



November 14, 2023

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Notice of Acquisition of Company's Own Shares and Tender Offer for Company's Own Shares

House Foods Group Inc. (the "Company") announces that the Company has resolved, by a written resolution on November 14, 2023 in lieu of a resolution of the Board of Directors' meeting pursuant to Article 370 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act") and the Company's Articles of Incorporation, to acquire the Company's own shares and to conduct a tender offer for the Company's own shares (the "Tender Offer") as the specific method of acquisition in accordance with Article 156, Paragraph 1 of the Companies Act applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act and the Company's Articles of Incorporation.

1. Purpose of the Tender Offer, etc.

Under the Group's Seventh Medium-term Business Plan (FY2021-FY2023) (the "Seventh Medium-term Business Plan") Financial Strategies, the Company plans to make business investments totalling 70.0 billion yen and purchase treasury shares worth 12 billion yen funded by the partial sale of the Group's cross-shareholdings. Furthermore, the group's basic profit distribution policy is to continue to pay stable dividends aiming for a consolidated payout ratio of at least 30%, excluding the impact of extraordinary income (losses) or goodwill amortization arising from business combinations, and the FY2022 dividend was 46 yen per share (comprising an interim dividend of 23 yen and a year-end dividend of 23 yen) and the consolidated dividend payout ratio based on the above standard was 31.9%.

To enable the execution of flexible capital policies in response to changes in economic conditions, the Company's Articles of Incorporation stipulate that the Company may acquire its own shares through market transactions, etc. by resolution of the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act, and the Company has been implementing share repurchases as part of the Seventh Medium-term Business Plan Financial Strategies.

The Company is making forward-looking investments and shareholder returns based on a clear financial and capital policy and, since the start of the Seventh Medium-term Business Plan, it has acquired 200,000 shares (ownership ratio at the time of acquisition in 2021 (Note 1): 0.19%) of the Company's common stock for 701,000,000 yen through the Trading Network Off-Auction Own Share Repurchase Trading System operated by Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") (ToSTNeT-3) on May 12, 2021 and a total of 975,000 shares (ownership ratio at the time of acquisition in 2021: 0.96%) of the Company's common stock for 3,298,566,485 yen through purchase on the market of the Tokyo Stock Exchange during the period from May 13, 2021 to October 12, 2021, based on a resolution of the Board of Directors' meeting held on May 11, 2021;

furthermore, it has acquired 900,000 shares (ownership ratio at the time of acquisition in 2022 (Note 2): 0.90%) of the Company's common stock for 2,695,500,000 yen through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) on May 12, 2022 and a total of 1,150,600 shares

(ownership ratio at the time of acquisition in 2022: 1.15%) of the Company's common stock for 3,304,371,188 yen by purchase on the market of the Tokyo Stock Exchange during the period from May 13, 2022 to September 7, 2022, based on a resolution of the Board of Directors' meeting held on May 11, 2022. As a result of the above, the actual amount of treasury shares purchased as of today is 9,999,437,673 yen in relation to the planned purchases of treasury shares of 12 billion yen under the Seventh Medium-Term Business Plan.

(Note 1) "Ownership ratio at the time of acquisition in 2021" is the ratio (rounded down to two decimal places) of the shares acquired to 100,747,804 shares, which is the Company's total number of shares outstanding (100,750,620 shares) as of March 31, 2021 stated in the Company's Annual Securities Report for the 75th business term submitted on June 25, 2021 excluding treasury shares (2,816 shares) held by the Company as of said date. The same applies below.

(Note 2) "Ownership ratio at the time of acquisition in 2022" is the ratio (rounded down to two decimal places) of the shares acquired to 99,580,661 shares, which is the Company's total number of shares outstanding (100,750,620 shares) as of March 31, 2022 stated in the Company's Annual Securities Report for the 76th business term submitted on June 28, 2022 excluding treasury shares (1,169,959 shares) held by the Company as of said date. The same applies below.

Under these circumstances, in late June 2023, the Company was approached by a major shareholder (as of March 31, 2023), its largest shareholder, House Kosan Co., Ltd. ("House Kosan"; number of shares held in late June was 11,377,516 shares (ownership ratio in late June (Note 3): 11.66%), number of shares held as of today: 11,377,516 shares (Ownership ratio (Note 4): 11.66%), which expressed its intention to sell shares of the Company's common stock it held worth approximately 2 billion yen (the "Shares Intended to be Sold") for the purpose of generating cash. House Kosan is a company engaged in investment management of stocks and real estate, etc., in which the spouse of Hiroshi Urakami, President and Representative Director of the Company, serves as representative director and in which Hiroshi Urakami holds 82.25% of the voting rights and Setsuko Urakami, Hiroshi Urakami's mother and the Company's 8th largest shareholder (as of September 30, 2023), holds 17.75% of the voting rights. As of today, the Company's consolidated subsidiary House Foods Corporation leases real estate from House Kosan and transactions in FY2022 amounted to 60 million yen.

