Out Demand by a resolution of the board of directors, the Tender Offeror will acquire all of the Target Company's common shares held by the Target Company from all shareholders of the Target Company on the acquisition date specified in the Share Cash-Out Demand, in accordance with the procedures prescribed by relevant laws and regulations, without the need for individual approval by the shareholders of the Target Company. The Tender Offeror plans to deliver the same amount of money as the Tender Offer Price to each shareholder as consideration for each share of common stock of the Target held by each shareholder. If the Target Company is notified by the Tender Offeror of its intention to make a Demand for Share Cash-Out and the matters set forth in the items of Article 179, Paragraph 2, Paragraph 1 of the Companies Act, the Board of Directors of the Target Company will approve such Demand for Share Cash-Out. In the event that a Demand for Share Cash-Out is made, pursuant to the provisions of Article 179, Paragraph 8 of the Companies Act and other relevant laws and regulations, the shareholders of the Target Company may file a petition with the court to determine the selling price of the Target Company's common shares held by the shareholders.

② consolidation of shares

On the other hand, after the consummation of the Tender Offer, if the total number of voting rights of the Target Company held by the Tender Offeror is less than 90% of the total number of voting rights of all shareholders of the Target Company, the Tender Offeror plans to request the Target Company, promptly after the completion of the settlement of the Tender Offer, to hold an extraordinary general meeting of shareholders (Hereinafter referred to as "this extraordinary general meeting of shareholders".) including a proposal for the consolidation of the Target Company's common shares (Hereinafter referred to as "consolidation of shares".) pursuant to Article 180 of the Companies Act and the amendment of the articles of incorporation to abolish the provision on the number of share units on the condition that the consolidation of shares takes effect. From the viewpoint of improving the corporate value of the Target, the Tender Offeror considers it desirable to hold the Extraordinary General Meeting of Shareholders as early as possible and plans to request the Target to make a public notice of the establishment of the record date during the period of Purchase, etc. in the Tender Offer (Hereinafter referred to as "tender offer period".) so that the record date of the Extraordinary General Meeting of Shareholders will be the nearest day after the commencement date of the settlement of the Tender Offer. The Tender Offeror plans to approve each of the above proposals at this extraordinary general meeting of shareholders. As of today, this extraordinary general meeting of shareholders is scheduled to be held around March 2021.

If the proposal for the consolidation of shares is approved at this extraordinary general meeting of shareholders, the shareholders of the Target Company will hold the number of shares of common stock of the Target Company corresponding to the ratio of the consolidation of shares approved at this extraordinary general meeting of shareholders on the day when the consolidation of shares takes effect. If any fraction less than 1 share is generated in the number of shares as a result of the consolidation of shares, money will be delivered to the shareholders of the Target Company in accordance with the procedures prescribed in Article 235 of the Companies Act and other relevant laws and regulations, such as by the sale of the Target Company's common shares equivalent to the total number of such fractions (If the total number includes a fraction of less than one share, the fraction is rounded down. The same applies below.) to the Target Company or the Tender Offeror. With regard to the sale price of the Target Company's common shares equivalent to the total number of such fractions, after setting the amount of money to be delivered to the shareholders of the Target Company who did not tender their shares in the Tender Offer as a result of the sale to be the same as the price obtained by multiplying the Tender Offer

Price by the number of the Target Company's common shares held by the respective shareholders, the Tender Offeror plans to request the Target Company to file a petition for permission of voluntary sale with the court. The ratio of the consolidation of the Target Company's common shares has not been determined as of today, but the number of the Target Company's common shares held by the shareholders of the Target Company who did not tender their shares in the Tender Offer will be determined to be a fraction of less than 1 share so that only the Tender Offeror will own all of the Target Company's common shares (Excluding treasury stock held by the Target.).

The Companies Act provides that, in the event of a consolidation of shares, if any fraction of less than 1 share is included in the number of shares resulting from the consolidation of shares, the shareholders of the Target Company may, in accordance with the provisions of Article 182, Paragraph 4 and Article 182, Paragraph 5 of the Companies Act and other relevant laws and regulations, request the Target Company to purchase, at a fair price, any fraction of less than 1 share of the shares held by the shareholders of the Target Company and may file a petition with the court to determine the price of the Target Company's common shares.

The Tender Offer does not solicit the approval of the shareholders of the Target Company at the Extraordinary Shareholders ’ Meeting.

With regard to the procedures in (1) and (2) above, it may take time to implement or change the method of implementation depending on the revision of relevant laws and regulations and the status of implementation and interpretation by the authorities. However, even in such a case, if the Tender Offer is consummated, the method of finally delivering money to the shareholders of the Target Company who did not tender their shares in the Tender Offer will be adopted, and the amount of money to be delivered to the shareholders of the Target Company in such a case will be calculated to be the same as the Tender Offer Price multiplied by the number of the Target Company's common shares held by the shareholders of the Target Company. However, if a petition is filed for the determination of the sale price of shares relating to a Demand for Cash-Out or a petition is filed for the determination of the price relating to a Demand for Purchase of Shares relating to Consolidation of Shares, the sale price of the Target Company's common shares or the price relating to the Demand for Purchase of Shares will ultimately be determined by the court.

The Target Company plans to promptly announce the specific procedures and the timing of implementation of the procedures in each of the above cases as soon as they are decided upon in consultation with the Target Company. Shareholders of the Target Company are requested to confirm with tax experts on their own responsibility regarding the application for the Tender Offer and the tax treatment in each of the above procedures.

(5) Likelihood of delisting and reasons for delisting

As of today, the common shares of the Target Company are listed on the Tokyo Stock Exchange JASDAQ, but the Tender Offeror has not set an upper limit on the number of shares to be purchased in the Tender Offer, and therefore, depending on the results of the Tender Offer, the common shares of the Target Company may be delisted following the prescribed procedures in accordance with the delisting standards set by the Tokyo Stock Exchange. In addition, even if the delisting standards are not met at the time of the consummation of the Tender Offer, the delisting standards will be followed for the common shares of the Target Company after the consummation of the Tender Offer because the procedures described in "(4) Policy on Reorganization after the Tender Offer (Matters related to so-called two-stage acquisitions)" above are scheduled to be implemented after the consummation of the Tender Offer. After delisting, the Target Company's common shares will no longer be traded on the Tokyo Stock Exchange JASDAQ.

(6) Matters concerning the important agreement pertaining to the Tender Offer

No applicable items.

2. Outline of Purchase, etc.

(1)Target Audience Summary

①	Name	MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.
②	Location	4-5-3 Sakae, Naka-ward, Nagoya-city, Aichi
③	The title and name of the	President and Representative Director Kimimasa Yamada

	representative	
④	Business Profile:	1)Research, development, manufacture, import and export, and sales of drugs for medical and biomedical research; 2)Research, development, manufacture, import and export, and sales of drugs, quasi-drugs and cosmetics; 3)Publication and Enlightenment of Books on Medical Biology and Related Fields 4)Management of the medical business 5)Planning, manufacture, import and export, and sales of physical and chemical equipment and medical equipment, 6)Planning, manufacture, import and export, and sales of medical devices and welfare and nursing care/health devices 7)Research, manufacture, import and export, and sales of poisonous and deleterious substances 8)Physical and chemical test analysis, medical care and contract for various inspections on public health in the field of life sciences 9)Planning, development, manufacture, import and export, sales andconsulting of health foods, foodstuffs, and beverages 10)Investments and loans to enterprises 11)Management of Investment Partnership Property 12) Bookkeeping and closing of the company's books, as well as diagnosis, guidance and consulting services related to management and accounting 13)All businesses incidental to the preceding items
⑤	Capital Stock	4,482,936,000 yen
⑥	Date of Establishment	August 23, 1969
⑦	Major shareholders and shareholding ratio (As of March 31, 2020)	JSR Corporation 50.82% Sachiko Kazuno 2.36% J.P. MORGAN BANK LUXEMBORGS.A. 1300002 1.54% au Kabcom Securities 1.38% SBI Securities Co., Ltd. 1.31% BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE 1.10% CREDIT SUISSE AG. DUBLIN BRANCH PRIME CLIENT ASSET EQUITY ACCOUNT 1.08% Taiji Iwasaki 0.97% Susumu Emoto 0.87% Katsuhiko Nishida 0.87%
⑧	Relationship between listed companies and the Target Company	
	capital relationship	As of today, the Tender Offeror holds 2,627,781 shares of the Target Company (Ownership: 50.82%) and makes the Target Company a consolidated subsidiary.
	personal relationship	As of today, the Tender Offeror has dispatched three directors to the Target Company.
	business relationship	The Tender Offeror supplies products to the Target Company and conducts research and development in the drug discovery support reagent and diagnostic

		reagent business jointly with the Target Company.
	To the parties concerned Applicable Status	Since the Target Company is a consolidated subsidiary of the Tender Offeror, the Target Company falls under the Related Party of the Tender Offeror.