(Note 3) "Ownership ratio in late June 2023" is the ratio (rounded down to two decimal places) of the shares held to 97,538,542 shares, which is the Company's total number of shares outstanding (100,750,620 shares) as of March 31, 2023 stated in the Company's Annual Securities Report for the 77th business term submitted on June 27, 2023 excluding treasury shares (3,212,078 shares) held by the Company as of said date. The same applies below.

(Note 4) "Ownership ratio" is the ratio (rounded down to two decimal places) of the shares held to 97,546,700 shares, which is the Company's total number of shares outstanding (100,750,620 shares) as of September 30, 2023 stated in the Company's Second Quarter Report for the 78th business terms submitted on November 14, 2023 excluding treasury shares (3,203,920) held by the Company as of said date. The same applies below.

In response, the Company comprehensively considered the impact that the temporary release of a large number of shares onto the market would have on the liquidity and market price of the Company's common stock as well as the Company's financial situation, and began specifically considering acquiring the Shares Intended to be Sold (which, based on a stock price of 3,205 yen, which is the closing price of the Company's common stock on the prime market of the Tokyo Stock Exchange on June 30, 2023, are equivalent to 624,024 shares (rounded down to the nearest whole share; ownership rate in late June 2023: 0.63%) from early July 2023.

As a result, the Company reached the conclusion that acquisition of the Shares Intended to be Sold as treasury shares in early July 2023 will contribute to the improvement of the Company's capital efficiency including earnings per share (EPS) and return on equity (ROE), and will lead to the return of profit to shareholders, and that the amount

of the acquisition is of a level that does not significantly deviate from the purchases of around 2 billion yen yet to be implemented out of the 12 billion yen planned purchases under the Seventh Medium-Term Business Plan, and that there are no obstacles to implementation of the acquisition. The funds required for purchase of the treasury shares will be appropriated entirely from cash on hand; however, the Company's consolidated liquidity on hand (cash and deposits) as of the end of June 2023, as stated in the First Quarter Report for the 78th business term submitted by the Company on August 10, 2023 (the "First Quarter Report"), is approximately 63.2 billion yen (liquidity on hand ratio: 2.7 months) (Note 5) and even after the appropriation of approximately 2 billion yen to fund the purchase of treasury shares, the Company's liquidity on hand is estimated to be approximately 61.2 billion yen (liquidity on hand ratio: 2.6 months), and the Company has determined that there will be no significant impact on its financial condition and dividend policy. Moreover, the Company's consolidated liquidity on hand (cash and deposits) as of the end of September 2023, as stated in the Company's Second Quarter Report for the 78th business term submitted on November 14, 2023 (the "Second Quarter Report"), is approximately 68 billion yen (liquidity on hand ratio: 2.9 months) (Note 6), and even after the use of approximately 2 billion yen to fund the purchase of treasury shares, the Company's liquidity on hand is expected to remain at approximately 66 billion yen (liquidity on hand ratio: 2.8 months) and the Company has determined that there will be no significant impact on its financial condition or dividend policy. In addition, with respect to the specific method of acquiring the Company's own shares, the following factors were taken into consideration: 1) equality among shareholders, 2) transparency of the transaction, 3) the potential for purchasing the Company's common stock at a certain discount from the market price, which would help prevent the Company's assets from flowing out of the Company, and 4) providing shareholders other than House Kosan with an opportunity to tender their shares based on market price trends after providing them with a certain period of time to consider the offer. After thorough consideration, in mid-July 2023, the Company determined that the tender offer method was appropriate.

(Note 5) Cash and deposits as of June 30, 2023, as stated in the First Quarter Report, divided by net sales per month (the figure obtained by dividing the consolidated sales for the first three months of FY2023 by three) (rounded to one decimal place).

(Note 6) Cash and deposits as of September 30, 2023, as stated in the Second Quarter Report, divided by net sales per month (the figure obtained by dividing the consolidated sales for the six months of FY2023 by six) (rounded to one decimal place).