(Note)"7. major shareholders and ratio of shareholding (As of March 31, 2020);" is the transcript of "Status of Major Shareholders" in the 51 Annual Securities Report submitted by the Target Company on June 24, 2020.

(2)Schedule, etc.

① Schedule

resolution of the board of directors	October 27, 2020 (Tuesday)
Public Notice Date for Commencing Tender Offer	October 28, 2020 (Wednesday) An electronic public notice will be issued and published in the Nihon Keizai Shimbun. (Electronic Public Notice Address https://disclosure.edinet-fsa.go.jp/)
Date of submission of tender offer statement	October 28, 2020 (Wednesday)

② Period of Purchase, etc. at the Time of Notification

From October 28, 2020 (Wednesday) to December 10, 2020 (Thursday) (30 business days)

③ possibility of extension at the request of the subject person

No applicable items.

(3)Price of the Purchase, etc.

¥4,400 per share of common stock

(4)Basis for Calculation of Price of Purchase and others

① basis of calculation

In order to ensure the fairness of the Tender Offer Price, in determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial advisor as a third-party appraiser independent from the Tender Offeror and the Target Company, to calculate the value of the Target Company's shares. Nomura Securities is not a related party of the Tender Offeror or the Target Company and has no material interest in the Tender Offer.

As a result of reviewing the calculation method used in the Tender Offer, Nomura Securities calculated the share value of the Target Company's common shares using the average market price method since the Target Company's common shares are listed on the Tokyo Stock Exchange JASDAQ, the comparable company method since there are listed companies that can be compared with the Target Company, and the analogy of the share value of the Target Company's common shares can be made by comparing similar companies. In order to reflect the status of future business activities in the calculation, Nomura Securities calculated the share value of the Target Company's common shares using the DCF method, and the Tender Offeror obtained a valuation report (Hereinafter referred to as "tender offeror statement".) from Nomura Securities on October 26, 2020. The Tender Offeror has not obtained a written opinion on the appropriateness of the Tender Offer Price (fairness opinion) from Nomura Securities.

The results of Nomura Securities' calculation of the per share value of the Target Company's common shares are as follows.

average market price method	3,273 yen to 3,504 yen
comparable company method	4,058 yen to 5,638 yen
DCF method	4,084 yen to 5,318 yen

Under the average market price method, with October 26, 2020 as the record date, the range of the per share value of the Target Company's common stock on the basis of the closing price on the Tokyo Stock Exchange JASDAQ on the record date of 3,440 yen, the simple average closing price on the 5 most recent business days of 3,504 yen (Rounds to the right of the decimal point. The same applies to the calculation of the simple average closing price in this section.), the simple average closing price on the 1 most recent month of 3,472 yen, the simple average closing price on the 3 most recent months of 3,273 yen, and the simple average closing price on the 6 most recent months of 3,458 yen is analyzed to be 3,273 yen to 3,504 yen.

The comparable companies method calculates the share value of the Target Company's common shares by comparing them with financial indicators such as market prices and profitability of listed companies that conduct businesses relatively similar to the Target Company, and analyzes the range of the share value of the Target Company's common shares to be between 4,058 yen and 5,638 yen per share.

Under the DCF method, based on various factors such as the earnings and investment plans of the Target Company in its business plan for the 5 years from the fiscal year ending March 2021 to the fiscal year ending March 2025, and information that has been made available to the public, the corporate value and share value of the Target Company are calculated by discounting free cash flows that the Target Company expects to generate in the future after the fiscal year ending March 2021 to the present value at a certain discount rate, and the range of the share value of the Target Company's common stock is analyzed to be between 4,084 yen and 5,318 yen. The synergy effects expected to be realized through the execution of the Transactions have not been reflected since it is difficult to estimate the specific impact on profits at present. For the fiscal year ending March 2021, the Target Company expects its operating income to increase significantly from ¥1,335 million to ¥1.8 billion. For details, please refer to the "(2) calculation process" below.

In addition to the calculation results of the Tender Offeror Valuation Report obtained from Nomura Securities, the Tender Offeror comprehensively took into consideration the results of due diligence conducted by the Tender Offeror from early September 2020 to mid-October 2020 on the Target Company, examples of premiums granted in the past tender offers of share certificates, etc. by entities other than issuers for the purpose of making consolidated subsidiaries a wholly-owned subsidiary of the parent company upon the determination of the purchase price, etc., the possibility of approval of the Tender Offer by the Target Company's board of directors, the trend of the market price of the Target Company's common shares and the prospect of acceptance of the Tender Offer, etc., and, based on the results of discussions and negotiations with the Target Company, the Tender Offeror ultimately decided the Tender Offer Price to be 4,400 yen per share by a resolution of the board of directors held today. The Tender Offer Price is within the scope of the calculation results of the Tender Offeror's Calculation Statement.

The Tender Offer Price of 4,400 yen per share is a premium of 27.91% (Rounded to the third decimal place. The same applies to the following premium values (%) in this section.) over the closing price of 3,440 yen of the Target Company's common stock on the Tokyo Stock Exchange JASDAQ on October 26, 2020, which is the business day prior to the announcement date of the Tender Offer, 26.73% over the simple average closing price of 3,472 yen for the most recent 1 month period until October 26, 2020, 34.43% over the simple average closing price of 3,273 yen for the most recent 3 months until October 26, 2020, and 27.24% over the simple average closing price of 3,458 yen for the most recent 6 months until October 26, 2020.

On March 11, 2015, the Tender Offeror acquired 3,587,906 shares of the Target Company's common stock for ¥600 per share through the Tender Offer. Considering the consolidation of 5 common shares of the Target into 1 share conducted in October 2017, the acquisition price is considered to be equivalent to 3,000 yen at the current price, and there is a difference of 1,400 yen between the Tender Offer Price (¥4,400 per share) and the acquisition price. This is due to the difference in the market price of the common shares of the Target due to the difference in the timing of price determination between the Acquisition Price and the Tender Offer Price, as well as the difference in the premium. Specifically, the closing price of the Target Company's common shares on the October 26, 2020 Tokyo Stock Exchange JASDAQ on February 6, 2015, the business day prior to the announcement date of the Tender Offer, was 420 yen, and the acquisition price was an 3,440 amount adding a 27.91% 42.86% premium to the closing price. Between April 30, 2015 and October 20, 2015, the Tender Offeror acquired 847,000 shares of common stock of the Target Company through an in-market acquisition method, and the average acquisition price for the in-market acquisition is 548 yen per share. Considering the consolidation of 5 common shares of the Target Company into 1 share conducted in October 2017, the average acquisition price is considered to be equivalent to 2,740 yen at the current price.

(Note)In calculating the share value of the common shares of the Target Company, Nomura assumed that the publicly available information and all information provided to Nomura Securities were accurate and complete, and has not independently verified their accuracy and completeness. With respect to the assets or liabilities (Includes derivatives, off-balance-sheet assets and liabilities, and other contingent liabilities.) of the Target Company and its affiliated companies, the Company does not conduct its own evaluation, appraisal or assessment, including analysis and assessment of individual assets or liabilities, and does not request a third party to conduct an appraisal or assessment. The financial forecasts (Includes profit plans and other information.) of the Target Company are assumed to have been reasonably reviewed or prepared based on the best and sincere predictions and judgments currently available to the management of the Tender Offeror. Nomura's calculations reflect the information and economic conditions obtained by Nomura before October 26, 2020. The sole purpose of Nomura Securities' calculation is to serve as a reference for the Board of Directors of the Tender Offeror to review the share value of the Target Company's common shares.

② Calculation Process

In early July 2020, the Tender Offeror commenced discussions on the Transactions, and in mid-July 2020, Nomura Securities was appointed as a financial advisor and a third party appraiser independent of the Tender Offeror and the Target Company, and Anderson, Mori, and Tomotsune Law Offices were appointed as legal advisors; the Target Company appointed Plutus as a financial advisor and a third party appraiser independent of the Tender Offeror and the Target Company, and Sato Sogo Law Office as an external legal advisor, respectively, in order to ensure the fairness of the Tender Offer Price and other Transactions including the Tender Offer; and a special committee was established as an advisory body to the Board of Directors of the Target Company on September 11, 2020, thereby establishing a system to discuss and negotiate the Tender Offer.