Moreover, with respect to calculation of the purchase price per share in the Tender Offer (the "Tender Offer Price"), the Company concluded in view of the fact that the Company's common stock is listed on a financial instruments exchange, that importance should be attached to the clarity and objectivity of the stock price criteria on which the calculation of the Tender Offer Price is based and also to the market price of the Company's common stock. Then, from the viewpoint of respecting the interests of shareholders who do not tender their shares in the Tender Offer and continue to hold the Company's common stock, the Company determined that it would be desirable to purchase the shares at a certain discount to the market price in order to stop assets flowing outside the Company as much as possible.

In late July 2023, the Company proceeded to consider the Tender Offer Price and, in order to understand how the discount rate is set in similar cases, the Company used as a reference the cases of tender offers for treasury shares that were resolved on or after January 1, 2022 and for which the tender offer period ended on or before June 30, 2023, where the tender offer was conducted at a discount to the market price (the "Cases"). In most the Cases (15 out of 22), a discount rate of approximately 10% (between 9% and 11%) was adopted, and the Company determined that it would be appropriate to adopt a discount rate of the same level. With respect to the market price of the Company's common stock to be used as the basis for the discount, in most of the Cases (20), the market price was calculated based on either the closing price on the business day immediately preceding the date of resolution to implement the Tender Offer, or the simple average of the closing prices for the past one month or past three months prior to the same date in trading on the Tokyo Stock Exchange. The Company determined that it is appropriate to

use these methods as candidates for the Tender Offer, and decided to use the closing price of the Company's common stock in trading on the prime market of the Tokyo Stock Exchange on November 13, 2023, the business day immediately preceding the date of resolution by the Board of Directors to implement the Tender Offer (November 14, 2023), or the simple average of the closing prices of the Company's common stock during the past one month or past three months prior to that date, as the basis for the calculation.

Based on the above considerations, in late July 2023, the Company approached House Kosan about the possibility of tendering the Shares Intended to be Sold in the event of implementation of a tender offer for the Company's own shares at a 10% discount on the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market. At the same time, the Company also approached House Kosan about the possibility of tendering shares in the event of implementation of the Tender Offer at a 10% discount from the closing price of the Company's common stock in trading on the prime market of the Tokyo Stock Exchange on November 13, 2023, the business day before the date of the Board of Directors' resolution to implement the Tender Offer (November 14, 2023) or from the simple average of the closing prices of the Company's common stock for the past one month or past three months prior to that date. The Company received a response from House Kosan on October 26, 2023 to the effect that it could agree to accept the Tender Offer with the above details. On that basis, on October 26, 2023, the Company also discussed with House Kosan how to set the market price of the Company's common stock as the basis for the calculation of the Tender Offer Price. In the discussions, the Company did not identify any special factors that would cause temporary share price fluctuations that should be eliminated when setting the market price of the Company's shares and did not recognize the necessity of adopting the average share price over a certain period of time. It therefore informed House Kosan that the market share price on the business day preceding the date of the Board of Directors' resolution on the Tender Offer was considered to appropriately reflect the corporate value of the Company and that the Company considered it reasonable to use such market share price as the basis for the calculation of the Tender Offer Price. Subsequently, on October 26, 2023, the Company received a response from House Kosan stating that it had no objection to using that stock price as the basis for the calculation and that it would agree to tender its shares in the Tender Offer. Accordingly, the Company decided to use the closing price of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on November 13, 2023, the business day before the date of the Board of Directors resolution regarding the Tender Offer, as the base price. At the same time, the Company agreed with House Kosan that the number of shares to be tendered in the Tender Offer shall be the number of shares obtained by dividing the amount intended to be sold of 2 billion yen by the Tender Offer Price (rounding down any fraction of less than one share).

The Company received a response stating that the policy regarding the ownership or disposal of the Company's common stock held by House Kosan other than the shares agreed to be tendered in the Tender Offer has not yet been determined. On the other hand, if the total number of share certificates, etc. tendered in the tender Offer (the "Tendered Share Certificates, etc.") exceeds the maximum number of shares to be purchased, the Company shall not purchase the excess in whole or in part, resulting in purchase on a pro rata basis, in accordance with Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "FIEA") applied under Article 27-22-2, Paragraph 2 of the FIEA as well as Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates by Issuers (Ministry of Finance Order No. 95 of 1994, as amended; the "Cabinet Office Order") and the Company will therefore be acquired to a portion of the Shares Intended to be Sold. However, the Company has received a response from House Kosan stating that it has not yet determined its policy regarding the ownership or disposal of the shares of common stock of the Company that the Company could not acquire through the Tender Offer even though they were tendered in the Tender Offer. After the above consideration and discussion, the Company resolved, by a written resolution on November 14, 2023 in lieu of a resolution of the Board of Directors' meeting pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation, to acquire the Company's own shares and to conduct the Tender Offer as the specific method of acquisition in accordance with Article 156, Paragraph 1 of the Companies Act applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act and the Company's Articles of Incorporation, and also to set the Tender Offer Price at 3,001 yen, which is the amount (rounded to the nearest

yen) obtained by applying a 10% discount to 3,334 yen, which is the closing price of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on November 13, 2023, the business day prior to the date of the Board of Directors' resolution regarding the Tender Offer (November 14, 2023).

With respect to the number of shares to be purchased in the Tender Offer, in most of the Cases (8 out of 22), the number of shares to be purchased was set at approximately 10% (between 9% and 11%) above the number of shares agreed to be tendered, and from the viewpoint of providing an opportunity for shareholders other than House Kosan to tender their shares, the Company has decided to set 733,000 shares (ownership ratio: 0.75%), which is 9.99% (rounded to the second decimal place) above 666,400 shares, which is the number of shares House Kosan has agreed to tender (number of shares (with any fraction of less than one share rounded down) (ownership ratio: 0.68%) obtained when 2 billion yen, which is the amount intended to be sold, is divided by 3,001 yen, which is the Tender Offer Price) as the number of shares to be acquired.

Hiroshi Urakami, President and Representative Director of the Company, is a shareholder holding 82.25% of the voting rights of House Kosan and is concurrently serving as a director of the House Kosan, and therefore has a special interest in the Tender Offer. Therefore, he participated in the prior discussions between the Company and House Kosan only from the standpoint of House Kosan and did not participate in the deliberations and resolutions of the Company's Board of Directors regarding the Tender Offer.

The Company has received a report from House Kosan that it has pledged 11,377,500 shares of the Company's common stock (ownership ratio: 11.66%) that it holds to financial institutions as collateral, and that it has released the security interest in 888,200 shares (ownership ratio: 0.91%) of the shares on November 13, 2023.

The Company has not yet determined its policy on the disposal, etc. of the Company's own shares acquired through the Tender Offer.

2. Details of the Board of Directors' resolution regarding acquisition of the Company's own shares

(1) Contents of resolution

Type of Share Certificates, etc.	Total number	Total acquisition value
Common stock	733,100 shares (maximum)	2,200,033,100 yen (maximum)

(Note 1) Total number of shares outstanding: 100,750,620 shares (as of November 14, 2023)

(Note 2) Percentage of total shares issued 0.73% (rounded to two decimal places)

(Note 3) Period during which the acquisition may be made

From November 15, 2023 (Wednesday) to January 31, 2024 (Wednesday)

(2) Listed share certificates, etc. pertaining to the Company's own shares already acquired based on such resolution

Not applicable.

3. Outline of the Tender Offer, etc.

(1) Schedule, etc.

(i) Date of resolution by the Board of Directors	Tuesday, November 14, 2023
(ii) Date of public notice of commencement of the Tender Offer	Wednesday, November 15, 2023 Electronic public notice will be made and a notice to that effect will be published in the Nihon Keizai Shimbun. (electronic public notice address: https://disclosure2.edinet-fsa.go.jp/)
(iii) Date of filing of the Tender Offer Registration Statement	Wednesday, November 15, 2023
(iv) Tender offer period	From Wednesday, November 15, 2023 to Wednesday, December 13, 2023 (20 business days)

(2) Tender Offer Price

3,001 yen per share of common stock

(3) Basis of Calculation of Tender Offer Price, etc.