The Tender Offeror conducted due diligence to examine the feasibility of the Tender Offer from early September to mid-October 2020, and concurrently held discussions and negotiations with the Target Company on the purpose of the Transactions, including the Tender Offer, the management system and policies after the Transactions, and various terms and conditions of the Transactions.

As a result, the Tender Offeror has reached the conclusion that making the Target Company a wholly-owned subsidiary of the Tender Offeror will contribute to avoiding the possibility of conflicts of interest between the parent company and minority shareholders arising from the listing of parent and subsidiary companies in the future, to ensuring the mutual use of unrestricted management resources such as customer bases, business bases, and financial bases, and to improving the flexibility and promptness of decision-making by the Target Company and our group's management strategies, and is extremely beneficial to improving the corporate value of our group as a whole, including the Target Company.

In addition, the Tender Offeror and the Target Company have held discussions on the Tender Offer Price since early October 2020. Specifically, on September 11, 2020, the Tender Offeror made its first proposal regarding the Tender Offer Price (¥3,500 per share. The offer price is based on due diligence reviews and an initial assessment of the Tender Offeror prior to incorporating the Target Company's performance plan, rather than a negotiated markup.). On October 1, 2020, the Tender Offeror was requested by the Target Company to reconsider the Tender Offer Price on the grounds that it was not at a reasonable price. Subsequently, the Tender Offeror reviewed the Tender Offer Price with Nomura Securities, the financial advisor of the Tender Offeror, on multiple occasions, and after conducting a secondary evaluation of the Tender Offer Price including the Target Company's performance plan, etc., the Tender Offeror proposed to the Target Company on October 7, 2020 that the Tender Offer Price be 4,200 yen, but received a response from the Target Company to the effect that any of the proposals did not take into account a sufficient premium over the market price and the intrinsic value of the Target Company's common shares, and received a proposal from the Target Company to set the Tender Offer Price at 4,350 yen or more.

On October 19, 2020, based on the results of the discussions and negotiations with the Target Company, the Tender Offeror submitted a final proposal to the Target Company to set the Tender Offer Price at ¥4,400 per share, and on October

21, 2020, the Target Company responded that it accepts the final proposal.

Therefore, the Tender Offeror decided to conduct the Tender Offer at the Board of Directors meeting held today, and the Tender Offer Price was decided based on the following background.

(i) Acquisition of stock valuation report from third-party valuation institution

In order to ensure the fairness of the Tender Offer Price, in determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial advisor, as a third-party appraiser independent from the Tender Offeror and the Target Company, to calculate the share value of the Target Company's common shares.

Nomura Securities is not a related party of the Tender Offeror or the Target Company and has no material interest in the Tender Offer.

The Tender Offeror has not obtained a written opinion on the appropriateness of the Tender Offer Price (fairness opinion) from Nomura Securities.

(ii) Outline of such opinion

Nomura Securities calculated the Target Company's share value using the average market price method, the comparable company method and the DCF method. The range of the per share value of the Target Company's common shares calculated using each method is as follows.

average market price method	3,273 yen to 3,504 yen
comparable company method	4,058 yen to 5,638 yen
DCF method	4,084 yen to 5,318 yen

(iii) The background to the determination of the Tender Offer Price based on the opinion

In addition to the calculation results of the Tender Offeror Valuation Report obtained from Nomura Securities, the Tender Offeror comprehensively considered the results of due diligence conducted by the Tender Offeror against the Target Company, examples of the premiums awarded in the past tender offers of share certificates, etc. by persons other than issuers for the purpose of making a consolidated subsidiary of the Target Company a wholly-owned subsidiary of the parent company when determining the purchase price, etc., whether or not the Board of Directors of the Target Company is in favor of the Tender Offer, trends in the market value of the Target Company's common shares, prospects for the tender offer for the Tender Offer, etc., and based on the results of discussions and negotiations with the Target Company, the Tender Offeror ultimately decided the Tender Offer Price per share to be 4,400 yen by resolution of the Board of Directors held today.

(Measures to Ensure the Fairness of the Tender Offer, including Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)

In light of the fact that the Target Company is a consolidated subsidiary of the Tender Offeror, that the Transactions, including the Tender Offer, fall under the category of important transactions with controlling shareholders, and that structural conflicts of interest may arise in the examination of the Transactions by the Target Company, the Tender Offeror and the Target Company have implemented the following measures to ensure the fairness of the Tender Offer Price, eliminate arbitrariness in decision-making on the Transactions, ensure fairness, transparency, and objectivity of the decision-making process of the Target Company, and avoid conflicts of interest.

① Acquisition of Share Value Calculation Report by Tender Offeror from Independent Third Party Calculation Organization

In order to ensure the fairness of the Tender Offer Price, in determining the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial advisor, as a third-party appraiser independent from the Tender Offeror and the Target Company, to valuate the common shares of the Target Company. For details of the Tender Offeror's Valuation Report on the results of calculation of the share value of the Target Company acquired by the Tender Offeror from Nomura Securities, see "basis of calculation" above.

② Acquisition of stock valuation reports and fairness opinions by the Target Company from an independent third-party appraiser

In expressing its opinion on the Tender Offer, in order to ensure the fairness of the terms of the Transaction including the Tender Offer Price, the Target Company requested the Tender Offeror, the Target Company, its own financial advisor and third-party appraiser independent of the Transactions, Plutus, to express their opinions on the valuation of the Target Company's common stock and the fairness of the Tender Offer Price (fairness opinion), and acquired the Target Company's common stock valuation report and the Fairness Opinion on October 26, 2020.

Plutus is not a related party of the Tender Offeror or the Target Company and has no material interest in the Transactions including the Tender Offer. In addition, the remuneration of Plutus for the Transactions is only a fixed remuneration to be paid regardless of the success of the Transactions, and does not include a success remuneration to be paid on the condition of the completion of the Transactions including the Tender Offer. Please refer to the following for the summary of the Target Common Stock Valuation Report and this fairness opinion.

Since the Target Company was listed on the Tokyo Stock Exchange JASDAQ and the market share price existed, Plutus adopted the market share price method and the DCF method to reflect the status of future business activities in the evaluation, and calculated the share value of the Target Company. According to the Valuation Report for the Target Company's Common Shares, the range of share values per share of the Target Company's common shares calculated based on each of the above calculation methods is as follows.

Market Price Method:	3,273 yen to 3,472 yen
DCF Method:	3,360 yen to 5,221 yen

According to the market price method, with October 26, 2020 as the record date, based on the closing price of the Target Company's common shares on the Tokyo Stock Exchange JASDAQ on the record date of 3,440 yen, the simple average closing price for the most recent 1 month of 3,472 yen, the simple average closing price for the most recent 3 months of 3,273 yen, and the simple average closing price for the most recent 6 months of 3,458 yen, the value per share of the Target Company's common shares is calculated to be in the range of 3,273 yen to 3,472 yen.

Under the DCF method, the corporate value and share value of the Target are calculated by discounting free cash flows that are expected to be generated on or after October 1, 2020 to the present value at a certain discount rate, based on various factors such as financial forecasts provided to Plutus from the fiscal year ending March 2021 to the fiscal year ending March 2025, and publicly available information, and the range of the value per share of the Target's common stock is calculated to be 3,360 yen to 5,221 yen. The discount rate is the weighted average cost of capital (Weighted Average Cost of Capital: WACC). The weighted average cost of capital is calculated by averaging the cost of capital estimated based on the capital asset price model (Capital Asset Pricing Model: CAPM) and the cost of debt estimated based on the expected funding rate after tax savings with the share capital structure ratio estimated based on the information of the Target Company and similar listed companies. The weighted average ratio ranges from 6.4% to 9.8%. The perpetuity growth rate method is used to calculate the perpetuity value. The perpetuity growth rate method assumes a 0% growth rate.

The financial forecast based on the Target Company's business plan (Hereinafter referred to as "Project Plan".), on which Plutus assumed the DCF method of calculation, is as follows.

This business plan includes the fiscal year in which a significant increase or decrease from the previous fiscal year is expected. Specifically, in the fiscal year ending March 2021, operating income is expected to increase significantly from ¥1,335 million to ¥1.8 billion. At the beginning of the fiscal year ended March 2021, due to the impact of a new type of coronavirus infection, there was a temporary decline in demand for testing reagents for the Target due to a decline in the number of patients receiving testing reagents at medical institutions and stagnation in research activities at universities and research institutes. In addition, sales of antibody measurement kits for the new coronavirus launched in April 2020 and materials for companies in the Chinese market compensated for these declines, and this helped support our business performance. In addition, due to the monetization of drug discovery support (Contract development services) that began in 2019, we expect sales to increase in the fiscal year ending March 2021 compared to the previous fiscal year.