(i) Basis of Calculation

The Company's approach to calculation of the Tender Offer Price is that, in view of the fact that the Company's common stock is listed on a financial instruments exchange, importance should be attached to the clarity and objectivity of the stock price criteria on which the calculation of the Tender Offer Price is based and also to the market price of the Company's common stock. Then, from the viewpoint of respecting the interests of shareholders who do not tender their shares in the Tender Offer and continue to hold the Company's common stock, the Company determined that it would be desirable to purchase the shares at a certain discount to the market price in order to stop assets flowing outside the Company as much as possible. Therefore, the Company proceeded to consider a discount rate for calculating the Tender Offer Price and the market price of the Company's common stock as the basis for the discount, and made the following determinations. In order to understand how the discount rate has been set in similar cases recently, the Company used as a reference the cases of tender offers for treasury shares that were resolved on or after January 1, 2022 and for which the tender offer period ended on or before June 30, 2023, where the tender offer was conducted at a discount to the market price (the "Cases"). In most of the Cases (15 out of 22), a discount rate of approximately 10% (between 9% and 11%) was adopted, and the Company determined that it would be appropriate to adopt a discount rate of the same level. With respect to the market price of the Company's common stock to be used as the basis for the discount, in most of the Cases (20), the market price was calculated based on either the closing price on the business day immediately preceding the date of resolution to implement the Tender Offer, or the simple average of the closing prices for the past one month or past three months prior to the same date in trading on the Tokyo Stock Exchange. The Company determined that it is appropriate to use these methods as candidates for the Tender Offer, and decided to use the closing price of the Company's common stock in trading on the prime market of the Tokyo Stock Exchange on November 13, 2023, the business day immediately preceding the date of resolution by the Board of Directors to implement the Tender Offer (November 14, 2023), or the simple average of the closing prices of the Company's common stock during the past one month or past three months prior to that date, as the basis for the calculation. In addition, the Company then discussed with House Kosan how to set the market price of the Company's common stock as the basis for the calculation of the Tender Offer Price. In the discussions, the Company did not identify any special factors that would cause temporary share price fluctuations that should be eliminated when setting the market price of the Company's shares and did not recognize the necessity of adopting the average share price over a certain period of time. It therefore informed

House Kosan that the market share price on the business day preceding the date of the Board of Directors' resolution on the Tender Offer was considered to appropriately reflect the corporate value of the Company and that the Company considered it reasonable to use such market share price as the basis for the calculation of the Tender Offer Price. Subsequently, on October 26, 2023, the Company received a response from House Kosan stating that it had agreed that, in the event of use of that stock price as the basis for the calculation and implementation of the Tender Offer at a 10% discounted price, it would tender its shares in the Tender Offer with the above content. Accordingly, the Company decided to use the closing price of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on the business day before the date of the Board of Directors resolution regarding the Tender Offer as the base price.

Based on the above considerations and discussions, the Company decided to set the Tender Offer Price at 3,001 yen.

The Tender Offer Price of 3,001 yen is a discount of 9.99% (rounded to two decimal places; the same applies with respect to calculation of the discount rate hereinafter) on 3,334 yen, which is the closing price of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on November 13, 2023, the business day immediately preceding the date on which the Board of Directors resolved the Tender Offer Price; 6.01% on 3,193 yen (rounded to the nearest whole yen), which is the simple average of the closing prices of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market for the past one month prior to said date; and 4.91% on 3,156 yen (rounded to the nearest whole yen), which is the simple average of the closing prices of the Company's common stock for the past three months prior to said date.

The Company has acquired 900,000 shares of the Company's common stock for 2,695,500,000 yen through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) on May 12, 2022 and a total of 1,150,600 shares of the Company's common stock for 3,304,371,188 yen by purchase on the market of the Tokyo Stock Exchange during the period from May 13, 2022 to September 7, 2022, based on a resolution of the Board of Directors' meeting held on May 11, 2022. The purchase price per share for the purchases through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) on May 12, 2022 is 2,995 yen. There is a difference of 6 yen between this price and the Tender Offer Price of 3,001 yen but this is because the purchase price of the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) is determined by the closing price of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on May 11, 2022, which is the business day before the acquisition date, whereas the Tender Offer Price is determined at a 10% discount (rounded to the nearest yen) from the closing price (3,334 yen) of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on November 13, 2023, the business day immediately preceding the date of resolution by the Board of Directors regarding the Tender Offer, and 3,334 yen, which is the closing price of the Company's common stock on November 13, 2023, the business day immediately preceding the date of the Board of Directors' resolution, is 11.32% (rounded to two decimal places) higher than 2,995 yen, which is the closing price on May 11, 2022, the business day immediately preceding the date of the Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) transaction. The simple average of the purchase prices per share in market purchases on the Tokyo Stock Exchange during the period from May 13, 2022 to September 7, 2022 is 2,872 yen (rounded to the nearest yen). There is a difference of 129 yen between this price and the Tender Offer Price of 3,001 yen, but this is because the purchase price in market purchases is determined by the market price on each purchase date, whereas the Tender Offer Price is determined at a 10% discount (rounded to the nearest yen) from the closing price (3,334 yen) of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on November 13, 2023, the business day immediately preceding the date of resolution by the Board of Directors regarding the Tender Offer, and 3,334 yen, which is the closing price of the Company's common stock on November 13, 2023, the business day immediately preceding the date of the Board of Directors' resolution, is 16.09% (rounded to two decimal places) higher than 2,872 yen (rounded to the nearest yen), which is the simple average of the purchase prices in market

purchases during the period from May 13, 2022 to September 7, 2022.