The synergy effects expected to be realized through the execution of the Transactions are not included in the Business Plan as it is difficult to estimate specifically the impact on revenues at this point in time.

(Unit: 1 million yen)

	2021 Year ended March 31 (6 Months)	2022 Year ended March 31	2023 Year ended March 31	2024 Year ended March 31	2025 Year ended March 31
Net Sales	4,732	10,491	11,196	12,201	13,000
Operating income	675	1,627	1,883	2,229	2,573
EBITDA	925	2,193	2,513	2,958	3,364
free cash flow	392	859	655	1,264	1,649

On October 26, 2020, the Target Company received this fairness opinion from Plutus that the Tender Offer Price of 4,400 yen per share is fair to the minority shareholders of the Target Company from a financial standpoint. This fairness opinion expresses the opinion that it is fair from a financial standpoint to the minority shareholders of the Target Company. The fairness opinion was issued after Plutus received from the Target Company the disclosure of the current status of the Target Company's business and future plans, etc., as well as the results of the calculation of the Target Company's share value based on the Target Company's explanation thereof, in addition to questions and answers with the Target Company regarding the outline, background and purpose of the Tender Offer, examination of the Target Company's business environment, economy, market and financial conditions within the scope deemed necessary by Plutus, and review procedures at a review meeting that is independent of the Plutus engagement team.

③ Establishment of an Independent Special Committee by the Target Company and Acquisition of Written Reports from the Special Committee

Based on the fact that the Tender Offeror is the controlling shareholder of the Target Company (parent company), the Board of Directors of the Target Company considered the establishment of a Special Committee as an optional panel to examine and judge the rationality of the purpose, conditions, and fairness of procedures, etc. from the viewpoint of improving corporate value and benefiting general shareholders when considering the appropriateness of the Transactions by the Target Company, and confirmed the independence and eligibility, etc. of the Independent Outside Directors and Independent Outside Corporate Auditors of the Target Company who are candidates for membership of the Special Committee, with the advice of Sato Sogo Law Office. After confirming that the Target Company is independent from the Tender Offeror (The Company has confirmed that there are no material interests between Mr. Masayuki Ushida, Mr. Yuichi Komine and Mr. Hiroaki Rokkawa and the Tender Offeror or the Target Company.) and that it does not have any material interests in relation to the success or failure of the Transactions that differ from those of its general shareholders, the Target Company, with the advice of Sato Sogo Law Office, obtained the advice of Masayuki Ushida (Target Independent Outside Director, Milestone Representative Partner, LLC), having extensive experience and knowledge gained through his many years of service at financial institutions and through his business management as president of a pharmaceutical company, etc., Mr. Yuichi Komine (Target Independent Outside Audit & Supervisory Board Member, Outside Audit & Supervisory Board Member of IKUYO CO., LTD., Outside Director of Oncopy Therapy Science Co., Ltd., Director of Sun Life Holdings Co., Ltd. (Audit and Supervisory Committee Member)), having extensive experience and knowledge in finance and accounting gained through his career as a certified public accountant, certified tax accountant, and outside director and auditor, in order to constitute the Special Committee on an appropriate scale while ensuring a balance of knowledge, experience, and ability of the Special Committee as a whole, and Mr. Yuichi Komine, having extensive experience and knowledge gained through his many years of duties in relation to laws including corporate law, and having cultivated through his career, Mr. Hiroaki Rokkawa (Target Company Independent Outside Audit & Supervisory Board Member, Outside Audit & Supervisory Board Member of Aoyama Asset Networks Co., Ltd., Outside Audit & Supervisory Board Member of Yumema Holdings Co., Ltd., Outside Audit & Supervisory Board Member of SystemSoft Co., Ltd., Outside Director of Tsunag Group Holdings Co., Ltd., Outside Audit & Supervisory Board Member of OCAVE Co., Ltd.), who possesses knowledge and experience, was selected as 3 candidates for the Special Committee (The members of the special committee have not changed since its establishment.).

On September 11, 2020, the Target established the Special Committee consisting of 3 persons, Mr. Masayuki Ushida, Mr. Yuichi Komine (certified public accountant), and Mr. Hiroaki Rokukawa (lawyer), who are Outside Directors of the Target (Regardless of the content of the report, the remuneration of the members of the Special Committee shall be limited to a fixed amount of remuneration, and no success remuneration subject to the establishment of the Transaction, etc. is adopted.), and consulted with the Special Committee on (i) whether the purpose of the Transactions is reasonable (Including whether the Transaction contributes to the improvement of the Target Company's corporate value.), (ii) whether fairness of the terms of the Transactions (Include the Tender Offer Price.) is ensured, (iii) whether sufficient consideration is given to the interests of the Target's shareholders through fair procedures, (iv) (i) and (iii) whether the Transactions are not considered to be disadvantageous to the Target's minority shareholders, and (v) whether the Target's Board requests the Committee to consult with the Committee as necessary in order for the Target's Board to express its opinions on the Tender Offer (Hereinafter, these are collectively referred to as "subject matter of this consultation".), The Company has entrusted the submission of opinions (certified public accountant) on this matter to the Target Company.

The Board of Directors of the Target Company shall make decisions on the Transactions with maximum respect to the judgment of the Special Committee, and if the Special Committee judges that the terms and conditions of the Transactions are not appropriate, it is also resolved not to approve the Transactions. In addition, the Board of Directors of the Target Company has decided to request the Special Committee to (a) appoint its own financial or legal advisors at the expense of the Target Company, if necessary, when making a report on the matters consulted by the Target Company (However, as a premise, it includes the authority to approve (Including post approval) advisors of the Target Company (If the Special Committee determines that the Target Company's advisors have a high level of expertise and have no problem with their independence, etc., and that the Special Committee can seek expert advice by trusting the Target Company's advisors, etc., the Special Committee may seek expert advice from the Target Company's advisors, etc.),(b) grant the Target Company's directors, employees and other persons deemed necessary by the Special Committee the authority to require their attendance at the Special Committee and to request explanations on necessary information, and (c) confirm in advance the policy with the Tender Offeror regarding the negotiation of the transaction terms and conditions, etc. pertaining to the Transactions, receive a report on the status in a timely manner, state their opinions on important aspects, give instructions and requests, and endeavor to ensure a situation in which the Target Company is substantially involved in the negotiation process of the transaction terms and conditions, etc.

During the period from September 16, 2020 to October 26 of the same year, the Special Committee met 6 times, for a total of approximately 10 hours, to discuss and consider the matters discussed in the Special Committee. Specifically, the first Special Committee approved Plutus and Sato Sogo Law Offices as financial advisors and legal advisors of the Target Company, since they are not related parties of the our group Target Company or the Tender Offeror and do not have any material interests in the Transactions, and the Special Committee confirmed that the Special Committee can receive expert advice as necessary.

As for the details of the subsequent deliberations, based on the Tender Offeror's proposal pertaining to the Transactions, the Special Committee received from the Target Company an explanation on the Target Company's business status, business environment, management issues, impact on the Target Company's business of the Transactions, etc., and conducted a Q & A session on these points, as well as received from the Target Company an explanation on the details and the process of preparation of the Business Plan prepared by the Target Company, conducted a Q & A session, and confirmed the reasonableness of the Business Plan based on the advice received from Plutus. In addition, the Special Committee is said to have met directly with the Tender Offeror through aWeb meeting system and have conducted Q & A in the form of interviews with the Tender Offeror regarding the background and circumstances of the Transaction, including the Target Company's business status, business environment, and management issues, the significance and purpose of the Transaction, including whether or not there are any synergies to be generated from the Transaction, and management policies after the Transaction.

Additionally, the Special Committee was briefed by Plutus on the content and method of the share value calculation conducted based on the Business Plan, and had a question and answer session, and the Special Committee was deliberated and examined after receiving legal advice from Sato Sogo Law Office on the decision-making process, method and other points to be noted regarding the Transaction.

Thereafter, the Special Committee shall hold a Special Committee each time the Target Company receives a price proposal from the Tender Offeror on September 11, 2020 to set the Tender Offer Price at ¥3,500 per share. The Special Committee shall deliberate and consider the negotiation policy with the Tender Offeror, taking into account the financial advice including the calculation results of the share value of the Target Company received from Plutus and the negotiation policy with the Tender Offeror as well as the legal advice from Sato Sogo Law Office, and determine the negotiation policy, While endeavoring to ensure a situation in which the Target Company is substantially involved in the negotiation process regarding the terms and conditions of the Transactions, etc., the Target Company held discussions and negotiations with the Tender Offeror concerning the Tender Offer Price, and as a result, on October 19 of the same year, the Target Company received a final proposal from the Tender Offeror to set the Tender Offer Price at ¥4,400 per share.

In response to the Tender Offeror's final proposal made on October 19, 2020, the Special Committee carefully deliberated and examined the Consultative Matters in consideration of the Target Company's Common Equity Valuation Report and the Fairness Opinion, etc., which were submitted to the Target Company by Plutus on October 26, 2020. As a result, the Special Committee submitted the Written Report to the Board of Directors of the Target Company on October 26, 2020, outlining the following matters.

(i)Whetherthe purpose of the transaction reasonable (Including whether the Transaction contributes to the improvement of the Target Company's corporate value.) or not

The core of the Tender Offeror's proposal can be understood to be the synergistic effect that the Target would achieve with the bases and customers in China, the U.S. and Europe by deepening the cooperation of each our group company of the Target with those other than the Target, and such directionality, itself, directly responds to the management challenges that the Target recognizes, and thus deserves a certain evaluation. In addition, under the development of personalized medicine, the business of biomarkers and companion diagnostics, which provide medical guidelines and medication decisions for drugs (therapeutic drug), is closely related to the discovery and development of new drugs, and it is rational to establish a business base in the country of origin where new drugs are created. From this perspective, assuming that many of the countries from which new drugs are approved originate are in the U.S. and Europe, it would be appropriate for the Tender Offeror to mention the U.S. and European markets in its proposal. Furthermore, from the perspective of recent individualization, sophistication, and complexity of medical care, the importance of developing and launching individualized ethical drugs will irreversibly increase in the future, and it would be an important measure to actively develop drug discovery support under the progress of such individualized medical care by utilizing biomarkers and technologies and know-how related to companion diagnostics that have been cultivated by the Target. From this perspective, it is important as a measure for the Target Company to position the technology, know-how, etc. of the Target Company in the drug discovery support business planned by the Tender Offeror and to provide drug discovery support in cooperation with our group companies including the Tender Offeror.

If the Target Company maintains its position as a listed subsidiary, a certain degree of tension associated with the existence of other shareholders may lead to stricter internal controls and careful management deliberation and decision making, which is an inherent advantage of maintaining the status quo. However, while this point cannot be denied, it is difficult to evaluate that the benefits are directly linked to the improvement of the corporate value of the Target, and that the benefits outweigh the fundamental implementation of the above measures.

Accordingly, the Transaction is considered to contribute to the improvement of the corporate value of the Target Company, and its purpose is considered to be reasonable.

(ii) Whether the fairness of the terms of the transaction (Including the purchase price in the Tender Offer.) ensured or not

(a)The Tender Offer Price of 4,400 yen is the price obtained by adding a 27.91% premium to the closing price of the Target Company's common shares of 3,440 yen on the Tokyo Stock Exchange JASDAQ on October 26, 2020, which is the business day prior to the day of the announcement of the Tender Offer, the price obtained by adding a 26.73% premium to the simple average closing price of 3,472 yen for the most recent 1 month, the price obtained by adding a 34.43% premium to the simple average closing price of 3,273 yen for the most recent 3 months, and the price obtained by adding a 27.24% premium to the simple average closing price of 3,458 yen for the most recent 6 months, In order to raise the Tender Offer Price to a fair and reasonable level based on the calculation results by Plutus, a third-party valuation institution, the Tender Offeror concluded that the Tender Offer Price was fair and reasonable, taking into consideration that the Special Committee, with its substantial involvement, conducted multiple negotiations, including face-to-face negotiations using a Web conference method, that could be evaluated as negotiations between independent parties that excluded the influence of the Tender Offeror and the Tender Offer Price was determined to be 25.7% higher than the initially proposed price and that the Tender Offer Price of 4,400 yen per share, which is the Tender Offer Price, was fair from a financial perspective to the minority shareholders of the Target Company, from Plutus's overall standpoint.

(b)In the Transactions, it is planned that, although the Squeeze Out is scheduled to be implemented after the Tender Offer, the Squeeze Out is scheduled to be implemented by a Demand for Share Cash-Out pursuant to Part 2, Chapter 2, Section 4 of the Companies Act or a Consolidation of Shares pursuant to Article 180 of the Companies Act, and that a scheme under which shareholders who oppose the Transactions cannot secure the Right to Demand Purchase of Shares or the Right to Demand Price Determination is not adopted, and that (1) if the Tender Offer is consummated, the Squeeze Out will be implemented by a Demand for Share Cash-Out or Consolidation, and (2) the amount of money to be delivered to shareholders of the Target Company who did not tender their shares for the Tender Offer under the Squeeze Out will be the same as the price obtained by multiplying the Tender Offer Price by the number of the common shares of the Target Company held by such shareholders. As described above, the terms and conditions of the squeeze out transaction are fair and appropriate because the squeeze out transaction is designed to prevent minority shareholders from being treated disadvantageously if they do not subscribe to the Tender Offer.

(c)In addition to the above conditions, there are no other conditions that are disadvantageous to the minority shareholders of the Target Company as compared to other similar cases with respect to other transaction conditions relating to the Transactions.

(d) Based on the above, it is considered that the fairness of the terms and conditions of the Transactions (Include the Tender Offer Price.) has been ensured.

(iii)Whether sufficient consideration has been given to the interests of the shareholders of the Target Company through fair procedures in the Transactions

(a)In determining its opinion on the Tender Offer, the Target Company requested Plutus, a third-party appraiser independent of the Target Company and the Tender Offeror, to express its opinion on the fairness, from a financial perspective, of the Target Company's general shareholders with regard to the calculation of the share value of the Target Company and the terms and conditions of the Transactions, obtained the Target Company's Common Share Value Calculation Form and the Fairness Opinion from Plutus, appointed Sato Sogo Law Office as a legal advisor independent of the Target Company and the Tender Offeror, and considered the Transactions while receiving legal advice from Sato Sogo Law Office.

(b)After the Tender Offeror submitted a proposal regarding the Transactions on September 11, 2020, the Board of Directors of the Target Company established the Special Committee consisting of 1 Outside Director of the Target Company and 2 Outside Corporate Auditors on September 11, 2020 (The remuneration of the members of the Special Committee shall be limited to a fixed amount of remuneration that is paid regardless of the content of the report.) in order for the Target Company to review the appropriateness of the Transactions. The Board of Directors of the Target Company shall make decisions on the Transactions with maximum respect to the judgment of the Special Committee, and if the Special Committee judges that the terms and conditions of the Transactions are not appropriate, it is also resolved not to approve the Transactions. In addition, the Board of Directors of the Target Company has decided to request the Special Committee to: (a) appoint its own financial or legal advisors at the expense of the Target Company, if necessary, when making a report on the matters consulted by the Target Company (Provided, however, that this includes the authority to approve (Including post approval) advisors, etc. of the Target Company (If the Special Committee determines that the Target Company's advisors have a high level of expertise and have no problem with their independence, etc., and that the Special Committee can seek expert advice based on trust in the Target Company's advisors, etc., the Special Committee may seek expert advice from the Target Company's advisors, etc.); (b) grant the Target Company's directors, employees and other persons deemed necessary by the Special Committee the authority to require their attendance at the Special Committee and to request explanations on necessary information; and (c) confirm in advance the policy with the Tender Offeror regarding the negotiation of the transaction terms and conditions, etc. pertaining to the Transactions, receive reports on the status in a timely manner, state their opinions on important aspects, give instructions and requests, and thereby endeavor to ensure that the Special Committee is substantially involved in the negotiation process of the transaction terms and conditions, etc. Pursuant to such authority, the Special Committee confirmed that our group, excluding the Tender Offeror and the Target Company, and Sato Sogo Law Office are not related parties of the Target Company or the Tender Offeror and do not have any material interests in the Transactions, etc., and that the Special Committee can also receive professional advice as necessary, and that there are no problems with the examination system of the Transactions by the Target Company from the viewpoint of independence from the Transactions, after confirming that there are no problems with the financial advisors and legal advisors of the Target Company and Sato Sogo Law Office. In addition, the Special Committee is substantially involved in negotiations with the Tender Offeror on terms of transactions through Q & A, etc. with the Tender Offeror.

(c)From the viewpoint of eliminating the possibility of being affected by the structural conflict of interest in the Transactions as much as possible, the Target is scheduled to pass a resolution after deliberation by the remaining directors, excluding Hiroki Ito, Hideo Hashimoto, and Kiichiro Kamiya, among the directors of the Target who are seconded from the Tender Offeror, at the board of directors meeting where the pros and cons of the Tender Offer are decided.