(ii) Background of Calculation

The Company's approach to calculation of the Tender Offer Price is that, in view of the fact that the Company's common stock is listed on a financial instruments exchange, importance should be attached to the clarity and objectivity of the stock price criteria on which the calculation of the Tender Offer Price is based and also to the market price of the Company's common stock. Then, from the viewpoint of respecting the interests of shareholders who do not tender their shares in the Tender Offer and continue to hold the Company's common stock, the Company determined that it would be desirable to purchase the shares at a certain discount from the market price in order to stop assets flowing outside the Company as much as possible.

Moreover, in late July 2023, the Company proceeded to consider the Tender Offer Price and, in order to understand how the discount rate is set in recent similar cases, the Company used as a reference the cases of tender offers for treasury shares that were resolved on or after January 1, 2022 and for which the tender offer period ended on or before June 30, 2023, and in most of the Cases (15 out of 22), a discount rate of approximately 10% (between 9% and 11%) was adopted, and the Company determined that it would be appropriate to adopt a discount rate of the same level. With respect to the market price of the Company's common stock to be used as the basis for the discount, in most of the Cases (20), the market price was calculated based on either the closing price on the business day immediately preceding the date of resolution to implement the Tender Offer, or the simple average of the closing prices for the past one month or past three months prior to the same date in trading on the Tokyo Stock Exchange. The Company determined that it is appropriate to use these methods as candidates for the Tender Offer, and decided to use the closing price of the Company's common stock in trading on the prime market of the Tokyo Stock Exchange on November 13, 2023, the business day immediately preceding the date of resolution by the Board of Directors to implement the Tender Offer (November 14, 2023), or the simple average of the closing prices of the Company's common stock during the past one month or past three months prior to that date, as the basis for the calculation.

Based on the above considerations, in late July 2023, the Company approached House Kosan about the possibility of tendering the Shares Intended to be Sold in the event of implementation of a tender offer for the Company's own shares at a 10% discount on the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market. At the same time, the Company also approached House Kosan about the possibility of tendering shares in the event of implementation of the Tender Offer at a 10% discount from the closing price of the Company's common stock in trading on the prime market of the Tokyo Stock Exchange on November 13, 2023, the business day before the date of the Board of Directors' resolution to implement the Tender Offer (November 14, 2023) or from the simple average of the closing prices of the Company's common stock for the past one month or past three months prior to that date. The Company received a response from House Kosan on October 26, 2023 to the effect that it could agree to accept the Tender Offer with the above details. On that basis, on October 26, 2023, the Company also discussed with House Kosan how to set the market price of the Company's common stock as the basis for the calculation of the Tender Offer Price. In the discussions, the Company did not identify any special factors that would cause temporary share price fluctuations that should be eliminated when setting the market price of the Company's shares and did not recognize the necessity of adopting the average share price over a certain period of time. It therefore informed House Kosan that the market share price on the business day preceding the date of the Board of Directors' resolution on the Tender Offer was considered to appropriately reflect the corporate value of the Company and that the Company considered it reasonable to use such market share price as the basis for the calculation of the Tender Offer Price. In response, on October 26, 2023, the Company received a response from House Kosan stating that it had no objection to using that stock price as the basis for the calculation and that it would agree to tender its shares in the Tender Offer. Accordingly, the Company

decided to use the closing price of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on November 13, 2023, the business day before the date of the Board of Directors resolution regarding the Tender Offer, as the base price.

After the above consideration and discussion, the Company resolved, by a written resolution on November 14, 2023 in lieu of a resolution of the Board of Directors' meeting pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation, to acquire the Company's own shares and to conduct the Tender Offer as the specific method of acquisition in accordance with Article 156, Paragraph 1 of the Companies Act applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act and the Company's Articles of Incorporation, and also to set the Tender Offer Price at 3,334 yen, which is the amount (rounded to the nearest yen) obtained by applying a 10% discount to 3,001 yen, which is the closing price of the Company's common stock in trading on the Tokyo Stock Exchange Prime Market on November 13, 2023, the business day prior to the date of the Board of Directors' resolution regarding the Tender Offer (November 14, 2023).

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

Type of Share Certificates, etc.	Number of shares to be purchased	Expected number of excess shares	Total
Common stock	733,000 shares	- shares	733,000 shares

(Note 1) If the total number of tendered share certificates, etc. does not exceed the number of shares to be purchased (733,000 shares), all of the tendered share certificates, etc. will be purchased. If the total number of tendered share certificates, etc., exceeds the number of shares to be purchased (733,000 shares), the Company shall not purchase all or part of the excess portion, and shall carry out the delivery or other settlement for the purchase, etc. of shares certificates, etc. in accordance with Article 27-13, Paragraph 5 of the FIEA applied under Article 27-22-2, Paragraph 2 of the FIEA as well as Article 21 of the Cabinet Office Order. (If any number of tendered share certificates, etc. has a part less than one unit (100 shares), the number of shares to be purchased calculated using the pro-rata method will be limited to the number of each tendered share certificate, etc.)

(Note 2) Shares constituting less than one unit are also subject to the Tender Offer. In the event that shareholders exercise their right to request purchase of shares constituting less than one unit in accordance with the Companies Act, the Company may purchase its own shares during the purchase period of the Tender Offer (the "Tender Offer Period") in accordance with the procedures prescribed by law.

(5) Funds required for purchase, etc.

2,237,233,000 yen

(Note) The amount of funds required for the purchase, etc. is the total estimated amount of the purchase price (2,199,733,000 yen), purchase commission, and other expenses such as newspaper public notice regarding the Tender Offer and printing costs for the Tender Offer Explanatory Statement and other necessary documents.

(6) Method of Settlement

(i) Name and location of the head office of the securities company or bank, etc. in charge of settlement of purchases

(Tender Offer Agent)

Mitsubishi UFJ Morgan Stanley Securities Co. 1-9-2 Otemachi, Chiyoda-ku, Tokyo, Japan

(ii) Settlement commencement date

Wednesday, January 10, 2024

(iii) Method of settlement

Without delay after the end of the Tender Offer Period, a notice of purchase, etc. through the Tender Offer will be sent to the address or location of those who accept the offer to purchase shares certificates, etc. or apply for sale, etc. under the Tender Offer (the “Tendering Shareholder(s), etc.”) (or of their standing proxies in the case of shareholders who are residents of a foreign country (includes corporate shareholders; the “Non-resident Shareholders”).

Purchases, etc. will be made in cash. The Tender Offer Agent will, in accordance with the instructions of the Tendering Shareholders (or their standing proxies in the case of Non-resident Shareholders), remit the proceeds of the sale of the purchased shares certificates, etc., less any applicable withholding tax (Note), to the place designated by the Tendering Shareholders (or their standing proxies in the case of Non-Resident Shareholders) without delay after the settlement commencement date.

(Note) Taxation on shares purchased through the Tender Offer

(*) For specific questions regarding taxation, please consult a tax accountant or other specialist and make your own decision.

(a) In the case of individual shareholders

(i) When the Tendering Shareholders, etc. are residents of Japan or non-residents who have a permanent establishment in Japan

If the amount of money to be received from tendering shares in the Tender Offer exceeds the amount of the Company’s capital stock, etc. corresponding to the shares underlying the delivery (i.e., if the purchase price per share exceeds the amount of capital stock, etc. per share of the Company), such excess amount shall be deemed to be a dividend and taxed as such. In addition, the remainder of the money to be received from tendering shares in the Tender Offer after deduction of the amount deemed to be a dividend will be classed as income from the transfer of shares and other securities. If there is no amount deemed to be a dividend (i.e., if the purchase price per share is less than or equal to the amount of capital stock per share of the Company), the full amount of the money to be received will be classed as income from transfer.

With respect to the amount deemed to be a dividend, an amount equivalent to 20.315% will be withheld. (The tax rate of 20.315% comprising the income tax and the special income tax for reconstruction (the “Special Income Tax for Reconstruction”) pursuant to the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of 2011, as amended) of 15.315% and the 5% inhabitants tax.) (Special collection of 5% inhabitants tax will not be made for non-residents holding permanent establishments in Japan.) Provided, however, that if individual shareholders correspond to a large shareholder, etc. (the “Large Shareholder, etc.”) specified in Article 9-3 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended; the “Special Taxation Measures Act”), the amount equivalent to 20.42% (income tax and Special Income Tax for Reconstruction only) will be withheld at source. In addition, if the combined shareholding ratio of a Tendering Shareholder, etc. that will receive payment of an amount deemed to be a dividend to be paid on or after October 1, 2023 and a corporation that falls under the category of a family company under the Corporation Tax Act when such Tendering Shareholder, etc. is the shareholder on which the judgment is based is 3% or more of the total number of shares, etc. issued and outstanding, then such amount deemed to be a dividend is subject to aggregate taxation as dividend income.

As a general rule, the amount after remaining after deduction of the acquisition expenses for the shares from income from transfer is subject to separate self-assessment taxation.