(d)The Tender Offeror has taken measures to secure opportunities for other than the Tender Offeror to purchase the common shares of the Target Company, while securing appropriate opportunities for the shareholders of the Target Company to make decisions on the tendering of the Tender Offer, such as setting the Tender Offer period as a relatively long period of 30 business days, and is taking into consideration the fairness of the Tender Offer.

(e)When the Tender Offer is consummated, the procedures for making the Tender Offer a wholly-owned subsidiary are scheduled to be carried out promptly. However, in the scheme for making the Tender Offer a wholly-owned subsidiary, the right to request shareholders who oppose making the company a wholly-owned subsidiary to purchase their shares or to make a price determination is permitted, and the price for making the company a wholly-owned subsidiary is set at the same price as the Tender Offer Price, which is disclosed in the Tender Offer Notification and the press release. Therefore, it is considered that consideration has been given to avoid imposing pressure on general shareholders.

(f)Although the so-called Majority of Minority Condition is not set for the Transactions, if the Company sets the Majority of Minority Condition while the Tender Offeror, which is the parent company of the Tender Offeror, currently holds 2,627,000 shares of the Target Company's common stock (Ownership: 50.8%), it is possible that the minimum number of shares to be purchased in the Tender Offer would become too high, making the completion of the Tender Offer unstable, and making no contribution to the interests of the minority shareholders to whom the Tender Offer is to be tendered, in addition to the fact that the Company has taken measures to ensure fairness described in (a) through (e) above, it is considered that the absence of the Majority of Minority Condition would not immediately impair the fairness of the procedures for the Transactions.

(g)According to (a) to (f) above, the fairness of the procedures pertaining to the Transactions is considered to be ensured in the Transactions.

(iv)In addition to (i) and (iii) above, is the Transaction not considered to be disadvantageous to minority shareholders of the Target Company?

As described above, since the Transaction contributes to the improvement of the corporate value of the Target, the purpose of the Transaction is considered to be reasonable, the fairness of the terms of the Transaction is considered to have been ensured, the Transaction is considered to have given sufficient consideration to the interests of the shareholders of the Target through fair procedures, and no special circumstances are considered to be disadvantageous to the minority shareholders of the Target, the Transaction is considered not to be disadvantageous to the minority shareholders of the Target. In addition, the Target Company's Board of Directors ' decisions regarding the Transactions, including the Tender Offer, (1) expressing an opinion in favor of the Tender Offer and recommending the Target Company's shareholders to tender their shares in the Tender Offer, and (2) the decision regarding the procedures for making the Target Company a wholly-owned subsidiary through the request for a share cash-out, consolidation of shares, etc. to be made after the Tender Offer as part of the Transactions, are not considered to be disadvantageous to the minority shareholders of the Target Company.

(v)Matters for which the Board of Directors of the Target Company requests the Board of Directors of the Target Company to consult with the Commission as necessary when the Board of Directors of the Target Company expresses its opinion on the Tender Offer.

Considering the matters set forth in (i) to (iv) above, etc., it is considered that the Transactions contribute to improving the corporate value of the Target and that the Transactions are not disadvantageous to the minority shareholders of the Target, and therefore it is considered that the Target's Board of Directors should express its opinion in favor of the Tender Offer and adopt a resolution to encourage the shareholders of the Target to tender their shares in the Tender Offer.

④ Advice from an independent law firm on the subject

In order to ensure transparency and rationality in the decision-making process regarding the Transactions including the Tender Offer, the Target Company appointed Sato Sogo Law Office, an external legal advisor, and received necessary legal advice from Sato Sogo Law Office regarding the decision-making process regarding the Transactions including the Tender Offer, the decision-making method, and other matters to be noted in making decisions regarding the Tender Offer.

Sato Sogo Law Office is not a related party of the Target Company or the Tender Offeror and has no material interest in the Transactions. In this regard, the Target Company has entered into an advisory agreement with Sato Sogo Law Office, but the remuneration under the advisory agreement is a fixed monthly remuneration, and the remuneration for advice related to the Transaction is also limited to a fixed amount of remuneration as well, and the Target Company does not adopt a contingent fee on the execution of the Transaction, etc.

⑤ Approval of all directors who do not have an interest in the Target Company and opinions to the effect that no objections have been raised by all company auditors

The Board of Directors of the Target Company carefully deliberated and examined various terms and conditions regarding the Transactions from the viewpoint of improving corporate value, while respecting to the maximum extent the content of the Report obtained from the Special Committee, based on the content of the Target Company Common Share

Value Calculation Form and the legal advice received from Sato Sogo Law Office.

As a result, the Target Company concluded that the Tender Offer Price was reasonable, as described in "1. Purpose of Purchase, etc." in "(2) Background to the decision to implement the Tender Offer, its purpose, the decision-making process, and management policy after the Tender Offer" of "2. the details of and reasons for the decision-making by the Target Company;" above, and that it would provide shareholders of the Target Company with a reasonable opportunity to sell their shares, and resolved at the board of directors meeting held today to express its opinion in favor of the Tender Offer and to recommend to shareholders of the Target Company to tender their shares in the Tender Offer.

In addition, all Corporate Auditors (3 out of 3 Corporate Auditors, 3 Corporate Auditors present (2 of which are external auditors)) present their opinions to the effect that they have no objection to the above resolution.

Mr. Hiroki Ito, Mr. Hideo Hashimoto and Mr. Kiichiro Kamiya, among the seven directors of the Target Company, are seconded from the Tender Offeror and, from the viewpoint of avoiding the risk of conflicts of interest and securing the fairness of the Transactions, did not participate in the deliberations and resolutions of all proposals related to the Tender Offer at the Board of Directors meeting.

In addition, from the same perspective, the Target Company did not participate in the review of the Transactions, or the discussions or negotiations with the Tender Offeror.

⑥ Measures to secure purchase opportunities from other purchasers

The Tender Offeror has not entered into any agreement with the Target Company that would restrict any contact between the Target Company and the Counterparty Proposer, such as an agreement that includes a trade protection clause that prohibits the Target Company from contacting the Counterparty Proposer.

In addition, the Tender Offeror has set the Tender Offer Period to be 20 business days, which is longer than the minimum period of 30 business days stipulated by laws and regulations. By setting the Tender Offer Period to a relatively long period, the Tender Offeror intends to ensure the appropriateness of the Tender Offer Price by ensuring that the shareholders of the Target Company have an opportunity to make appropriate decisions on the tendering of their shares in the Tender Offer, as well as an opportunity to make a countervailing purchase of the Target Company's common shares to persons other than the Tender Offeror.

In the Tender Offer, setting a lower limit on the number of shares to be purchased of the so-called "Majority of Minorities" makes the completion of the Tender Offer unstable and may not benefit the interests of minority shareholders who wish to tender their shares in the Tender Offer, and the Company does not set a lower limit on the number of shares to be purchased of the "Majority of Minorities" in the Tender Offer, but since the Tender Offeror and the Target Company have taken the above measures, the Company believes that sufficient consideration has been given to the interests of minority shareholders of the Target Company. The measures implemented by the Target Company in the above are based on the explanations received from the Target Company.

③ Relationship with Calculation Agencies

Nomura Securities, which is the financial advisor (calculating institution) of the Tender Offeror, is not a related party of the Tender Offeror or the Target Company and has no material interest in the Tender Offer.

(5)Number of Share Certificates, etc. Planned to be Purchased

planned number of purchases	lower limit of the planned number of purchases	upper limit of the planned number of purchases
2,542,960 shares	819,419 shares	—

(Note 1) If the total number of tendered shares, etc. is less than the minimum number of shares to be purchased (819,419 shares), the Company will not purchase all of the tendered shares, etc. If the total number of tendered shares, etc. is equal to or greater than the minimum number of shares to be purchased (819,419 shares), the Company will purchase all of the tendered shares, etc.

(Note 2:) Since no maximum number of shares to be purchased is set in the Tender Offer, the maximum number of shares to be purchased is the maximum number of shares to be acquired by the Tender Offeror through the Tender Offer. The maximum number is (1) the total number of issued shares of the Target Company as of September 30, 2020

(5,211,800 shares) as stated in the closing statement of the Target Company, (2) the number of common shares of the Target Company held by the Tender Offeror as of today (2,627,781 shares), and (3) the number of treasury shares of the Target Company held as of September 30, 2020 (41,059 shares) as stated in the closing statement of the Target Company (2,542,960 shares).