In addition, in the case where shares, etc. held in a tax-exempt account (the “tax-exempt account”) as defined in Article 37-14 (Non-Taxation of Transfer Income, etc. on Listed Shares with Small Amounts of Dividend Income Held in Tax-Exempt Accounts) of the Act on Special Measures Concerning Taxation are tendered in the Tender Offer, if the financial instruments business operator, etc. with which such tax-exempt account is opened is Mitsubishi UFJ Morgan Stanley Securities Co., transfer income, etc. arising from the Tender Offer will be exempt from tax, as a general rule. The above treatment may differ if the tax-exempt account is opened at a financial instruments business operator, etc. other than Mitsubishi UFJ Morgan Stanley Securities Co.

- (ii) When the Tendering Shareholder, etc. is a non-resident who does not have a permanent establishment in Japan

An amount of 15.315% (income tax and Special Income Tax for Reconstruction only) will be withheld at source on the amount deemed to be a dividend. In the case of a Large Shareholder, etc., an amount of 20.42% (income tax and Special Income Tax for Reconstruction only) will be withheld at source. As a general rule, income arising from such transfer will not be taxed in Japan.

- (b) In the case of a corporate shareholder

If a Tendering Shareholder, etc. is a corporate shareholder and if the amount of money to be received from tendering shares in the Tender Offer exceeds the amount of the Company’s capital stock, etc. corresponding to the shares underlying the delivery (i.e., if the purchase price per share exceeds the amount of capital stock, etc. per share of the Company), such excess amount shall be deemed to be a dividend and an amount of 15.315% (income tax and Special Income Tax for Reconstruction only) will be withheld at source.

From October 1, 2023 onwards, any amount deemed to be a dividend to be paid by the Company to Tendering Shareholders, etc. (limited to corporations having their head office or principal office in Japan (domestic corporations)) who directly own more than one-third of the total number of issued shares, etc. of the Company as of the record date for the payment of such dividend, etc. will be exempt from income tax and Special Income Tax for Reconstruction and will not be taxed at source.

- (c) Non-resident Shareholders, etc. (refers to shareholders (including corporate shareholders) who are residents, etc. of a foreign country as defined in the applicable tax treaties) who wish to receive reduction or exemption of income tax and Special Income Tax for Reconstruction on such amount deemed to be a dividend under the applicable tax treaties shall notify the Tender Offer Agent of the submission of notification regarding tax treaties by December 13, 2023, and shall also submit the notification to the Tender Offer Agent by the business day immediately prior to the settlement commencement date (January 9, 2024).

(7) Other

- (i) The Tender Offer will not be conducted, directly or indirectly, in or targeted at the United States, nor through the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication), nor through any stock exchange facilities in the United States. No tender of shares in the Tender Offer may be made through any of the aforementioned methods or means, through such stock exchange facilities, or from the United States.

In addition, neither the Tender Offer Statement nor other relevant documents for the Tender Offer will, or may, be sent or distributed in, to, or from the United States by the postal mail services or other means. No tender of shares in the Tender Offer that violates, directly or indirectly, any of the aforementioned restrictions will be accepted. When tendering shares in the Tender Offer, Tendering Shareholders, etc. (or their standing proxies in the case of Non-resident Shareholders) may be required to make the following representations and warranties to the Tender Offer Agent.

The Tendering Shareholder, etc. is not located in the United States at either the time of application or at the time of sending the Tender Offer Application. No information (including copies thereof) relating to the Tender Offer has been received or sent, directly or indirectly, in, to, or from the United States. There has been no direct or indirect use of the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication) or any stock exchange facilities in the United States in connection with the Tender Offer or the signing and delivery of the Tender Offer Application. The Tendering Shareholder, etc. is not a person acting as another person's agent or fiduciary or designee without discretionary authority (unless such other person is giving all instructions with respect to the purchase, etc. from outside the United States).

- (ii) The Company received a response from House Kosan to the effect that it agrees to tender 666,400 shares (ownership ratio: 0.68%), which is a portion of the shares of common stock of the Company held by House Kosan, in the Tender Offer. In addition, the Company has received a response from House Kosan stating that it has not yet determined its policy regarding the ownership or disposition of 10,711,116 shares (ownership ratio: 10.98%) of the Company's common stock that House Kosan holds in addition to the shares agreed to be tendered in the event that a portion of the shares agreed to be tendered in the Tender Offer are not purchased as a result of the pro rata purchase method. For details, please refer to "1. Purpose of the Tender Offer, etc." above.

(Reference) Holding status of treasury shares as of September 30, 2023	
Total number of shares outstanding (excluding treasury shares)	97,546,700 shares
Number of treasury shares	3,203,920 shares