(Note 3) Shares constituting less than one unit are also subject to the Tender Offer. If shareholders exercise their right to request the purchase of fractional unit shares in accordance with the Companies Act, the Target Company may repurchase their shares during the Tender Offer Period following statutory procedures.

(Note 4) There are no plans to acquire treasury shares held by the Target Company through the Tender Offer.

(6)Changes in the Ownership Ratio of Share Certificates, etc. through Purchase, etc.

Number of voting rights pertaining to Share Certificates, etc. Held by a Tender Offeror before Purchase, etc	26,277 pieces	(Ownership Ratio of Share Certificates, etc. Before Purchase, etc. 50.8%)
Number of voting rights pertaining to Share Certificates, etc. Held by Specially Related Parties before the Purchase, etc	-piece	(Ownership Ratio of Share Certificates, etc. before Purchase, etc. -%)
Number of voting rights pertaining to Share Certificates, etc. Held by a Tender Offeror after Purchase, etc	51,641 pieces	(Ownership ratio of share certificates, etc. after the purchase, etc. 100. 0%)
Number of voting rights pertaining to Share Certificates, etc. Held by Specially Related Parties after the Purchase, etc.	-piece	(Ownership Ratio of Share Certificates, etc. after Purchase, etc. -%)
Number of Voting Rights Held by All the Shareholders, etc. of the Subject Company	51,641 pieces	

(Note 1) "Number of voting rights pertaining to Share Certificates, etc. Held by a Tender Offeror before Purchase, etc." indicates the number of voting rights pertaining to the number of share certificates, etc. to be purchased in the Tender Offer.

(Note 2:) "Number of voting rights pertaining to Share Certificates, etc. Held by Specially Related Parties before the Purchase, etc." and "Number of voting rights pertaining to Share Certificates, etc. Held by Specially Related Parties after the Purchase, etc." indicate the total number of voting rights relating to share certificates, etc. held by each Specially Related Party (However, when calculating the ownership ratio of share certificates, etc. under each item of Article 27 -2, paragraph (1) of the Act, persons who are excluded from the Special Related Parties pursuant to Article 3, paragraph (2), item (i) of the Cabinet Office Ordinance on Disclosure of Tender Offer for Share Certificates, etc. by Persons Other than the Issuer (Ordinance of the Ministry of Finance No. 38 of 1990. Including subsequent amendments. Hereinafter referred to as "Cabinet Office Ordinance".) are excluded.). Since share certificates, etc. (However, treasury stock held by the Target Company is excluded.) owned by Specially Related Parties are also subject to the Tender Offer, in the calculation of "Number of voting rights pertaining to Share Certificates, etc. Held by Specially Related Parties after the Purchase, etc." "Number of Voting Rights Pertaining to Share Certificates, etc. Held by Specially Related Parties" is not added to the numerator.

(Note 3) "Number of Voting Rights Held by All the Shareholders, etc. of the Subject Company" is the number of voting rights of all shareholders as of August 6, 2020, as stated in the Target Company's 52 Q1 Report submitted on March 31, 2020 (1. Those where the number of shares constituting one unit is stated as 100 shares). However, because shares constituting less than one unit are also subject to the Tender Offer, the "Ownership Ratio of Share Certificates, etc. before Purchase, etc." and "Ownership Ratio of Share Certificates, etc. after Purchase, etc." are calculated using, as the denominator, the number of voting rights pertaining to the total number of issued shares as of September 30, 2020, 5,211,800 shares less the number of treasury shares held by the Target as of the same date, 41,059 shares, 51,707 which is the number of voting rights pertaining to 5,170,741 shares) as stated in the closing statement of the Target.

(Note 4) "Ownership Ratio of Share Certificates, etc. before Purchase, etc." and "Ownership Ratio of Share Certificates, etc. after Purchase, etc." are rounded to the second decimal place.

(7)purchase price 11,189,000,000 yen

(Note 1) The purchase price (yen) is the amount obtained by multiplying the planned number of purchases (2,542,960 shares) by the Tender Offer Price (4,400 yen).

(8)method of settlement

① The name and location of the head office of the Financial Instruments Business Operator, Bank, etc. that settles the Purchase, etc.

Nomura Securities Co., Ltd. 1- 13 -1 Nihombashi, Chuo-ward, Tokyo

② start date of settlement

December 17, 2020 (Thursday)

③ method of settlement

After the expiration of the Tender Offer Period, we will promptly mail a notice of purchase through the Tender Offer to the address of the applying shareholder applying shareholder (Standing proxy in case of foreign shareholders, etc.).

Purchases are made in cash. The tendering shareholders may receive the proceeds of the tender offer without delay after the commencement date of settlement by the method instructed by the tendering shareholders, such as remittance (There may be a remittance charge.).

④ Method of Returning Share Certificates, etc.

If the Tender Offeror decides not to purchase all of the tendered Share Certificates, etc. under the terms and conditions set forth in "9. other conditions and methods of Purchase, etc.;" below "(1) Existence and details of the conditions listed in each item of Article 27, Paragraph 13, 4 of the Act" and "2. information as to whether there are any conditions for the Withdrawal, etc. of the Tender Offer, the details thereof, and the method of disclosure of the Withdrawal, etc.;" the Tender Offeror will return the tendered Share Certificates, etc. to be returned by restoring the record immediately before the tendered Share Certificates, etc. were tendered to the account of the tendering shareholder, etc. held by the Tender Offer agent promptly after the business day two business days following the last day of the Tender Offer period (In the case of Withdrawal, etc. of Tender Offer, the date of Withdrawal, etc.) (If share certificates, etc. are to be transferred to the account of a tendering shareholder, etc. established at another financial instruments business operator, etc., please confirm with the head office or branch office in Japan of the tender offer agent that accepted the application.).

*In line with measures to prevent the spread of new coronavirus infections, special measures may be taken, such as temporarily suspending operations at stores during the Tender Offer period. For details, please contact the head office or branch offices of the Tender Offer Agent in Japan. Please also refer to the Tender Offer Agent's website (https://www.nomura.co.jp/) for information on eligible stores and special responses.

(9)Other conditions and methods of Purchase, etc.

① [Existence and details of the conditions listed in each item of Article 27, 13, Paragraph 4 of the Act]

If the total number of tendered shares, etc. is less than the minimum number of shares to be purchased (819,419 shares), the Company will not purchase all of the tendered shares, etc. If the total number of tendered shares, etc. is equal to or greater than the minimum number of shares to be purchased (819,419 shares), the Company will purchase all of the tendered shares, etc.

② [Whether or not there are any conditions for the Withdrawal, etc. of the Tender Offer, the details thereof, and the method of disclosure of the Withdrawal, etc.]

In the event of any of the circumstances set forth in Article 14, Paragraph 1, Item 1 (a) through (i) and (l) through (r), Item 3 (a) through (h) and (j) of the Cabinet Order, and Article, Paragraph 2, Items 3 through 6 of the Cabinet Order, the Tender Offeror may withdraw the Tender Offer, etc. As set forth in Article 14, Paragraph 1, Item 3 (j) of the Ordinance, "facts equivalent to those listed in (a) to (i)" refers to cases in which it is found that there are false statements regarding important matters or that there are no statements regarding important matters that should be stated in statutory disclosure documents submitted by the Target Company in the past. If the Company intends to withdraw, etc., it will issue an electronic public notice and publish it in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Tender Offeror shall give public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter.

③ [Whether there are any conditions for the reduction of the price of Purchase, etc., the details thereof, and the method of disclosure of such reduction]

Pursuant to the provisions of Article 27, paragraph (6), item (i) of the Act, if the Target Company conducts the act specified in Article 13, paragraph (1) of the Order during the Tender Offer Period, the Tender Offeror may reduce the purchase price, etc. in accordance with the criteria specified in Article 19, paragraph (1) of the Cabinet Office Order. If the Tender Offeror intends to reduce the purchase price, the Tender Offeror will issue an electronic public notice and post a notice to that effect in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Tender Offeror shall give public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter. If the Tender Offer Price is reduced, the shares tendered before the public notice will also be purchased at the reduced Tender Offer Price.

④ [Matters concerning the right of tendering shareholders, etc. to cancel the contract]

A tendering shareholder may cancel the contract for the tender offer at any time during the tender offer period. If the Tender Offeror cancels the tender offer contract, the Tender Offeror shall deliver or send a document stating the cancellation of the tender offer contract (Hereinafter referred to as "written notice of termination".) to the head office or branch offices in Japan that accepted the tenders of the persons specified below by 15:30 on the last day of the Tender Offer Period. However, in the case of sending, the cancellation document shall be delivered by 15:30 on the last day of the Tender Offer Period.

Cancellation of a contract applied for through the online service must be performed through the online service (https://hometrade.nomura.co.jp/) or by delivery or delivery of a cancellation document. When operating an online service, follow the instructions on the screen and complete the cancellation procedure by 15:30 on the last day of the Tender Offer period. In addition, regarding the cancellation of the contract applied by the dealer, the cancellation procedure through the operation on the online service is not available. In the case of delivery or sending of a cancellation document, a request for a cancellation document shall be made in advance to the dealer and then delivered or sent to the dealer by 15:30 on the last day of the Tender Offer Period. However, in the case of sending, the cancellation document shall be delivered by 15:30 on the last day of the Tender Offer Period.

*In line with measures to prevent the spread of new coronavirus infections, special measures may be taken, such as temporarily suspending operations at stores during the Tender Offer period. For details, please contact the head office or branch offices of the Tender Offer Agent in Japan. Please also refer to the Tender Offer Agent's website (https://www.nomura.co.jp/) for information on eligible stores and special responses.

The person who has the authority to receive the Written Cancellation

Nomura Securities Co., Ltd. 1- 13 -1 Nihombashi, Chuo-ward, Tokyo

(Other branches of Nomura Securities Co., Ltd.)

The Tender Offeror will not request tendering shareholders to pay damages or penalties even if the tendering shareholders cancel the contract. The Tender Offeror shall also bear the costs required for the return of tendered share certificates, etc.

⑤ [The method of disclosure in the case where the Terms of Purchase, etc. have been changed]

During the Tender Offer Period, the Tender Offeror may change the Terms of Purchase, etc., except in cases where it is prohibited by Article 27, Paragraph 6, Paragraph 1 of the Act and Article 13, Paragraph 2 of the Order. If the Company intends to change the Terms of Purchase, etc., the Company shall make an electronic public notice of the details of the change, etc., and publish the notice in the Nihon Keizai Shimbun. However, if it is difficult to give public notice by the last day of the Tender Offer Period, the Tender Offeror shall give public notice by the method prescribed in Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter. If the Terms of Purchase, etc. are changed, the shares tendered prior to the date of the public notice will also be purchased under the changed Terms of Purchase, etc.

⑥ [The method of disclosure in cases where an amendment is submitted]

In the event an Amendment to the Registration Statement is filed with the Director-General of the Kanto Finance Bureau (However, this excludes the cases prescribed in the proviso of Article 27, Paragraph 8, Paragraph 11 of the Act.), the Tender Offeror will publicly and promptly announce the contents of the Amendment to the Registration Statement regarding the Public Notice of the Commencement of the Tender Offer, in the manner prescribed in Article 20 of the Cabinet Office Regulations. In addition, the Tender Offeror will immediately amend the Tender Offer Explanation and deliver the amended Tender Offer Explanation to tendering shareholders who have already delivered the Tender Offer Explanation. However, if the scope of such amendment is limited to a small portion, the Tender Offeror may, instead of delivering an amended Tender Offer Explanatory Statement, prepare and deliver a document describing the reasons for such amendment, matters amended and the description after such amendment to the tendering shareholders.

⑦ [Method of Disclosure of the Results of a Tender Offer]

The results of the Tender Offer will be announced on the day following the last day of the Tender Offer Period in the manner prescribed in Article 9-4 of the Cabinet Order and Article 30, paragraph 2 of the Cabinet Office Order.

⑧ [Other]

The Tender Offer will not be made directly or indirectly in or to the United States, nor will it be made by mail or any other method or means of interstate or international commerce of the United States (Including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communications.), nor will it be made through stock exchange facilities in the United States. You may not apply for the Tender Offer by the methods and means described above, through the facilities described above, or from within the United States.

Also, the Tender Offer Notification or the related Purchase Documents are not sent or distributed in or to the U.S., or from the U.S. by mail or other means, and such sending or distribution is prohibited. The Company will not accept applications for the Tender Offer that directly or indirectly violate the above restrictions.

Upon tendering the Tender Offer, tendering shareholders, etc. (Standing proxy in case of foreign shareholders, etc.) may be required to represent and guarantee the following to the Tender Offer Agent.

The Tendering Shareholder, etc. is not located in the United States at the time of the application and at the time of sending the Tender Offer Application. No information regarding the Tender Offer (including a copy thereof.) has been received or transmitted, directly or indirectly, in or to the United States, or from within the United States. The applicant does not use, directly or indirectly, mail or other interstate or international trade methods or means (Including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communications.) or stock exchange facilities in the United States with regard to the issuance of signatures for Purchase, etc. or Tender Offer Application. You are not acting as an agent, trustee, or mandatary without the discretion of other persons residing in the United States.

(10)Public Notice Date for Commencing Tender Offer

October 28, 2020 (Wednesday)

(11)tender offer agent

Nomura Securities Co., Ltd. 1- 13 -1 Nihombashi, Chuo-ward, Tokyo

3. Post-Tender Offer Policy and Future Outlook

For policies, etc. after the Tender Offer, please refer to "1. Purpose of Purchase, etc." "(2) Background to the decision to implement the Tender Offer, its purpose, the decision-making process, and management policy after the Tender Offer" "(4) Policy on Reorganization after the Tender Offer (Matters related to so-called two-stage acquisitions)" and "5. the prospect of delisting and the grounds therefor;" above.

4. Other

(1)whether there is an agreement between the Tender Offeror and the Target Company or its officers and the details thereof

According to the Target Press Release, at the Target Company's board of directors meeting held today, the Target Company expressed its approval of the Tender Offer and passed a resolution recommending that the shareholders of the Target Company tender their shares in the Tender Offer.

For details of the Target Company's decision making, please refer to the Target Company's press release and the "1. Purpose of Purchase, etc." in the "(3) Measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest;" section above, "5. the approval of all directors who have no interest in the Target Company, and an opinion to the effect that all company auditors have no objection;".

（２） Other information deemed necessary for investors to judge whether or not to tender for the Purchase, etc.

① revised earnings forecast

The Target Company released the "Announcement of Revised Forecast for Fiscal Year Ending March 2021" effective today and revised its consolidated business forecast for the fiscal year ending March 2021, which was released on July 28, 2020. The outline of the announcement is as follows. The following outline of the announcement is an excerpt from the announcement made by the Target Company, and the Tender Offeror is not in a position to independently verify the accuracy and veracity of the announcement, and has not actually verified the accuracy and veracity of the announcement. For details, please refer to the announcement.

Forecasts for the Fiscal Year Ending March 2021 (April 1, 2020 - March 31, 2021)

	Net Sales	Operating income	Ordinary profit	Net income attributable to owners of parent	per share Net income
Previous forecast (A)	9.35 billion yen	1.5 billion yen	1.55 billion yen	1.25 billion yen	241.74 yen
Revised forecast (B)	9.7 billion yen	1.8 billion yen	1.8 billion yen	1.55 billion yen	299.76 yen
Change (B-A)	350 million yen	300 million yen	250 million yen	300 million yen	58.02 yen
Change (%)	3.7%	20.0%	16.1%	24.0%	24.0%
(Reference) Previous fiscal year results (Year ended March 31, 2020)	9,229 million yen	1,334 million yen	1,326 million yen	1,266 million yen	245.03 yen

② Announcement of Target Company's Financial Summary

The Target Company has announced its financial results as of today. Based on the summary of financial results of the

Target Company, the consolidated profit and loss situation of the Target Company for the fiscal year under review is as follows. The status of consolidated profit and loss has not been reviewed by an auditing firm in accordance with Article 193, Paragraph 2, Paragraph 1 of the Act. The following earnings and losses of the Target Company are excerpts from the Target Company's financial statements, and the Tender Offeror is not in a position to independently verify the accuracy and truthfulness of the results and has not actually verified them. For details, please refer to the Financial Summary of the Target Company.

(i)Income Summary (Consolidated)

accounting period	Q2, 2021 (52 fiscal year)
Net Sales	4,967,815,000 yen
Operating income	1,092,934,000 yen
Ordinary profit	1,079,339,000 yen
Net income attributable to owners of parent	884,906,000 yen

(ii)Per Share (Consolidated)

accounting period	Q2, 2021 (52 fiscal year)
Net income per share	171.14 yen
Cash dividends per share	0.00 yen

-end-

[Other countries]

In some countries or regions, the publication, publication, or distribution of this press release may be subject to legal restrictions. If so, be aware of and comply with those restrictions. This shall not constitute a solicitation of an application for Purchase, etc. or Sales, etc. of share certificates relating to the Tender Offer, and shall be deemed a distribution of materials for informative purposes only.